

INTERNATIONAL MICROCOMPUTER SOFTWARE INC /CA/
Form 10QSB
May 16, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington D.C. 20549

FORM 10-QSB

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

For the quarterly period ended **March 31, 2005**

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

For the transition period from: _____ to _____

Commission File Number 0-15949

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

(Exact name of Small business issuer in its charter)

CALIFORNIA

(State or other jurisdiction of incorporation or organization)

94-2862863

(I.R.S. Employer Identification No.)

100 ROWLAND WAY, NOVATO, CALIFORNIA

(Address of principal executive offices)

94945

(Zip code)

(415) 878-4000

Issuer's telephone number

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the 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 **May 9, 2005, 28,401,103** Shares of Issuer's common stock, no par value, were outstanding.

Transitional Small Business Disclosure Format: YES NO

**INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.
AND SUBSIDIARIES**

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PART I - FINANCIAL INFORMATION**Item 1- Condensed Consolidated Financial Statements****INTERNATIONAL MICROCOMPUTER SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	March 31, 2005 Unaudited	June 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,391	\$ 3,212
Investment in marketable securities	2,258	2,151
Receivables, less allowances for doubtful accounts, discounts and returns of \$1,027 and \$958	3,122	2,522
Inventories, net of reserves for obsolescence of \$123 and \$123	1,140	1,122
Receivables, other (related to discontinued operations)	--	1,000
Note receivable from related party	--	350
Other current assets	637	552
Assets related to discontinued operations	499	828
Total current assets	10,047	11,737
Fixed assets, net	601	637
Intangible assets		
Capitalized software, net	2,587	2,748
Domain names, net	1,845	1,566
Trademarks	710	709
Distribution rights, net	518	594
Capitalized customer lists	873	843
Goodwill	8,811	7,559
Total intangible assets	15,344	14,019
Other assets:		
Prepaid expenses	60	99
Investment in securities	--	1,771
Total other assets	60	1,870
TOTAL ASSETS	\$ 26,052	\$ 28,263
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short term debt	\$ 1,974	\$ 3,557
Trade accounts payable	1,898	2,375
Accrued and other liabilities	1,497	1,751
Liabilities related to discontinued operations	--	397
Total current liabilities	5,369	8,080
Long-term debt and other obligations	1,536	2,318
Total liabilities	6,905	10,398

Shareholders' equity

Common stock, no par value; 300,000,000 authorized; 28,296,600 issued and outstanding on March 31, 2005 and 26,261,829 issued and outstanding on June 30, 2004	43,365	41,512
Accumulated deficit	(24,109)	(23,577)
Accumulated other comprehensive loss	(109)	(70)
Total shareholders' equity	19,147	17,865
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 26,052	\$ 28,263

See Notes to Condensed Consolidated Financial Statements

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE INCOME /
(LOSS)

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Net revenues	\$ 6,340	\$ 2,713	\$ 18,054	\$ 6,690
Product costs	1,713	1,038	4,833	2,401
Gross margin	4,627	1,675	13,221	4,289
Costs and expenses				
Sales and marketing	2,430	1,299	7,259	2,784
General and administrative	1,199	836	3,590	2,457
Research and development	1,045	576	3,078	1,436
Total operating expenses	4,674	2,711	13,927	