

ARTEMIS INTERNATIONAL SOLUTIONS CORP  
Form 10-Q  
May 15, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**for the Quarterly Period Ended March 31, 2006**

**or**

**o 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 000-29793**

**ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION**

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(Exact name of Registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**13-4023714**  
(I.R.S. Employer Identification Number)

**4041 MacArthur Boulevard, Suite 401, Newport Beach, CA 92660**

(Address of principal executive offices, including zip code)

**(949) 660-6500**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$.001 par value**

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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 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).

Large accelerated filer

Accelerated filer

Non-accelerated filer

There were 10,877,087 shares of common stock outstanding as of May 12, 2006.

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes  No

**ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION**

**Quarterly Report on Form 10-Q**

**For the Quarter Ended March 31, 2006**

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## ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	March 31, 2006 (Unaudited)	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,741	\$ 4,057
Trade accounts receivable, net	7,712	9,478
Other accounts receivable	628	572
Prepaid expenses	1,055	1,365
Other current assets	104	136
Total current assets	14,240	15,608
Property and equipment, net	496	491
Investment in affiliates and other assets	824	978
Total assets	\$ 15,560	\$ 17,077
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 3,562	\$ 3,122
Due to related party	346	493
Accrued liabilities	2,607	3,012
Accrued payroll and related taxes	3,745	5,199
Deferred revenue	7,276	4,877
Short-term debt and line of credit, net	4,476	3,871
Current portion of long-term debt	608	611
Total current liabilities	22,620	21,185
Accrued pension and other liabilities	5,262	5,106
Long-term debt, less current portion	1,293	1,498
Total liabilities	29,175	27,789
Commitments and contingencies		
Stockholders' deficit:		
Series A convertible preferred stock, liquidation preference of \$9,000, \$0.001 par value, 25,000,000 shares authorized, 4,090,909 issued and outstanding	4	4
Common stock, \$0.001 par value, 50,000,000 shares authorized, 10,877,087 shares issued and outstanding at March 31, 2006 and 10,877,087 shares issued and outstanding at December 31, 2005	11	11
Additional paid-in capital, net of issuance costs	90,447	90,357
Accumulated deficit	(99,813)	(96,721)
Accumulated other comprehensive (loss)	(4,264)	(4,363)
Total stockholders' (deficit)	(13,615)	(10,712)
Total liabilities and stockholders' deficit	\$ 15,560	\$ 17,077

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



**ARTEMIS INTERNATIONAL SOLUTIONS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Revenue:</b>		
Software	\$ 1,423	\$ 2,815
Support	4,097	4,361
Services	5,136	4,796
	10,656	11,972
<b>Cost of revenue:</b>		
Software	133	73
Support	1,181	1,258
Services	3,744	3,997
	5,058	5,328