AMDOCS LTD
Form 6-K
August 10, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Quarter Ended June 30, 2009
Commission File Number 1-14840
AMDOCS LIMITED

Suite 5, Tower Hill House Le Bordage
St. Peter Port, Island of Guernsey, GY1 3QT
Amdocs, Inc.
1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F þ FORM 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

YES o NO þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ___

AMDOCS LIMITED
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
FOR THE QUARTER ENDED JUNE 30, 2009
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This report on Form 6-K shall be incorporated by reference into the Registration Statements on Form F-3 (File Nos. 333-114079 and 333-114344) and any other Registration Statement filed by the Registrant that by its terms automatically incorporates the Registrant s filings and submissions with the SEC under Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

AMDOCS LIMITED
CONSOLIDATED BALANCE SHEETS
(dollar and share amounts in thousands, except per share data)

	As of	
	June 30, 2009 (Unaudited)	**September 30, 2008**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 684,901	$ 718,850
Short-term interest-bearing investments	595,388	525,528
Accounts receivable, net	507,507	573,764
Deferred income taxes and taxes receivable	106,906	84,515
Prepaid expenses and other current assets	95,224	102,930
Total current assets	1,989,926	2,005,587
Equipment and leasehold improvements, net	279,247	317,081
Deferred income taxes	160,009	187,173
Goodwill	1,541,751	1,526,371
Intangible assets, net	248,821	270,551
Other noncurrent assets	279,095	272,300
Total assets	$ 4,498,849	$ 4,579,063
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 111,936	$ 157,357
Accrued expenses and other current liabilities	151,056	224,699
Accrued personnel costs	166,541	218,229
Short-term portion of financing arrangements	1,037	1,660
Deferred revenue	185,097	197,851
Deferred income taxes and taxes payable	24,358	30,228
Total current liabilities	640,025	830,024
Convertible notes	1,020	450,000
Long-term financing arrangements	300,000	
Deferred income taxes and taxes payable	274,903	266,548
Noncurrent liabilities and other	208,232	227,300
Total liabilities	1,424,180	1,773,872
Shareholders equity:		
Preferred Shares Authorized 25,000 shares; £0.01 par value; 0 shares issued and outstanding		
	3,911	3,900

Ordinary Shares Authorized 700,000 and 550,000 shares, respectively; £0.01 par value; 241,353 and 240,836 issued and 203,966 and 203,916 outstanding, respectively		
Additional paid-in capital	2,298,179	2,264,800
Treasury stock, at cost 37,387 and 36,920 Ordinary Shares, respectively	(919,874)	(907,280)
Accumulated other comprehensive loss	(8,360)	(14,834)
Retained earnings	1,700,813	1,458,605
Total shareholders equity	3,074,669	2,805,191
Total liabilities and shareholders equity	$ 4,498,849	$ 4,579,063

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

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AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(dollar and share amounts in thousands, except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2009	**2008**	**2009**	**2008**
Revenue:				
License	$ 26,075	$ 35,244	$ 107,879	$ 93,570
Service	664,190	785,044	2,047,309	2,243,249
	690,265	820,288	2,155,188	2,336,819
Operating expenses:				
Cost of license	537	555	2,097	2,267
Cost of service	441,777	528,437	1,381,825	1,493,134
Research and development	51,134	56,137	160,113	168,240
Selling, general and administrative	81,732	104,632	256,305	300,963
Amortization of purchased intangible assets	21,839	22,796	63,594	66,302
Restructuring charges and in-process research and development		1,780	20,780	1,780
	597,019	714,337	1,884,714	2,032,686
Operating income	93,246	105,951	270,474	304,133
Interest income (expense) and other, net	2,514	6,159	(1,014)	23,797
Income before income taxes	95,760	112,110	269,460	327,930
Income taxes	10,212	11,438	29,035	31,735
Net income	$ 85,548	$ 100,672	$ 240,425	$ 296,195
Basic earnings per share	$ 0.42	$ 0.49	$ 1.19	$ 1.43
Diluted earnings per share	$ 0.42	$ 0.46	$ 1.16	$ 1.36
Basic weighted average number of shares outstanding	202,750	206,329	202,624	207,069
Diluted weighted average number of shares outstanding	203,515	219,120	208,514	220,315

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

AMDOCS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (UNAUDITED)
(dollar and share amounts in thousands)

	Ordinary Shares		Additional Paid-in	Treasury	Accumulated Other Comprehensive (Loss)	Retained	Total Shareholders
	Shares	Amount	Capital	Stock	Income	Earnings	Equity
Balance as of September 30, 2008	203,916	$ 3,900	$ 2,264,800	$ (907,280)	$ (14,834)	$ 1,458,605	$ 2,805,191
Comprehensive income:							
Net income						240,425	240,425
Unrealized gain on foreign currency hedging contracts, net of $(751) tax					4,852		4,852
Unrealized gain on short-term interest-bearing investments, net of $42 tax					1,014		1,014
Unrealized gain on defined benefit plan, net of $1,232 tax					2,391		2,391
Comprehensive income							248,682
Cumulative effect from adoption of FSP No. 115-2/124-2 at April 1, 2009					(1,783)	1,783	
Employee stock options exercised	173	4	2,015				2,019
Repurchase of shares	(468)			(12,594)			(12,594)
Tax benefit of stock options exercised			(1,967)				(1,967)
Issuance of restricted stock, net	345	7					7

of forfeitures							
Equity-based compensation expense related to employees			33,331				33,331
Balance as of June 30, 2009	203,966	$ 3,911	$ 2,298,179	$ (919,874)	$ (8,360)	$ 1,700,813	$ 3,074,669

As of June 30, 2009 and September 30, 2008, accumulated other comprehensive loss is comprised of unrealized loss on foreign currency hedging contracts, net of tax, of $(304) and $(5,156), respectively, and unrealized loss on short-term interest-bearing investments, net of tax, of $(10,231) and $(9,462), respectively, and unrealized gain (loss) on defined benefit plan assets, net of tax, of $2,175 and $(216), respectively.

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

AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollar amounts in thousands)

	Nine months ended June 30, 2009	Nine months ended June 30, 2008
Cash Flow from Operating Activities:		
Net income	$ 240,425	$ 296,195
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	147,869	143,978
In-process research and development expenses	5,640	1,780
Loss (gain) on sale of equipment	67	(55)
Equity-based compensation expense	33,331	43,710
Deferred income taxes	13,097	6,378
Gain on repurchase of convertible notes	(2,185)	
Excess tax benefit from equity-based compensation	(10)	(209)
Loss from short-term interest-bearing investments	5,821	1,771
Net changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	63,843	(148,472)
Prepaid expenses and other current assets	6,875	8,166
Other noncurrent assets	2,263	(40,420)
Accounts payable, accrued expenses and accrued personnel	(139,466)	(20,728)
Deferred revenue	8,815	12,283
Income taxes payable	(12,638)	(25,429)
Noncurrent liabilities and other	(38,268)	26,590
Net cash provided by operating activities	335,479	305,538
Cash Flow from Investing Activities:		
Proceeds from sale of equipment and leasehold improvements	429	1,103
Payments for purchase of equipment and leasehold improvements	(65,474)	(101,530)
Proceeds from sale of short-term interest-bearing investments	601,844	575,602
Purchase of short-term interest-bearing investments	(676,472)	(513,462)
Net cash paid for acquisitions	(61,890)	(56,970)
Net cash used in investing activities	(201,563)	(95,257)
Cash Flow from Financing Activities:		
Borrowing under long-term financing arrangements	450,000	
Payment under long-term financing arrangements	(150,000)	
Redemption of convertible notes	(330,780)	(174)
Repurchase of convertible notes	(116,015)	
Repurchase of shares	(20,014)	(172,339)
Payments under capital lease and short-term financing arrangements	(3,632)	
Borrowing under short-term financing arrangements	540	
Proceeds from employee stock options exercised	2,026	33,755
Excess tax benefit from equity-based compensation	10	209

Net cash used in financing activities	(167,865)	(138,549)
Net (decrease) increase in cash and cash equivalents	(33,949)	71,732
Cash and cash equivalents at beginning of period	718,850	615,501
Cash and cash equivalents at end of period	$ 684,901	$ 687,233
Supplementary Cash Flow Information		
Cash paid for:		
Income taxes, net of refunds	$ 23,701	$ 40,402
Interest	2,616	3,585

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

AMDOCS LIMITED
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Amdocs Limited (Amdocs or the Company) is a leading provider of software products and services to the communication, media and entertainment industry. The Company and its subsidiaries operate in one segment, providing integrated products and services. The Company designs, develops, markets, supports, implements and operates customer experience systems, including revenue, customer and information management, digital commerce and service delivery, service and resource management, and consulting and managed services, primarily to leading wireless, wireline, broadband cable and satellite service providers throughout the world. Amdocs also offers a full range of directory sales and publishing systems.

The unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In the opinion of the Company s management, all adjustments considered necessary for a fair presentation of the unaudited interim consolidated financial statements have been included herein and are of a normal recurring nature.

The preparation of financial statements during interim periods requires management to make numerous estimates and assumptions that impact the reported amounts of assets, liabilities, revenue and expenses. Estimates and assumptions are reviewed periodically and the effect of revisions is reflected in the results of operations of the interim periods in which changes are determined to be necessary.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full fiscal year. These statements do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with GAAP. These statements should be read in conjunction with the Company s consolidated financial statements for the fiscal year ended September 30, 2008, set forth in the Company s Annual Report on Form 20-F filed on December 8, 2008 with the U.S. Securities and Exchange Commission (the SEC). Subsequent events were evaluated through August 10, 2009, the date these financial statements were issued.

Reclassification

Certain immaterial amounts in prior year financial statements have been reclassified to conform to the current year presentation.

2. Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141 (revised), Business Combinations (SFAS No. 141(R)). SFAS No. 141(R) significantly changes the accounting for business combinations and establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree and recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase. SFAS No. 141(R) applies to the Company prospectively for business combinations for which the acquisition date is on or after October 1, 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (SFAS No. 160). SFAS No. 160 changes the accounting for noncontrolling (minority) interests in consolidated financial statements including the requirement to classify noncontrolling interests as a component of consolidated stockholders equity, the elimination of minority interest accounting in results of operations and changes in the accounting for both increases and decreases in a parent s controlling ownership interest. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008, and early adoption is prohibited. The Company does not expect that the application of SFAS No.160 will have a material impact on its consolidated results of operations and financial condition.

3. Adoption of New Accounting Standards

In April 2009, the FASB issued FASB Staff Position (FSP) FAS No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP No. 157-4). FSP No. 157-4 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset or liability has significantly decreased in relation to normal market activity for the asset or liability. FSP No. 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly and when the use of multiple (or different) valuation techniques may be warranted and considered. In addition, FSP No. 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. The Company adopted FSP No. 157-4 on April 1, 2009, which did not have a material impact on the Company s financial statements.

In April 2009, the FASB issued FSP FAS No. 115-2 and FAS No. 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FSP No. 115-2/124-2). FSP No. 115-2/124-2 clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired; provides guidance on the amount of an other-than-temporary impairment recognized in earnings and other comprehensive income; and expands the disclosures required for other-than-temporary impairments for debt and equity securities. FSP No. 115-2/124-2 requires an entity to assess whether it intends to sell, or it is more likely than not that it will be required to sell a security before recovery of its amortized cost basis. If either of those criteria is met, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet these criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income. The Company adopted FSP No. 115-2/124-2 on April 1, 2009, and reclassified the $1,783 noncredit related portion of other than temporary impairment losses recognized in prior period earnings, as a cumulative effect adjustment that increased retained earnings and decreased accumulated other comprehensive income at April 1, 2009. Please see Note 5.

In April 2009, the FASB issued FSP FAS No. 107-1 and APB No. 28-1, Interim Disclosures about Fair Value of Financial Instruments (FSP No. 107-1/APB 28-1). FSP No. 107-1/APB 28-1 requires interim disclosures regarding the fair value of financial instruments that are within the scope of FAS 107, Disclosures about Fair Value of Financial Instruments. Additionally, FSP No. 107-1/APB 28-1 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. FSP No. 107-1/APB 28-1 does not change the accounting treatment for these financial instruments. The Company adopted FSP No. 107-1/APB 28-1 on April 1, 2009. Please see Note 4.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (SFAS No. 165). The provisions of SFAS No. 165 set forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may have occurred for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company adopted SFAS No. 165 on April 1, 2009. Please see Note 1.

On January 1, 2009, the Company adopted SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). SFAS No. 161 applies to all derivative instruments and non-derivative instruments that are designated and qualify as hedging instruments and related hedged items accounted for under SFAS No. 133. SFAS No. 161 requires entities to provide greater transparency through additional disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, results of operations, and cash flows. The Company s adoption of SFAS No. 161 did not impact the consolidated financial results as it requires additional disclosure, rather than a change in accounting. Please see Note 6.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS No. 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In October 2008, the FASB issued FASB Staff Position (FSP) No. 157-3 Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active (FSP No.157-3). FSP 157-3 clarifies the application of SFAS No. 157 in a market that is not active, and provides guidance on the key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. Effective October 1, 2008, the Company adopted the measurement and disclosure requirements related to financial assets and financial liabilities. The adoption of SFAS No.157 for financial assets and financial liabilities did not have a material impact on its results of operations or the fair values of its financial assets and liabilities. Please see Note 4.

In February 2008, the FASB issued FSP No. SFAS No. 157-2, Effective Date of FASB Statement No. 157 (FSP No. 157-2) which provides a one-year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value on a recurring basis (at least annually). The Company is currently assessing the impact that SFAS No.157-2 will have on its results of operations and financial position when it is applied to nonfinancial assets and nonfinancial liabilities beginning in the first quarter of fiscal 2010.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of SFAS No. 115 (SFAS No. 159), which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities under an instrument-by-instrument election. If the fair value option is elected for an instrument, subsequent changes in fair value for that instrument will be recognized in earnings. Effective October 1, 2008, the Company adopted SFAS No. 159, but it has not elected the fair value option for any eligible financial instruments as of June 30, 2009.

4. Fair Value Measurement

SFAS No. 157 defines fair value as the price that would be received from selling an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

SFAS No. 157 establishes a three level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets), or other inputs that are observable (model-derived valuations in which significant inputs are observable) or can be derived principally from, or corroborated by, observable market data; and

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the Company s assets and liabilities measured at fair value on a recurring basis as of June 30, 2009:

	Level 1	Level 2	Total
Money market funds	$ 428,869	$	$ 428,869
Available-for-sale securities:			
U.S. government treasuries	269,040		269,040
U.S. agencies		220,112	220,112
Government guaranteed debt		69,260	69,260
Supranational and sovereign debt		22,202	22,202
Corporate bonds		46,481	46,481
Asset backed obligations		28,557	28,557
Mortgages (including agencies and corporate)		36,435	36,435
Commercial paper/ certificates of deposits		1,463	1,463
Total available-for-sale securities	269,040	424,510	693,550
Derivative financial instruments, net		(4,783)	(4,783)
Total	$ 697,909	$ 419,727	$ 1,117,636

Available for sale securities that are classified as Level 2 assets are priced using observable data that may include quoted market prices for similar instruments, market dealer quotes, market spreads, non-binding market prices that are corroborated by observable market data and other observable market information and discounted cash flow techniques. The Company s derivative instruments are classified as Level 2 as they represent foreign currency and option contracts valued primarily based on observable inputs including both forward and spot prices for currencies.

Fair Value of Financial Instruments

The financial instruments of the Company consist mainly of cash and cash equivalents, short-term interest-bearing investments, accounts receivable, accounts payable, foreign currency forward exchange contracts and options, debt under short-term financing arrangements and a credit facility. The fair value of the financial instruments included in the accounts of the Company does not significantly vary from their carrying amount.

5. Available-For-Sale Securities

Available-for-sale securities consist of the following interest-bearing investments:

	As of June 30, 2009			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government treasuries	$ 267,615	$ 1,628	$ 203	$ 269,040
U.S. agencies	218,368	1,744		220,112
Government guaranteed debt	69,079	241	60	69,260
Supranational and sovereign debt	22,142	85	25	22,202
Corporate bonds	47,556	622	1,697	46,481
Asset backed obligations	32,573	466	4,482	28,557
Mortgages (including agencies and corporate)	45,232	586	9,383	36,435
Commercial paper/ certificates of deposits	1,575		112	1,463
Total (1)	$ 704,140	$ 5,372	$ 15,962	$ 693,550

(1) Available-for-sale securities are classified as short term interest-bearing investments on the Company s balance sheet, except for $98,162 of securities with original maturities of 90 days or less which are included in cash and cash equivalents as of June 30, 2009.

As of June 30, 2009, the unrealized losses were primarily due to the credit market conditions and yield curve movements. A significant portion of the unrealized losses have been in continuous loss positions for 12 months or greater. In the quarter ended June 30, 2009, the Company adopted FSP No. 115-2/124-2 and assessed whether the unrealized losses for the investments in its portfolio were other-than-temporary under this guidance. For securities that the Company does not intend to sell and it is not more likely than not that the Company will be required to sell, the Company used a discounted cash flow analysis to determine the portion of the impairment that relates to credit loss. To the extent that the net present value of the projected cash flows was less than the amortized cost of the security, the difference is considered a credit loss and is recorded through earnings. The inputs on the future performance of the underlying assets used in the cash flow models include prepayments, defaults and loss severity assumptions. The expected cash flows were discounted using the effective interest rate implicit in the security at the date of acquisition.

Based on this assessment the Company recognized a credit loss of $746 in the three months ended June 30, 2009. As of June 30, 2009, unrealized losses of $4,038 related to other-than-temporarily impaired securities are included in accumulated other comprehensive loss.

In accordance with FSP No. 115-2/124-2, the $1,783 non-credit related amount of other- than -temporary impairment losses recognized in prior period earnings was reclassified as a cumulative effect adjustment that increased retained earnings and decreased accumulated other comprehensive income at April 1, 2009.

The following table presents a cumulative roll forward of credit losses recognized in earnings as of June 30, 2009:

Balance as of April 1, 2009	$ 794
Credit loss on debt securities for which an other-than-temporary-impairment was not previously recognized	