

CITRIX SYSTEMS INC
Form 10-Q/A
March 07, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
AMENDMENT NO. 1

(Mark One)

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

For the quarterly period ended March 31, 2004

or

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 0-27084

CITRIX SYSTEMS, INC.

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

75-2275152
(IRS Employer Identification No.)

incorporation or organization)

851 West Cypress Creek Road

Fort Lauderdale, Florida
(Address of principal executive offices)

33309
(Zip Code)

Registrant's Telephone Number, Including Area Code:

(954) 267-3000

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 3, 2004 there were 170,208,451 shares of the registrant's Common Stock, \$.001 par value per share, outstanding.

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EXPLANATORY NOTE

Citrix Systems, Inc. (the "Company") is filing this Amendment No. 1 to its Form 10-Q for the quarter ended March 31, 2004 (the "2004 First Quarter 10-Q"), which was originally filed on May 7, 2004, to restate its condensed consolidated balance sheets as of March 31, 2004 and December 31, 2003, its condensed consolidated statements of cash flows for the three months ended March 31, 2004 and 2003 and the related disclosures.

This Amendment No. 1 is being filed to address comments from the staff (the "Staff") of the Securities and Exchange Commission (the "SEC") in connection with the Staff's normal periodic review of the Company's filings. As a result of the review, the Company is restating the accompanying March 31, 2004 and December 31, 2003 condensed consolidated balance sheets to correct an error in the classification of the portion of the Company's cash equivalents and investments that are pledged as collateral under the Company's synthetic lease arrangement, credit default contracts and interest rate swaps to classify such assets separately as restricted cash equivalents and investments. In its filings with the SEC, the Company has disclosed in narrative form the specific amounts pledged under its synthetic lease arrangement, credit default contracts and interest rate swaps from the inception of each arrangement and is now separately classifying the aggregate amounts pledged as long-term restricted cash equivalents and investments in its condensed consolidated balance sheets. Please refer to Note 1 to the accompanying condensed consolidated financial statements for additional information.

The Company has also made certain balance sheet, income statement and cash flow reclassifications. The Company reclassified investments in auction rate securities that were previously classified as cash equivalents in the accompanying March 31, 2004 and December 31, 2003 condensed consolidated balance sheets to short-term investments. The condensed consolidated statements of cash flows for the three months ended March 31, 2004 and 2003 were adjusted to reflect the impact of the reclassification. The Company also reclassified the amortization of core and product technology previously classified as an operating expense to a component of cost of revenues in the accompanying condensed consolidated statements of income. The condensed consolidated statements of income for the three months ended March 31, 2004 and 2003 were adjusted to reflect the impact of this change in classification. Additionally, the Company reclassified certain items in its condensed consolidated statement of cash flows to separately present investing cash flows for available-for-sale investments and held-to-maturity investments and to separately present investing cash flows from sales of investments and maturities of investments. Please refer to Note 1 to the accompanying condensed consolidated financial statements for additional information on the reclassifications.

This Amendment No. 1 does not result in a change in the Company's previously reported revenues, net income, earnings per share, cash flow from operations, total assets or total cash and investments shown in its condensed consolidated financial statements. Further, except as discussed above, the Company has not modified or updated disclosures presented in the 2004 First Quarter 10-Q in this Form 10-Q/A, except as required to reflect the effects of the items discussed above. For the convenience of the reader, this Form 10-Q/A sets forth the complete text of the originally filed 2004 First Quarter 10-Q rather than just the amended portions thereof. Accordingly, this Form 10-Q/A does not reflect events occurring after the filing of the 2004 First Quarter 10-Q or modify or update those disclosures affected by subsequent events. Information not affected by these restatements and reclassifications are unchanged and reflects the disclosures made at the time of the original filing of the 2004 First Quarter 10-Q on May 7, 2004. Events occurring after the filing of the 2004 First Quarter 10-Q or other disclosures necessary to reflect subsequent events have been or will be addressed in the Company's original Quarterly Reports on Form 10-Q for the quarterly periods ending June 30, 2004 and September 30, 2004 or amended Quarterly Reports on Form 10-Q/A for such quarterly periods, which are being filed concurrently with the filing of this Form 10-Q/A, and any reports filed with the SEC subsequent to the date of this filing.

This Form 10-Q/A should be read in conjunction with the Company's filings made with the SEC subsequent to the filing of the 2004 First Quarter 10-Q, including any amendments to those filings. The following items have been amended as a result of the restatements and reclassifications described above:

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Part I Item 1- Financial Information

Part I - Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I Item 4 Controls and Procedures

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CITRIX SYSTEMS, INC.

Form 10-Q/A

For the Quarterly Period Ended March 31, 2004

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	March 31, 2004	December 31, 2003
	(As restated)	(As restated)
	(In thousands, except par value)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 131,561	\$ 182,969
Short-term investments	74,668	385,431
Accounts receivable, net of allowances of \$7,840 and \$6,365 at March 31, 2004 and December 31, 2003, respectively	67,646	87,464
Prepaid expenses and other current assets	39,587	58,167
Current portion of deferred tax assets	51,825	51,540
	<u>365,287</u>	<u>765,571</u>
Total current assets		
Restricted cash equivalents and investments	149,387	146,460
Long-term investments	180,532	183,411
Property and equipment, net	67,026	65,837
Goodwill, net	313,584	152,364
Other intangible assets, net	68,403	21,300
Long-term portion of deferred tax assets		3,168
Other assets	7,330	6,828
	<u>\$ 1,151,549</u>	<u>\$ 1,344,939</u>
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 106,742	\$ 114,456
Current portion of deferred revenues	172,707	152,938
Convertible subordinated debentures		351,423
	<u>279,449</u>	<u>618,817</u>
Total current liabilities		
Long-term portion of deferred revenues	10,973	12,137

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Other liabilities	15,300	7,187
Commitments and contingencies		
Stockholders' equity:		
Preferred stock at \$.01 par value: 5,000 shares authorized, none issued and outstanding		
Common stock at \$.001 par value: 1,000,000 shares authorized; 208,928 and 202,622 issued at March 31, 2004 and December 31, 2003, respectively	209	203
Additional paid-in capital	847,150	700,111
Retained earnings	656,065	646,740
Accumulated other comprehensive income	5,347	7,810
	<u>1,508,771</u>	<u>1,354,864</u>
Less common stock in treasury, at cost (38,860 and 38,150 shares at March 31, 2004 and December 31, 2003, respectively)	<u>(662,944)</u>	<u>(648,066)</u>
Total stockholders' equity	<u>845,827</u>	<u>706,798</u>
	<u>\$ 1,151,549</u>	<u>\$ 1,344,939</u>

See accompanying notes

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Citrix Systems, Inc.

Condensed Consolidated Statements of Income**(Unaudited)**

	Three Months Ended	
	March 31,	
	2004	2003
	(In thousands, except	
	per share information)	
Revenues:		
Software licenses	\$ 87,426	\$ 96,874
Software license updates	58,897	35,240
Services	14,987	11,377
Total net revenues	161,310	143,491
Cost of revenues:		
Cost of software license revenues	1,413	3,293
Cost of services revenues	2,823	1,438
Amortization of core and product technology	3,034	2,874
Total cost of revenues	7,270	7,605
Gross margin	154,040	135,886
Operating expenses:		
Research and development	19,038	15,125
Sales, marketing and support	74,128	61,711
General and administrative	24,751	21,022
Amortization of other intangible assets	726	100
In-process research and development	18,700	
Total operating expenses	137,343	97,958
Income from operations	16,697	37,928
Interest income	5,685	5,663
Interest expense	(4,344)	(4,549)
Write-off of deferred debt issuance costs	(7,219)	
Other income, net	985	346
Income before income taxes	11,804	39,388
Income taxes	2,479	9,059
Net income	\$ 9,325	\$ 30,329

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Earnings share:		
Basic	\$ 0.06	\$ 0.18
	<u> </u>	<u> </u>
Diluted	\$ 0.05	\$ 0.18
	<u> </u>	<u> </u>
Weighted average shares outstanding:		
Basic	166,457	167,300
	<u> </u>	<u> </u>
Diluted	172,584	170,402
	<u> </u>	<u> </u>

See accompanying notes

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Citrix Systems, Inc.

Condensed Consolidated Statements of Cash Flows**(Unaudited)**

	Three Months Ended	
	March 31,	
	2004	2003
	(As restated)	(As restated)
	(In thousands)	
OPERATING ACTIVITIES		
Net income	\$ 9,325	\$ 30,329
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	3,760	2,974
Depreciation and amortization of property and equipment	4,895	7,178
Write-off of deferred debt issuance costs	7,219	
Realized (gain) loss on investments	(548)	47
In-process research and development	18,700	
Provision for doubtful accounts	798	625
Provision for (recovery of) product returns	1,828	(451)
Provision for inventory reserves	402	199
Tax benefit related to the exercise of non-statutory stock options and disqualifying dispositions of incentive stock options	3,953	2,745
Accretion of original issue discount and amortization of financing cost	4,318	4,545
	45,325	17,862
Changes in operating assets and liabilities, net of the effects of acquisition:		
Accounts receivable	20,047	564
Prepaid expenses and other current assets	7,879	4,508
Other assets	(454)	1,174
Deferred tax assets	19	358
Accounts payable and accrued expenses	(18,966)	(2,748)
Deferred revenues	13,605	6,707
Other liabilities	1,186	655
	23,316	11,218
Net cash provided by operating activities	77,966	59,409
INVESTING ACTIVITIES		
Purchases of investments	(21,894)	(53,080)
Proceeds from sales of available-for-sale investments	128,422	7,667
Proceeds from maturities of available-for-sale investments	10,514	43,333
Proceeds from maturities of held-to-maturities investments	195,350	
Purchases of property and equipment	(4,150)	
		This Schedule 13G is filed on behalf of (i)

Draper
Fisher
Jurvetson
ePlanet
Ventures
L.P., a
Cayman
Islands
limited
partnership,
(ii) Draper
Fisher
Jurvetson
ePlanet
Partners,
Ltd., a
Cayman
Islands
exempted
limited
liability
company,
(iii) Draper
Fisher
Jurvetson
ePlanet
Partners
Fund, LLC,
a
California
limited
liability
company,
(iv) Draper
Fisher
Jurvetson
ePlanet
Ventures
GmbH &
Co. KG, a
German
partnership,
(v) Draper
Fisher
Jurvetson
ePlanet
Verwaltungs
GmbH, a
German
limited
liability
company,
(vi)
Timothy C.
Draper, a
United
States
citizen
(Draper),
(vii) John
H. N.
Fisher, a

United States citizen (Fisher), (viii) Stephen T. Jurvetson, a United States citizen (Jurvetson) and (ix) Asad Jamal, a United Kingdom citizen (Jamal).

Relationships

(1) Draper Fisher ePlanet Ventures L.P. is a Cayman Islands limited partnership (Fund).

(2) Draper Fisher Jurvetson ePlanet Partners, Ltd. (ePlanet Ltd.) is the general partner of the Fund. The managing directors of the general partner of the Fund are Messrs. Draper, Fisher, Jurvetson and Jamal.

(3) Draper Fisher Jurvetson ePlanet Partners Fund, LLC (ePlanet Partners Fund LLC) is a side-by-side fund of the Fund. Decisions with respect to ePlanet Partners Fund LLC securities are made automatically in conjunction with decisions by the Fund.

(4) Draper Fisher Jurvetson ePlanet Ventures GmbH & Co. KG

(ePlanet GmbH) is a side-by-side limited partnership to the Fund. Draper Fisher Jurvetson ePlanet Verwaltungs GmbH (ePlanet Verwaltungs GmbH) is the general partner of ePlanet GmbH. The managing directors of ePlanet Verwaltungs GmbH are Messrs. Draper, Fisher, Jurvetson and Jamal.

Messrs. Draper, Fisher, Jurvetson and Jamal disclaim beneficial ownership of the shares held directly by the Fund, ePlanet Ltd, ePlanet Partners Fund LLC, ePlanet GmbH, and ePlanet Verwaltungs GmbH, except to the extent of their pecuniary interest therein.

Item 2

- (a) Name of person filing:
- Draper Fisher Jurvetson ePlanet Ventures L.P.
 - Draper Fisher Jurvetson ePlanet Partners, Ltd.
 - Draper Fisher Jurvetson ePlanet Partners Fund, LLC
 - Draper Fisher Jurvetson ePlanet Ventures GmbH & Co. KG

Draper Fisher
Jurvetson ePlanet
Verwaltungs
GmbH

Timothy C.
Draper

John H. N. Fisher

Stephen T.
Jurvetson

Asad Jamal

Item 2 (b) Address of principal business office or, if none, residence:

2882 Sand Hill Road, Suite 150, Menlo Park, CA 94025

Item 2 (c) Citizenship:

Draper Fisher Jurvetson ePlanet Ventures L.P.

Cayman Islands

Draper Fisher Jurvetson ePlanet Partners, Ltd.

Cayman Islands

Draper Fisher Jurvetson ePlanet Partners Fund, LLC

United States

Draper Fisher Jurvetson ePlanet Ventures GmbH & Co. KG

Germany

Draper Fisher Jurvetson ePlanet Verwaltungs GmbH

Germany

Timothy C. Draper

United States

John H. N. Fisher

United States

Stephen T. Jurvetson

United States

Asad Jamal

United Kingdom

Item 2 (d) Title of class of securities:

Class A Ordinary Shares and American Depositary Shares.

The Issuer registered its Class A Ordinary Shares on its Form F-6 Registration Statement filed with the SEC on July 12, 2005. Each of the Reporting Persons identified in Item 2(a) above holds Class B ordinary Shares, which may be converted into Class A ordinary Shares at any time.

Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote on all matters subject to shareholders vote, and each Class B ordinary share is entitled to 10 votes on all matters subject to shareholders vote. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares.

Item 2 (e) CUSIP NO.:

056752108

Item 3. If this statement is filed pursuant to § 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) .. Broker or dealer registered under section 15 of the act (15 u.s.c. 78o).
- (b) .. Bank as defined in section 3(a)(6) of the act (15 u.s.c. 78c).
- (c) .. Insurance company as defined in section 3(a)(19) of the act (15 u.s.c. 78c).
- (d) .. Investment company registered under section 8 of the investment company act of 1940 (15 u.s.c. 80a-8).
- (e) .. An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(e);
- (f) .. An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(f);
- (g) .. A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(g);
- (h) .. A savings association as defined in section 3(b) of the federal deposit insurance act (12 u.s.c. 1813);
- (i) .. A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the investment company act of 1940 (15 u.s.c. 80a-3);
- (j) .. Group, in accordance with § 240.13d-1(b)(1)(ii)(j).

Item 4. Ownership. Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

Draper Fisher Jurvetson ePlanet Ventures L.P.

A. Amount Beneficially owned:

7,883,687

B. Percent of Class:

45.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

7,883,687

3. sole dispositive power:

0

4. shared dispositive power:

7,883,687

Draper Fisher Jurvetson ePlanet Partners, Ltd.

A. Amount Beneficially owned:

7,883,687

B. Percent of Class:

45.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

7,883,687

3. sole dispositive power:

0

4. shared dispositive power:

7,883,687

Draper Fisher Jurvetson ePlanet Partners Fund, LLC

A. Amount Beneficially owned:

163,732

B. Percent of Class:

1.7%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

163,732

3. sole dispositive power:

0

4. shared dispositive power:

163,732

Draper Fisher Jurvetson ePlanet Ventures GmbH & Co. KG

A. Amount Beneficially owned:

139,172

B. Percent of Class:

1.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

139,172

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3. sole dispositive power:

0

4. shared dispositive power:

139,172

Draper Fisher Jurvetson ePlanet Verwaltungs GmbH

A. Amount Beneficially owned:

139,172

B. Percent of Class:

1.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

139,172

3. sole dispositive power:

0

4. shared dispositive power:

139,172

Timothy C. Draper

A. Amount Beneficially owned:

8,186,591

B. Percent of Class:

46.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:

8,186,591

3. sole dispositive power:

0

4. shared dispositive power:

8,186,591

John H. N. Fisher

A. Amount Beneficially owned:

8,186,591

B. Percent of Class:

46.4%

C. Number of shares beneficially owned to which such person has:

1. sole voting power:

0

2. shared voting power:
8,186,591
3. sole dispositive power:
0
4. shared dispositive power:
8,186,591

Stephen T. Jurvetson

- A. Amount Beneficially owned:
8,186,591
- B. Percent of Class:
46.4%
- C. Number of shares beneficially owned to which such person has:
 1. sole voting power:
0
 2. shared voting power:
8,186,591
 3. sole dispositive power:
0
 4. shared dispositive power:
8,186,591

Asad Jamal

- A. Amount Beneficially owned:
8,022,859
- B. Percent of Class:
45.9%
- C. Number of shares beneficially owned to which such person has:
 1. sole voting power:
0
 2. shared voting power:
8,022,859
 3. sole dispositive power:
0
 4. shared dispositive power:
8,022,859

Item 5. Ownership of Five Percent or Less of a Class.

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

Not Applicable.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

Not Applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 13, 2006

Draper Fisher Jurvetson ePlanet Ventures L.P.

By: Draper Fisher Jurvetson ePlanet Partners,

Ltd. (General Partner)

By: /s/ Timothy C. Draper

Name: Timothy C. Draper

Title: Managing Director

Draper Fisher Jurvetson ePlanet Partners, Ltd.

By: /s/ Timothy C. Draper

Name: Timothy C. Draper

Title: Managing Director

Draper Fisher Jurvetson ePlanet Partners

Fund, LLC

By: /s/ Timothy C. Draper

Name: Timothy C. Draper

Title: Managing Member

Draper Fisher Jurvetson ePlanet Ventures

GmbH & Co. KG

By: Draper Fisher Jurvetson ePlanet Verwaltungs

GmbH (General Partner)

By: /s/ Timothy C. Draper

Name: Timothy C. Draper

Title: Managing Director

**Draper Fisher Jurvetson ePlanet
Verwaltungs GmbH**

By: /s/ Timothy C. Draper

Name: Timothy C. Draper
Title: Managing Director

/s/ Timothy C. Draper

Timothy C. Draper

/s/ John H.N. Fisher

John H.N. Fisher

/s/ Stephen T. Jurvetson

Stephen T. Jurvetson

/s/ Asad Jamal

Asad Jamal

Exhibit Index

Exhibit	Description
99.1	Statement pursuant to Rule 13d-1(k)(1)(iii), filed herewith