

ACACIA RESEARCH CORP  
Form 10-Q  
August 06, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007**

**Commission File Number 0-26068**

**ACACIA RESEARCH CORPORATION**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**95-4405754**  
(I.R.S. Employer  
Identification No.)

**500 Newport Center Drive, Newport Beach,  
CA**  
(Address of Principal Executive Offices)

**92660**  
(Zip Code)

Registrant's telephone number, including area code: **(949) 480-8300**

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 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 Act).

Yes " No þ

As of July 27, 2007, 29,356,953 shares of Acacia Research-Acacia Technologies common stock were issued and outstanding. As of July 27, 2007 59,875,769 shares of Acacia Research-CombiMatrix common stock were issued and outstanding.

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\*NOTE: Refer to the Acacia Research Corporation consolidating unaudited segment information for separate Acacia Technologies group and CombiMatrix group financial information for the periods presented (Refer to Note 9). The separate financial information of the two groups is being provided as additional disclosure regarding the financial performance of the two divisions and to provide investors with information regarding the potential value and

operating results of the respective businesses, which may affect the respective share values. The separate financial information should be reviewed in conjunction with Acacia Research Corporation's consolidated financial statements and accompanying notes. The presentation of separate financial information is not intended to indicate that we have changed the title to any of our assets or changed the responsibility for any of our liabilities, nor is it intended to indicate that the rights of our creditors have been changed. Acacia Research Corporation, and not the individual groups, is the issuer of the securities. Holders of the two securities are stockholders of Acacia Research Corporation and do not have a separate and exclusive interest in the respective groups.

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**ACACIA RESEARCH CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per share information)  
(Unaudited)

	<b>June 30, 2007</b>	<b>December 31, 2006</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 35,067	\$ 32,215
Short-term investments	15,308	12,783
Accounts receivable	2,180	269
Prepaid expenses, inventory, and other assets	1,403	1,187
Total current assets related to discontinued operations - Split-off of CombiMatrix Corporation	13,991	15,552
Total current assets	67,949	62,006
Property and equipment, net of accumulated depreciation	322	221
Patents, net of accumulated amortization	17,279	18,515
Goodwill	121	121
Other assets	84	79
Total non-current assets related to discontinued operations - Split-off of CombiMatrix Corporation	27,261	28,662
	\$ 113,016	\$ 109,604

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:		
Accounts payable and accrued expenses	\$ 2,147	\$ 2,201
Royalties and legal fees payable	2,176	1,684
Deferred revenues	251	360
Total current liabilities related to discontinued operations - Split-off of CombiMatrix Corporation	2,263	3,211
Total current liabilities	6,837	7,456
Other liabilities	67	31
Total non-current liabilities related to discontinued operations - Split-off of CombiMatrix Corporation	10,318	7,808
Total liabilities	17,222	15,295

Commitments and contingencies (Note 6)

Redeemable stockholders' equity:

Preferred stock

Acacia Research Corporation, par value \$0.001 per share; 10,000,000 shares authorized;

no shares issued or outstanding

Common stock

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Acacia Research - Acacia Technologies stock, par value \$0.001 per share;

100,000,000

shares authorized; 29,356,953 and 28,231,701 shares issued and

outstanding as of

June 30, 2007 and December 31, 2006, respectively

29

28

Acacia Research - CombiMatrix stock, par value \$0.001 per share;

100,000,000 shares

authorized; 59,875,769 and 50,365,810 shares issued and outstanding as of

June 30, 2007 and December 31, 2006, respectively

60

50

Additional paid-in capital

333,089

326,599

Accumulated comprehensive income

(5)

2

Accumulated deficit

(237,379)

(232,370)

Total stockholders' equity

95,794

94,309

\$ 113,016 \$ 109,604

*The accompanying notes are an integral part of these consolidated financial statements.*

**ACACIA RESEARCH CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(In thousands, except share and per share information)  
(Unaudited)

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>
Revenues:				
License fees	\$ 5,865	\$ 14,371	\$ 31,050	\$ 19,088
Total revenues	5,865	14,371	31,050	19,088