

IDENTIVE GROUP, INC.
Form 10-Q
August 05, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10 Q

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

For the quarterly period ended June 30, 2011

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: 0-29440

IDENTIVE GROUP, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)
1900 Carnegie Avenue, Building B
Santa Ana, California 92705

77-0444317
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES INCLUDING ZIP CODE)

(949) 250-8888

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller Reporting Company

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

At August 1, 2011, 57,531,094 shares of common stock were outstanding, excluding 618,400 shares held in treasury.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net revenue	\$ 25,612	\$ 21,178	\$ 48,032	\$ 36,524
Cost of revenue	15,398	11,334	28,438	19,943
Gross profit	10,214	9,844	19,594	16,581
Operating expenses:				
Research and development	1,379	1,062	2,537	2,478
Selling and marketing	6,225	4,962	11,234	10,054
General and administrative	5,584	5,405	10,840	10,860
Restructuring and other charges		73		337
Total operating expenses	13,188	11,502	24,611	23,729
Loss from operations	(2,974)	(1,658)	(5,017)	(7,148)
Other income			230	
Interest expense, net	(272)	(215)	(563)	(446)
Foreign currency gains (losses), net	25	(248)	224	(562)
Loss from continuing operations before income taxes and noncontrolling interest	(3,221)	(2,121)	(5,126)	(8,156)
Benefit for income taxes	1,582	1,066	1,604	905
Loss from continuing operations	(1,639)	(1,055)	(3,522)	(7,251)
Income from discontinued operations, net of income taxes		170		93
Consolidated net loss	(1,639)	(885)	(3,522)	(7,158)
Less: Net loss attributable to noncontrolling interest	82	196	103	417
Net loss attributable to Identive Group, Inc.	\$ (1,557)	\$ (689)	\$ (3,419)	\$ (6,741)
Basic and diluted loss per share attributable to Identive Group, Inc.:				
Loss from continuing operations	\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.17)
Income from discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net loss	\$ (0.03)	\$ (0.02)	\$ (0.07)	\$ (0.17)

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Weighted average shares used to compute basic and diluted loss per share	52,001	42,668	49,885	41,211
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See notes to condensed consolidated financial statements.

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IDENTIVE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value data)

(unaudited)

	June 30, 2011	December 31, 2010 (A)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,618	\$ 10,799
Accounts receivable, net of allowances of \$288 and \$484 as of June 30, 2011 and December 31, 2010, respectively	14,926	15,231
Inventories	10,419	10,584
Income taxes receivable	240	126
Other current assets	2,821	2,088
Total current assets	49,024	38,828
Property and equipment, net	5,761	5,373
Goodwill	62,003	47,126
Intangible assets, net	37,520	33,865
Other assets	508	793
Total assets	\$ 154,816	\$ 125,985
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 9,173	\$ 12,833
Mortgage loan payable to bank and bank line of credit	230	630
Debt note	829	1,040
Liability to related party	1,057	1,058
Accrued compensation and related benefits	2,941	3,694
Deferred revenue	1,175	1,244
Other accrued expenses and liabilities	8,011	8,980
Income taxes payable	131	44
Total current liabilities	23,547	29,523
Long-term earn-out liability	10,053	
Long-term liability to related party	7,475	7,615
Long-term mortgage loan payable to bank	873	840
Deferred tax liability	6,731	6,795
Long-term debt note	829	950
Long-term income taxes payable	699	458
Total liabilities	50,207	46,181
Commitments and contingencies (see Notes 12 and 13)		
Equity:		
Identive Group, Inc. stockholders' equity:	58	48

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Common stock, \$0.001 par value: 130,000 shares authorized; 58,189 and 48,276 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively		
Additional paid-in capital	331,072	306,203
Treasury stock, 618 shares as of June 30, 2011 and December 31, 2010	(2,777)	(2,777)
Accumulated deficit	(229,315)	(225,896)
Other accumulated comprehensive income	3,223	323
Total Identive Group, Inc. stockholders' equity	102,261	77,901
Noncontrolling interest	2,348	1,903
Total equity	104,609	79,804
Total liabilities and stockholders' equity	\$ 154,816	\$ 125,985

(A) The condensed consolidated balance sheet has been derived from the audited consolidated financial statements at December 31, 2010 but does not include all the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

See notes to condensed consolidated financial statements.

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IDENTIVE GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE LOSS

Year Ended December 31, 2010 and Six Months Ended June 30, 2011

(unaudited)

Identive Group, Inc. Stockholders

	Common Stock	Additional	Treasury	Accumulated	Other	Noncontrolling	Total	Comprehensive
	Shares	Amount	Capital	Stock	Comprehensive	Interest	Equity	Income

(In thousands)