

Altisource Portfolio Solutions S.A.

Form 10-Q

April 26, 2012

[Table of Contents](#)

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 March 31, 2012

OR

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

Commission File Number 1-34354

ALTISOURCE PORTFOLIO SOLUTIONS S.A.

(Exact name of Registrant as specified in its Charter)

Edgar Filing: Altisource Portfolio Solutions S.A. - Form 10-Q

Luxembourg (State or other jurisdiction of incorporation or organization)	Not applicable (I.R.S. Employer Identification No.)
291, route d Arlon	
L-1150 Luxembourg	
Grand Duchy of Luxembourg	
(Address of principal executive offices) (Zip Code)	
+352 2469 7900	
Registrant's telephone number	

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 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 (as defined in Rule 12b-2 of the Exchange Act):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of April 15, 2012, there were 23,311,447 outstanding shares of the registrant's shares of beneficial interest (excluding 2,101,301 shares held as treasury stock).

Table of Contents

Table of Contents

ALTISOURCE PORTFOLIO SOLUTIONS S.A.

FORM 10-Q

	Page
<u>PART I Financial Information</u>	
Item 1	
<u>Interim Condensed Consolidated Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Equity</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	32
Item 4	
<u>Controls and Procedures</u>	32
<u>PART II Other Information</u>	
Item 1	
<u>Legal Proceedings</u>	33
Item 1A	
<u>Risk Factors</u>	33
Item 2	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 3	
<u>Defaults Upon Senior Securities</u>	33
Item 4	
<u>Mine Safety Disclosures</u>	33
Item 5	
<u>Other Information</u>	33
Item 6	
<u>Exhibits</u>	34
<u>SIGNATURES</u>	35

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Interim Condensed Consolidated Financial Statements (Unaudited)****ALTISOURCE PORTFOLIO SOLUTIONS S.A.****CONDENSED CONSOLIDATED BALANCE SHEETS***(in thousands, except per share data)*

	\$240,517 March 31, 2012	\$240,517 December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,666	\$ 32,125
Accounts receivable, net	62,312	52,005
Prepaid expenses and other current assets	5,379	5,002
Deferred tax asset, net	1,975	1,133
Total current assets	96,332	90,265
Premises and equipment, net	39,081	25,600
Deferred tax asset, net	4,373	4,373
Intangible assets, net	62,768	64,950
Goodwill	14,915	14,915
Investment in equity affiliate	14,146	14,470
Other assets	8,902	9,586
Total assets	\$ 240,517	\$ 224,159
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 47,797	\$ 44,867
Capital lease obligations - current	578	634
Other current liabilities	13,550	9,939
Total current liabilities	61,925	55,440
Capital lease obligations - non-current	57	202
Other non-current liabilities	2,531	2,574
Commitment and contingencies (Note 15)		
Equity:		
Common stock (\$1.00 par value; 100,000 shares authorized; 25,413 issued and 23,311 outstanding as of March 31, 2012; 25,413 issued and 23,405 outstanding as of December 31, 2011)	25,413	25,413
Additional paid-in-capital	83,045	83,229
Retained earnings	147,026	126,161
Treasury stock, at cost (2,101 shares as of March 31, 2012 and 2,008 shares as of December 31, 2011)	(82,488)	(72,048)
Altisource equity	172,996	162,755

Edgar Filing: Altisource Portfolio Solutions S.A. - Form 10-Q

Non-controlling interests	3,008	3,188
Total equity	176,004	165,943
Total liabilities and equity	\$ 240,517	\$ 224,159

See accompanying notes to condensed consolidated financial statements.

Table of Contents**ALTISOURCE PORTFOLIO SOLUTIONS S.A.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS***(in thousands, except per share data)*

	Three months ended March 31,	
	2012	2011
Revenue	\$ 139,066	\$ 88,670
Cost of revenue	91,760	54,949
Gross profit	47,306	33,721
Selling, general and administrative expenses	17,015	16,254
Income from operations	30,291	17,467
Other (expense) income, net	(351)	344
Income before income taxes and non-controlling interests	29,940	17,811
Income tax provision	(2,819)	(1,687)
Net income	27,121	16,124
Net income attributable to non-controlling interests	(1,892)	(1,299)
Net income attributable to Altisource	\$ 25,229	\$ 14,825
Earnings per share:		
Basic	\$ 1.08	\$ 0.60
Diluted	\$ 1.02	\$ 0.57
Weighted average shares outstanding:		
Basic	23,381	24,845
Diluted	24,844	25,928
Transactions with related parties included above:		
Revenue	\$ 82,780	\$ 48,790
Selling, general and administrative expenses	\$ 574	\$ 391

See accompanying notes to condensed consolidated financial statements.

Table of Contents**ALTISOURCE PORTFOLIO SOLUTIONS S.A.****CONDENSED CONSOLIDATED STATEMENTS OF EQUITY***(in thousands)*

	Treasury Stock, Common Stock	Treasury Stock, Additional Paid-in Capital	Treasury Stock, Altisource Equity	Treasury Stock, Retained Earnings	Treasury Stock, Treasury Stock, at Cost	Treasury Stock, Non- controlling Interests	Treasury Stock, Total
Balance, December 31, 2010	25,413	\$ 25,413	\$ 79,297	\$ 58,546	\$ (14,418)	\$ 3,060	\$ 151,898
Net income				14,825		1,299	16,124
Contributions from non-controlling interest holders						6	6
Distributions to non-controlling interest holders						(2,824)	(2,824)
Share-based compensation expense			788				788
Exercise of stock options				(1,417)	1,858		441
Repurchase of shares					(7,238)		(7,238)
Balance, March 31, 2011	25,413	\$ 25,413	\$ 80,085	\$ 71,954	\$ (19,798)	\$ 1,541	\$ 159,195
Balance, December 31, 2011	25,413	\$ 25,413	\$ 83,229	\$ 126,161	\$ (72,048)	\$ 3,188	\$ 165,943
Net income				25,229		1,892	27,121
Contributions from non-controlling interest holders						11	11
Distributions to non-controlling interest holders						(2,083)	(2,083)
Share-based compensation expense			(184)				(184)
Exercise of stock options				(4,364)	6,341		1,977
Repurchase of shares							