

Altisource Portfolio Solutions S.A.

Form 10-Q

April 25, 2013

[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, 2013

OR

**o 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.

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

(Exact name of Registrant as specified in its Charter)

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

As of April 19, 2013, there were 23,176,918 outstanding shares of the registrant's shares of beneficial interest (excluding 2,235,830 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>	
<u>Item 1</u>	
<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
<u>Item 2</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3</u>	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	36
<u>Item 4</u>	
<u>Controls and Procedures</u>	37
<u>PART II Other Information</u>	
<u>Item 1</u>	
<u>Legal Proceedings</u>	38
<u>Item 1A</u>	
<u>Risk Factors</u>	38
<u>Item 2</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 6</u>	
<u>Exhibits</u>	39
<u>SIGNATURES</u>	41

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)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,303	\$ 105,502
Accounts receivable, net	109,238	88,955
Prepaid expenses and other current assets	21,760	7,618
Deferred tax assets, net	1,775	1,775
Total current assets	210,076	203,850
Premises and equipment, net	53,344	50,399
Deferred tax assets, net	4,073	4,073
Intangible assets, net	135,774	56,586
Goodwill	14,915	14,915
Investment in Correspondent One		12,729
Loan to Ocwen		75,000
Other assets	13,250	11,674
Total assets	\$ 431,432	\$ 429,226
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 57,704	\$ 58,976
Current portion of long-term debt	2,000	2,000
Current portion of capital lease obligations	57	233
Other current liabilities	7,185	10,423
Total current liabilities	66,946	71,632
Long-term debt, less current portion	195,622	196,027
Other non-current liabilities	1,703	1,738
Commitments and contingencies (Note 17)		
Equity:		
Common stock (\$1.00 par value; 100,000 shares authorized; (25,413 issued and 23,177 outstanding as of March 31, 2013; 25,413 issued and 23,427 outstanding as of December 31, 2012)	25,413	25,413

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

Additional paid-in-capital	88,297	86,873
Retained earnings	151,441	124,127
Treasury stock, at cost (2,236 shares as of March 31, 2013 and 1,986 shares as of December 31, 2012)	(99,291)	(77,954)
Altisource equity	165,860	158,459
Non-controlling interests	1,301	1,370
Total equity	167,161	159,829
Total liabilities and equity	\$ 431,432	\$ 429,226

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,	
	2013	2012
Revenue	\$ 148,827	\$ 139,066
Cost of revenue	96,962	91,760
Gross profit	51,865	47,306
Selling, general and administrative expenses	18,680	17,015
Income from operations	33,185	30,291
Other income (expense), net:		
Interest expense	(3,212)	(15)
Other income (expense), net	705	(336)