

RENTRAK CORP
Form 10-Q
November 07, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 0-15159

RENTRAK CORPORATION

(Exact name of registrant as specified in its charter)

Oregon

**(State or other jurisdiction of incorporation
or organization)**

93-0780536

(I.R.S. Employer Identification No.)

7700 NE Ambassador Place, Portland, Oregon

(Address of principal executive offices)

97220

(Zip Code)

Registrant's telephone number, including area code: 503-284-7581

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock \$0.001 par value
(Class)

10,748,127
(Outstanding at November 1, 2007)

RENTRAK CORPORATION

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Rentrak Corporation and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except per share amounts)

	March 31,	
	September 30, 2007	2007
Assets		
Current Assets:		
Cash and cash equivalents	\$ 14,662	\$ 11,351
Marketable securities	19,699	22,105
Accounts receivable, net of allowances for doubtful accounts of \$488 and \$596	17,066	19,965
Note receivable	396	385
Advances to program suppliers, net of program supplier reserves of \$18 and \$23	77	166
Deferred income tax assets	77	77
Other current assets	1,110	574
Total Current Assets	53,087	54,623
Property and Equipment, net of accumulated depreciation of \$6,962 and \$6,325	5,746	5,097
Other Assets	656	652
Total Assets	\$ 59,489	\$ 60,372
Liabilities and Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 9,751	\$ 13,707
Taxes payable	336	125
Accrued liabilities	412	455
Deferred rent, current portion	90	90
Accrued compensation	986	1,631
Deferred revenue	764	460
Total Current Liabilities	12,339	16,468
Deferred Rent, long-term portion	1,019	1,050
Deferred Income Tax Liabilities	204	333
Taxes payable, long term	1,675	
Notes Payable	960	955
Total Liabilities	16,197	18,806
Commitments and Contingencies		
Stockholders Equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized; none issued		
Common stock, \$0.001 par value; 30,000 shares authorized; shares issued and outstanding: 10,740 and 10,724	11	11
Capital in excess of par value	48,486	48,155
Accumulated other comprehensive income	393	132
Accumulated deficit	(5,598)	(6,732)
Total Stockholders Equity	43,292	41,566
Total Liabilities and Stockholders Equity	\$ 59,489	\$ 60,372

See accompanying Notes to Condensed Consolidated Financial Statements.

Rentrak Corporation and Subsidiaries
Condensed Consolidated Income Statements

(Unaudited)

(In thousands, except per share amounts)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2007	2006	2007	2006
Revenue	\$ 22,866	\$ 24,083	\$ 47,203	\$ 50,984
Cost of sales	14,926	15,499	30,890	34,030
Gross margin	7,940	8,584	16,313	16,954
Selling and administrative	6,278	5,895	12,717	11,906
Income from operations	1,662	2,689	3,596	5,048
Other income (expense):				
Interest income	410	341	817	695
Interest expense	(2)	(1)	(4)	(2)
	408	340	813	693
Income before income taxes	2,070	3,029	4,409	5,741
Provision for income taxes	910	1,098	1,946	2,222
Net income	\$ 1,160	\$ 1,931	\$ 2,463	\$ 3,519
Basic net income per share	\$ 0.11	\$ 0.18	\$ 0.23	\$ 0.33
Diluted net income per share	\$ 0.10	\$ 0.17	\$ 0.22	\$ 0.32
Shares used in per share calculations:				
Basic	10,759	10,553	10,743	10,617
Diluted	11,260	11,102	11,271	11,129

See accompanying Notes to Condensed Consolidated Financial Statements.

Rentrak Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

For the Six Months Ended September 30,
2007 2006

Cash flows from operating activities:			
Net income	\$	2,463	\$ 3,519
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:			
Tax benefit from stock-based compensation		336	154
Depreciation and amortization		648	822
Loss on disposal of fixed assets		13	33
Accrued interest on notes payable		5	
Adjustment to allowance for doubtful accounts		(108)	(14)
Stock-based compensation		538	458
Excess tax benefits from stock-based compensation		(179)	(126)
Deferred income taxes		(129)	(102)
(Increase) decrease in:			
Accounts receivable		3,007	3,608
Note receivable issued to customer		(11)	(451)
Advances to program suppliers		89	138
Landlord receivable			(415)
Income taxes receivable and prepaid taxes			(48)
Other assets		(539)	(258)
Increase (decrease) in:			
Accounts payable		(3,957)	(5,098)
Taxes payable		557	(69)
Accrued liabilities and compensation		(688)	(465)
Deferred rent		(31)	811
Deferred revenue and other liabilities		304	18
Net cash provided by operating activities		2,318	2,515
Cash flows from investing activities:			
Purchase of marketable securities			(7,257)
Maturity of marketable securities		2,406	
Purchase of property and equipment		(1,310)	(2,348)
Note receivable payments received			183
Net cash provided by (used in) investing activities		1,096	(9,422)
Cash flows from financing activities:			
Proceeds from notes payable			598
Issuance of common stock		680	179
Excess tax benefits from stock-based compensation		179	126