

SYNOPSIS INC
Form 10-Q
September 13, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JULY 31, 2007

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: 0-19807

SYNOPSIS, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE

(State or other jurisdiction of
incorporation or organization)

56-1546236

(I.R.S. Employer
Identification Number)

700 EAST MIDDLEFIELD ROAD

MOUNTAIN VIEW, CA 94043

(Address of principal executive offices, including zip code)

(650) 584-5000

(Registrant's telephone number, including area code)

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. (Check one):

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.

144,922,335 shares of Common Stock as of September 12, 2007

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SYNOPSIS, INC.
QUARTERLY REPORT ON FORM 10-Q
JULY 31, 2007
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SYNOPSIS, INC.
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value amounts)

	July 31, 2007	October 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 435,854	\$ 330,759
Short-term investments	358,368	241,963
Total cash, cash equivalents and short-term investments	794,222	572,722
Accounts receivable, net	204,787	122,584
Deferred income taxes	112,445	112,342
Income taxes receivable	43,665	42,538
Prepaid expenses and other assets	51,348	44,304
Total current assets	1,206,467	894,490
Property and equipment, net	128,739	140,660
Goodwill	752,955	735,643
Intangible assets, net	79,807	106,144
Long-term deferred income taxes	197,039	206,254
Other assets	90,039	74,631
Total assets	\$ 2,455,046	\$ 2,157,822
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 232,014	\$ 234,149
Accrued income taxes	188,164	191,349
Deferred revenue	568,838	445,598
Total current liabilities	989,016	871,096
Deferred compensation and other liabilities	81,511	69,889
Long-term deferred revenue	66,564	53,670
Total liabilities	1,137,091	994,655
Stockholders' equity:		
Preferred Stock, \$0.01 par value: 2,000 shares authorized; none outstanding		
Common Stock, \$0.01 par value: 400,000 shares authorized; 143,634 and 140,568 shares outstanding, respectively	1,436	1,406
Capital in excess of par value	1,363,458	1,316,252
Retained earnings	249,097	170,743
Treasury stock, at cost: 13,589 and 16,619 shares, respectively	(292,322)	(312,753)
Accumulated other comprehensive loss	(3,714)	(12,481)
Total stockholders' equity	1,317,955	1,163,167
Total liabilities and stockholders' equity	\$ 2,455,046	\$ 2,157,822

See accompanying notes to unaudited condensed consolidated financial statements.

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SYNOPSIS, INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2007	2006	2007	2006
Revenue:				
Time-based license	\$ 251,389	\$ 224,782	\$ 746,091	\$ 645,309
Upfront license	18,981	14,418	47,108	48,744
Maintenance and service	33,728	38,008	104,037	118,123
Total revenue	304,098	277,208	897,236	812,176
Cost of revenue:				
License	37,092	32,665	107,269	95,304
Maintenance and service	15,763	16,201	47,459	49,678
Amortization of intangible assets	5,536			