

COSTAR GROUP INC
Form 10-Q
July 31, 2009

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, 2009

OR

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 0-24531

CoStar Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

52-2091509
(I.R.S. Employer Identification No.)

2 Bethesda Metro Center, 10th Floor
Bethesda, Maryland 20814

(Address of principal executive offices) (zip code)

(301) 215-8300
(Registrant's telephone number, including area code)

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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 (§232.405 of this chapter) 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. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)
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 July 24, 2009, there were 20,313,173 shares of the registrant’s common stock outstanding.

COSTAR GROUP, INC.

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PART I— FINANCIAL INFORMATION

Item 1. Financial Statements

COSTAR GROUP, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2009 | 2008 | 2009 | 2008 |
| Revenues | \$50,064 | \$53,478 | \$101,434 | \$105,742 |
| Cost of revenues | 16,744 | 18,341 | 33,638 | 38,062 |
| Gross margin | 33,320 | 35,137 | 67,796 | 67,680 |
| Operating expenses: | | | | |
| Selling and marketing | 9,751 | 12,121 | 18,912 | 22,994 |
| Software development | 3,065 | 3,141 | 6,243 | 6,555 |
| General and administrative | 11,571 | 10,099 | 22,021 | 19,904 |
| Purchase amortization | 742 | 1,266 | 1,688 | 2,487 |
| | 25,129 | 26,627 | 48,864 | 51,940 |
| Income from operations | 8,191 | 8,510 | 18,932 | 15,740 |
| Interest and other income, net | 322 | 1,243 | 764 | 3,181 |
| Income before income taxes | 8,513 | 9,753 | 19,696 | 18,921 |
| Income tax expense, net | 3,897 | 4,318 | 8,974 | 8,444 |
| Net income | \$4,616 | \$5,435 | \$10,722 | \$10,477 |
| Net income per share ³ / ₄ basic | \$0.24 | \$0.28 | \$0.55 | \$0.54 |
| Net income per share ³ / ₄ diluted | \$0.24 | \$0.28 | \$0.55 | \$0.54 |
| Weighted average outstanding shares ³ / ₄ basic | 19,479 | 19,311 | | |