

ACACIA RESEARCH CORP
Form 10-Q
August 09, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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, 2006

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

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As of August 2, 2006, 27,949,920 shares of Acacia Research-Acacia Technologies common stock were issued and outstanding. As of August 2, 2006, 39,816,001 shares of Acacia Research-CombiMatrix common stock were issued and outstanding.

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*NOTE: We are presenting the Acacia Research Corporation consolidated unaudited interim financial statements and the separate unaudited interim financial statements for the CombiMatrix group and the Acacia Technologies group. The separate financial statements and accompanying notes of the two groups are 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 statements should be reviewed in conjunction with Acacia Research Corporation's consolidated financial statements and accompanying notes. The presentation of separate financial statements 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.

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

	June 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,045	\$ 20,164
Short-term investments	33,646	39,009
Accounts receivable	4,847	5,332
Prepaid expenses, inventory, and other assets	2,189	2,115
Total current assets	57,727	66,620
Property and equipment, net of accumulated depreciation	2,344	2,484
Patents, net of accumulated amortization	28,526	31,712
Goodwill	17,039	18,980
Other assets	3,049	1,638
	\$ 108,685	\$ 121,434
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,027	\$ 3,924
Royalties and legal fees payable	2,652	3,758
Current portion of deferred revenues	529	804
Total current liabilities	7,208	8,486
Deferred income taxes	-	2,701
Deferred revenues, net of current portion	1,464	1,439
Other liabilities	1,641	1,464
Total liabilities	10,313	14,090
Commitments and contingencies (Note 10)		
Minority interests	-	447
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		
Acacia Research - Acacia Technologies stock, par value \$0.001 per share; 50,000,000 shares authorized; 27,899,920 and 27,722,242 shares issued and	28	28

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outstanding as of June 30, 2006 and December 31, 2005, respectively

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

50,000,000 shares authorized; 39,336,152 and 38,992,402 shares issued and

outstanding as of June 30, 2006 and December 31, 2005, respectively

Additional paid-in capital	39	39
Deferred stock compensation	317,716	315,146
Accumulated comprehensive income	-	(1,400)
Accumulated deficit	(56)	(2)
	(219,355)	(206,914)
Total stockholders' equity	98,372	106,897
	\$ 108,685	\$ 121,434

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

ACACIA RESEARCH CORPORATION