

RAINING DATA CORP  
Form 10QSB  
November 12, 2003

# U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-QSB

(Mark One)

**Quarterly Report under Section 13 or 15(d) of the Securities  
Exchange Act of 1934**

For the quarterly period ended September 30, 2003

**Transition Report Pursuant to Section 13 or 15(d) of the  
Exchange Act**

For the transition period from            to

Commission File number 0-16449

## RAINING DATA CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**94-3046892**  
(IRS Employer Identification No.)

**17500 Cartwright Road  
Irvine, CA 92614**

(Address of principal executive offices)

**(949) 442-4400**

(Registrant's telephone number)

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Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 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

As of September 30, 2003, there were 18,158,454 shares of registrant's Common Stock, \$.10 par value, outstanding.

Transitional Small Business Disclosure Format (Check one): Yes  No

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**RAINING DATA CORPORATION**

**INDEX**

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>
	<u>UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2003 AND MARCH 31, 2003</u>
	<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2003 AND 2002</u>
	<u>UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED SEPTEMBER 30, 2003 AND 2002</u>
	<u>CONDENSED NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
<u>ITEM 3.</u>	<u>CONTROLS AND PROCEDURES</u>
<u>PART II.</u>	<u>OTHER INFORMATION</u>
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
<u>ITEM 6.</u>	<u>EXHIBITS AND REPORTS ON FORM 8-K</u>
<u>SIGNATURES</u>	

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## RAINING DATA CORPORATION AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2003	March 31, 2003
	(In thousands)	
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$ 5,582	\$ 5,279
Trade accounts receivable-net	2,012	2,142
Other current assets	314	318
Total current assets	7,908	7,739
Property, furniture and equipment-net	780	880
Intangible assets-net	3,033	4,333
Goodwill	27,684	27,684
Other assets	217	258
Total assets	\$ 39,622	\$ 40,894
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities		
Accounts payable	\$ 158	\$ 600
Accrued liabilities	2,419	2,992
Deferred revenue	5,220	5,242
Current portion of long-term liabilities	64	321
Total current liabilities	7,861	9,155
Long-term debt, net of discount and excluding current portion	22,505	21,932
Total liabilities	30,366	31,087
Commitments and contingencies		
Stockholders equity		
Series A convertible preferred stock	300	300
Common stock	1,816	1,795

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Additional paid-in capital	95,169	94,919
Deferred stock-based compensation	(85)	(145)
Accumulated other comprehensive income	1,203	1,050
Accumulated deficit	(89,147)	(88,112)
Total stockholders' equity	9,256	9,807
Total liabilities and stockholders' equity	\$ 39,622	\$ 40,894

See accompanying condensed notes to the unaudited condensed consolidated financial statements.

**RAINING DATA CORPORATION AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**THREE AND SIX MONTHS ENDED SEPTEMBER 30,**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2003	2002	2003	2002
	(In thousands)			
Net revenue				
Licenses	\$ 2,247	\$ 2,260	\$ 4,533	\$ 4,372
Services	3,115	2,688	6,238	5,289
Total net revenues	5,362	4,948	10,771	9,661
Costs of revenue				
Cost of license revenue	133	70	222	115
Cost of service revenue	583	504	1,072	1,035
Total cost of revenue	716	574	1,294	1,150
Gross profit	4,646	4,374	9,477	8,511
Cost of operations				
Selling and marketing	1,309	1,055	2,766	2,179
Research and development	1,843	1,475	3,817	2,949
General and administrative	996	1,098	1,916	2,445
Stock-based compensation	73	82	123	265
Amortization of intangible assets	650			