EBIX INC
Form 10-Q/A
July 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
Amendment No.1

R	QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended March 31, 2012
OR	
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-15946
Ebix, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	77-0021975
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5 CONCOURSE PARKWAY, SUITE 3200	
ATLANTA, GEORGIA	30328
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 678-281-2020
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 R No o
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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R No o N/A o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer o	Accelerated filer R	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No R
As of May 10, 2012, the number of shares of common stock outstanding was 36,471,081.

Explanatory Note

The purpose of this amendment to our Interim Report on Form 10-Q for the three months ended March 31, 2012, originally filed with the Securities and Exchange Commission on May 10, 2012, is only to supplement certain disclosures (as detailed below). This amendment should be read in conjunction with the Company's full interim report for the three months ended March 31, 2012 on Form 10-Q. A brief summary of the additional disclosures provided in this amended filing is as follows:

- Part I Item 1 “Financial Statements and Supplementary Information” - Note 3 “Business Combinations” has been revised to include the relevant disclosures and pro forma information concerning our acquisition of ADAM in February 2011. Also Note 8 “Geographic Information” has been revised to disclose the basis for attributing revenues from external customers to specific individual countries.

- Part I Item 2 “Management's Discussion and Analysis” - Information pertaining to the 2011 and 2012 operating revenues from the Company's acquisition of ADAM in February 2011 was added to the analysis of results for the first quarter of 2012 as compared to the first quarter of 2011.

FORM 10-Q/A
FOR THE QUARTER ENDED MARCH 31, 2012
INDEX

3

PART I — FINANCIAL INFORMATION

Item 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ebix, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

Note 3: Business Combinations
The Company executes accretive business acquisitions in combination with organic growth initiatives as part of its comprehensive business growth and expansion strategy. The Company' looks to acquire businesses that are complementary to Ebix's existing products and services. During the first quarter of 2012 the Company did not execute any material business acquisitions.

Consideration paid by the Company for the businesses it purchases is allocated to the assets and liabilities acquired based upon their estimated fair values as of the date of the acquisition. The excess of the purchase price over the estimated fair values of assets acquired and liabilities assumed is recorded as goodwill. Recognized goodwill pertains to the value of the expected synergies to be derived from combining the operations of the businesses we acquire including the value of the acquired workforce.

During the first quarter of 2012 the Company received a termination fee in connection with a failed business acquisition. In this regard the Company recorded a reduction to general and administrative expense in the approximate amount of $971 thousand (net of significant directly related internal operating costs incurred by the Company and a portion of the fee that had to be paid to our investment banker).

On February 7, 2011 Ebix closed the merger of Atlanta, Georgia based ADAM with a wholly owned subsidiary of Ebix. Under the terms of the merger agreement, all of the ADAM shareholders received, at a fixed exchange ratio, 0.3122 shares of Ebix common stock for every share of ADAM common stock. Ebix issued approximately 3.65 million shares of Ebix common stock with a fair value of $87.5 million pursuant to the merger. In addition Ebix paid approximately $944 thousand in cash for unexercised ADAM stock options. ADAM was a leading provider of health information and benefits technology solutions in the United States. $4.2 million of ADAM's operating revenues recognized since February 7, 2011were included in the Company's revenues reported in its condensed and consolidated statement of income for the three months ended March 31, 2011. Correspondingly included in the Company's revenues as reported in its condensed and consolidated statement of income for the three months ended March 31, 2012 is $6.2 million of ADAM's operating revenue. Due to the fact that many of ADAM specific functions were immediately integrated into Ebix's operations it is impractical to separately track and disclose specific earnings from this business combination after its acquisition date. The revenue derived from ADAM portfolio of products and services is included in the Company's Exchange division. The Company accounted for this acquisition by recording $60.1 million of goodwill, $15.4 million of intangible assets pertaining to customer relationships, $2.1 million of intangible assets pertaining to acquired technology, and $2.0 million of intangible assets pertaining to acquired trademarks. During the previous year's quarter ending March 31, 2011 the Company incurred certain nonrecurring expenses directly associated with the acquisition of ADAM which amounted to $1.78 million, and specifically included a $1.39 investment banking fee and $400 thousand employee severance costs. Furthermore as a result of the Q1 2011 acquisition of Adam, certain qualified costs were capitalized as part of goodwill. These costs were $75 thousand for legal fees related to registering the Ebix stock tendered as purchase consideration, and $665 thousand of officer severance costs associated with the terms of pre-existing employment contracts.

The unaudited pro forma financial information pertaining to the Company's acquisition of ADAM as presented below is provided for informational purposes only and does not project the Company's expected results of operations for any future period. No effect has been given in this pro forma information for future synergistic benefits that may still be realized as a result of combining the two companies or costs that may yet be incurred in integrating their operations. The pro forma financial information below includes three months of pro forma results for ADAM as if it had been acquired on January 1, 2011, whereas the Company's reported financial statements for the quarter ended March 31, 2011 only includes the actual financial results of ADAM since the effective date of its acquisition on February 7, 2011.

	Three Months Ending March 31, 2012		Three Months Ending March 31, 2011	
	As Reported (unaudited) (In thousands)	Pro Forma	As Reported (unaudited)	Pro Forma
Revenue	$ 43,827	$ 43,827	$ 40,050	$ 42,625
Net Income	$ 15,685	$ 15,685	$ 15,164	$ 16,366
Basic EPS	$ 0.43	$ 0.43	$ 0.40	$ 0.41
Diluted EPS	$ 0.40	$ 0.40	$ 0.37	$ 0.38

Note 8: Geographic Information

The Company operates with one reportable segment whose results are regularly reviewed by the Company's chief operating decision maker as to performance and allocation of resources. The following enterprise wide information is provided. The following information relates to the primary geographic locations in which the Company conducts its operations. External customer revenues in the tables below were attributed to a particular country based on whether the customer had a direct contract with the Company which was executed in that particular country for the sale of the Company's products/services with an Ebix subsidiary located in that country. (all amounts in thousands):

Three Months Ended March 31, 2012

	United States	Canada	Latin America	Australia	Singapore	New Zealand	India	Total
External Revenues	$30,490	$382	$2,422	$9,167	$795	$571	$—	$43,827
Long-lived assets	$261,713	$—	$14,452	$1,441	$65,749	$260	$11,064	$354,679

Three Months Ended March 31, 2011

	United States	Canada	Latin America	Australia	Singapore	New Zealand	India	Total
External Revenues	$27,898	$182	$2,563	$8,322	$724	$361	$—	$40,050
Long-lived assets	$237,464	$—	$18,180	$1,506	$70,922	$36	$3,674	$331,782

5

Table of Contents

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used herein, the terms "Ebix," "the Company," "we," "our" and "us" refer to Ebix, Inc., a Delaware corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Ebix, Inc.

Safe Harbor for Forward-Looking Statements—This Form 10-Q and certain information incorporated herein by reference contains forward-looking statements and information within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of the Company's products by the market, and management's plans and objectives. In addition, certain statements included in this and our future filings with the Securities and Exchange Commission ("SEC"), in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "seeks," "plan," "project," "continue," "predict," "will," "should," and other words or expres similar meaning are intended by the Company to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference, include, but are not limited to those discussed and identified in Part I, Item 1A, "Risk Factors" in our 2011 Form 10-K which is incorporated by reference herein, as well as: the willingness of independent insurance agencies to outsource their computer and other processing needs to third parties; pricing and other competitive pressures and the company's ability to gain or maintain share of sales as a result of actions by competitors and others; changes in estimates in critical accounting judgments; changes in or failure to comply with laws and regulations, including accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax interpretations) in domestic or foreign jurisdictions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries (particularly in Australia, Singapore, Brazil, and India wherein we have significant operations); equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; and international conflict, including terrorist acts. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update any such factors, or to publicly announce the results of, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

The important risk factors that could cause actual results to differ materially from those in our specific forward-looking statements included in this Form 10-Q include, but are not limited to, the following:

- Regarding Note 4 of the Notes to the Condensed Consolidated Financial Statements, and our future liquidity needs discussed under "Liquidity and Financial Condition," as pertaining to our ability to generate cash from operating activities and any declines in our credit ratings or financial condition which could restrict our access to the capital markets or materially increase our financing costs;
- With respect to Note 5 of the Notes to the Condensed Consolidated Financial Statements, "Commitments and Contingencies", and "Contractual Obligations and Commercial Commitments" in MD&A, as regarding changes in the market value of our assets or the ultimate actual cost of our commitments and contingencies;
- With respect Note 3 of the Condensed Notes to the Condensed Consolidated Financial Statements as pertaining to the business acquisitions we have made and our ability to efficiently and effectively integrate acquired business operations, and our ability to accurately estimate the fair value of tangible and intangible assets; and,
- With respect this Management Discussion & Analysis of Financial Condition and Results of Operation and the analysis of the three revenue trends including the actual realized level of demand for our products during the immediately foreseeable future.

Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including future reports on Forms 10-Q and 8-K, and any amendments thereto. You may obtain our SEC filings at our website, www.ebix.com under the “Investor Information” section, or over the Internet at the SEC’s web site, www.sec.gov.

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Part 1. Item 1 of this Quarterly Report, and the audited consolidated financial statements and

Table of Contents

notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Company Overview

Ebix, Inc. is a leading international supplier of software and e-commerce solutions to the insurance and financial industries. Ebix provides a variety of application software products for the insurance and financial industries ranging from data exchanges, carrier systems, and agency systems, to custom software development for all entities involved in insurance and financial services. Our goal is to be the leading powerhouse of backend insurance transactions in the world. The Company's vision is to focus on the convergence of technology platforms for all insurance channels, processes and entities in a manner such that data can seamlessly flow once a data entry has been made. Our customers include many of the top insurance and financial sector companies in the world.

The insurance and financial service industries continue to undergo significant consolidation as driven by the need for, and benefits from, economies of scale and scope in providing insurance and financial services in a competitive environment. The insurance markets have particularly experienced a steady increase in the desire to reduce paper-based processes and improve efficiency at the back-end side and consumer end side. Such consolidation has involved both insurance carriers and insurance brokers and is directly impacting the manner in which insurance products are distributed. Management believes the insurance industry will continue to experience significant change and increased efficiencies through online exchanges, as the transition from paper-based processes are increasingly becoming the norm across world insurance markets. Changes in the insurance industry are likely to create new opportunities for the Company.

Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address their specific business challenges. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, information technology, business process outsourcing, applications software, and Web and application hosting to meet the individual needs of insurance and financial service organizations. We continue to expand both through business acquisitions and organically.

Offices and Geographic Information

The Company has its worldwide headquarters in Atlanta, Georgia with its international operations being managed from its Singapore offices, and it also has domestic operations throughout the United States including California, Florida, Pennsylvania, Utah, Virginia, Texas, Ohio, and Connecticut; and international operations in Australia, Brazil, China, Japan, New Zealand, the United Kingdom, Canada and India. In these offices, Ebix employs insurance and technology professionals who provide products, services, support and consultancy to thousands of customers across six continents. The Company's product development unit in India has been awarded Level 5 status of the Carnegie Mellon Software Engineering Institute's Capability Maturity Model Integrated (CMMI), ISO 9001:2000 certification, and ISO 2700 security certification.

Results of Operations — Three Months Ended March 31, 2012 and 2011

Operating Revenue

The Company derives its revenues primarily from subscription and transaction fees pertaining to services delivered over our exchanges or from our ASP platforms, fees for business process outsourcing services, and fees for software development projects including associated fees for consulting, implementation, training, and project management provided to customers with installed systems.

Ebix's revenue streams come from four product channels. Presented in the table below is the breakout of our revenues for each of those product channels for the three months ended March 31, 2012 and 2011.

Table of Contents

(dollar amounts in thousands)	Three Months Ended March 31, 2012	2011
Exchanges	$34,646	$31,065
Broker Systems	4,754	3,842
Business Process Outsourcing (“BPO”)	3,571	3,619
Carrier Systems	856	1,524
Totals	$43,827	$40,050

During the three months ended March 31, 2012 our total operating revenues increased $3.8 million or 9%, to $43.8 million as compared to $40.1 million during the first quarter of 2011. This increase is the result of growth in our Exchange channel and recent business acquisitions. $4.2 million of operating revenues pertaining to our acquisition of ADAM in 2011 were recognized since its acquisition on February 7, 2011were included in the Company's revenues reported in its condensed and consolidated statement of income for the three months ended March 31, 2011. Correspondingly included in the Company's revenues as reported in its condensed and consolidated statement of income for the three months ended March 31, 2012 is $6.2 million of ADAM's operating revenue. The Company continues to effectively leverage product cross-selling opportunities across all channels, as facilitated by our business acquisitions. Also partially effecting reported revenues was the impact from fluctuations in the exchange rates of the foreign currencies in the countries in which we conduct operations. During the three months ended March 31, 2012 and 2011 the change in foreign currency exchange rates increased reported consolidated operating revenues by $332 thousand and $1.1 million, respectfully.

Cost of Services Provided

Costs of services provided, which includes costs associated with maintenance, support, call center, consulting, implementation and training services, increased $1.7 million or 24%, from $7.3 million in the first quarter of 2011 to $9.0 million in the first quarter of 2012. This increase is primarily due to additional customer support costs, personnel expenses, and facilities related costs in support of increased revenue streams associated with business acquisitions completed during 2011, and in support of the growth in our Exchange channel.

Product Development expenses

The Company’s product development efforts are focused on the development of new operating technologies and services for use by insurance carriers, brokers and agents, and the development of new data exchanges for use in both the domestic and international insurance and financial services industries. Product development expenses decreased $0.3 million or 8% from $4.6 million during the first quarter of 2011 to $4.3 million during the first quarter of 2012. This modest decrease is primarily due to less spending on product development personnel in support of the Carrier Systems and BPO channels.

Sales and Marketing Expenses

Sales and marketing expenses increased $1.0 million or 34%, from $2.9 million in the first quarter of 2011 to $3.8 million in the first quarter of 2012. This increase is primarily attributable to personnel and facility costs associated with additional sales personnel in support of our Exchange channels.

General and Administrative Expenses

General and administrative expenses (“G&A”) decreased by 1.3 million or 17% from $7.8 million in the first quarter of 2011 to $6.4 million in the first quarter of 2012. Included in this quarter's G&A costs is the net benefit in the approximate amount of $971 thousand related to a termination fee received by the Company in connection with a failed business acquisition (net of significant directly related internal operating costs incurred by the Company and a portion of the fee that had to be paid to our investment banker). Partially offsetting the net benefit from the acquisition termination fee was a $255 thousand bad debt expense charge necessary to adequately increase the Company's allowance for doubtful accounts receivable.

Amortization and Depreciation Expenses

Amortization and depreciation expenses increased $64 thousand or 3%, from $1.88 million in the first quarter of 2011 to $1.94 million in the first quarter of 2012. This increase is primarily due to $71 thousand of depreciation expenses in connection with equipment costs associated with the expansion of our data exchange networks and facilities.

Table of Contents

Income Taxes

The Company recognized income tax expense of $2.3 million for the three months ended March 31, 2012. The Company’s interim period income tax provisions are based on an estimate of the effective income tax rate expected to be applicable to the corresponding annual period, after eliminating discrete items unique to the respective interim period being reported. The calculated estimated annual effective tax rate used by the Company to determine the interim income tax provision for the first quarter of 2012 was 12.52% as compared to 9.38% for the same period in 2011. The effective rate increased primarily due to increased taxable income from jurisdictions with higher tax rates.

Dividends, Liquidity and Capital Resources

The Company's ability to generate significant cash flows from its ongoing operating activities is one of our fundamental financial strengths. Our principal sources of liquidity are the cash flows provided by the Company's operating activities, our commercial banking credit facility, and cash and cash equivalents on hand. Due to the effect of temporary or timing differences resulting from the differing treatment of items for tax and accounting purposes (including the treatment of net operating loss carryforwards and minimum alternative tax obligations in the U.S. and India), future income tax expense is expected to exceed cash outlays for income taxes. We intend to utilize cash flows generated by our operations, in combination with our bank credit facility, and the possible issuance of additional equity or debt securities, to fund capital expenditures and organic growth initiatives, to make strategic business acquisitions in the insurance and financial services sector, and to repurchase shares of our common stock as market conditions warrant.

We intend to utilize cash flows generated by our ongoing operating activities, in combination with our commercial lending facility, and the possible issuance of additional equity or debt securities to fund capital expenditures and organic growth initiatives, to make strategic business acquisitions, to retire outstanding indebtedness, and to possibly repurchase shares of our common stock as market and operating conditions warrant.

In the 4th quarter of 2011 the Company paid its first quarterly dividend in the amount of $0.04 per common share, paying $1.5 million in the aggregate in regards to this dividend issuance. This same quarterly dividend per share was paid in February 2012. The dividend rate was increased to $0.05 effective with dividend payment to be made in May 2012. The Company intends to use a portion of its operating cash flows to continue issuing dividends to its shareholders in the foreseeable future, while remaining dedicated to using most of its cash to generate improvement in future earnings by funding organic growth initiatives and accretive business acquisitions.

We believe that anticipated cash flows provided by our operating activities, together with current cash and cash equivalent balances and access to our credit facilities and the capital markets, if required and available, will be sufficient to meet our projected cash requirements for the next twelve months, and the foreseeable future thereafter, although any projections of future cash needs, cash flows, and the condition of the capital markets in general, as to the availability of debt and equity financing, are subject to substantial uncertainty. In the event additional liquidity needs arise, we may raise funds from a combination of sources, including the potential issuance of debt or equity securities. However, there are no assurances that such financing facilities or the equity capital markets will be available in amounts or on terms acceptable to us, if at all.

We continue to strategically evaluate our ability to sell additional equity or debt securities, to expand existing or obtain new credit facilities from lenders in order to strengthen our financial position. We regularly evaluate our liquidity requirements, including the need for additional debt or equity offerings, when considering potential business acquisitions, development of new products or services, or repurchases of our common stock.

Our cash and cash equivalents were $37.1 million and $23.7 million at March 31, 2012 and December 31, 2011, respectively. As of March 31, 2012, the Company held an additional amount of $730 thousand in fixed bank deposits of more than 90 days, which is not included in the reported cash and cash equivalents amount of $37.1 million. Our cash and cash equivalents balance has increased by $13.4 million since year end 2011, as a direct result of cash generated by our ongoing operating activities. The Company holds material cash and cash equivalent balances overseas in foreign jurisdictions. The free flow of cash from certain countries where we hold such balances may be subject to repatriation tax effects and other restrictions. Furthermore, the repatriation of earnings from some of our foreign subsidiaries would result in the application of withholding taxes at source as well as a tax at the U.S. parent level upon receipt of the repatriation amounts. The approximate cash, cash equivalents, and short-term investments balances held in our domestic U.S. operations and each of our foreign subsidiaries as of May 7, 2012 is presented in table below (figures denominated in thousands):

	United States	Canada	Latin America	Australia	Singapore	New Zealand	India	Sweden	Total
Cash and ST investments	$7,489	$979	$1,508	$3,123	$871	$467	$15,875	$16	$30,328

Our current ratio increased to 1.55 at March 31, 2012 as compared to 1.28 at December 31, 2011 and our working capital position improved to $26.4 million million at March 31, 2012 as compared to $14.0 million at the end of the 2011. The increase in our short-term liquidity position is primarily the result of the additional available cash balances and the reduction in trade payables and accrued liabilities. We believe that our ability to generate sustainable and robust cash flows from operations will enable the Company to continue to fund its current liabilities from current assets including available cash balances for the foreseeable future.

Business Combinations

The Company executes accretive business acquisitions in combination with organic growth initiatives as part of its comprehensive business growth and expansion strategy. The Company' looks to acquire businesses that are complementary to Ebix's existing products and services. During the first quarter of 2012 the Company did not execute any material business acquisitions.

Operating Activities

Net cash provided by our operating activities was $13.8 million for the three month period ended March 31, 2012. The primary components of the cash provided by operations during this three month interim period consisted of net income of $15.7 million, net of $661 thousand of non-cash unrealized foreign currency exchange losses, $1.9 million of depreciation and amortization, $(5.1) million of working capital requirements primarily associated with reductions to trade payables and accrued liabilities, and $548 thousand of non-cash share-based compensation.

During the three months ended March 31, 2011 the Company generated $10.3 million of net cash flow from operating activities. The primary components of the cash provided by operations during this three-month interim period consisted of net income of $15.2 million, net of $(1.7) million of net non-cash gains recognized on derivative instruments and foreign currency exchange, $1.9 million of depreciation and amortization, $(5.6) million of working capital requirements primarily associated with payments of trade payables and accrued liabilities, and increased outstanding trade receivables, and $556 thousand of non-cash compensation.

Investing Activities

Net cash provided from investing activities during the three months ended March 31, 2012 totaled $306 thousand which primarily consisted of $979 thousand from maturities of marketable securities (specifically bank certificates of deposit), net of purchases, less $673 thousand used for capital expenditures pertaining to the enhancement of our technology platforms and the purchases of operating equipment to support our expanding operations.

Net cash provided from investing activities during the three months ended March 31, 2011 totaled $5.6 million and was primarily related to the $3.5 million of net cash obtained from the acquisition of ADAM in February 2011 (net of $944 thousand used to settle outstanding ADAM stock options). Also $524 thousand was used for capital expenditures and $2.6 million was provided from the net maturities of marketable securities (specifically bank certificates of deposit).

Financing Activities

During the three months ended March 31, 2012 net cash used in financing activities was $1.5 million. This net financing cash outflow primarily consisted of the $1.46 million used to remit the dividend paid to common stock holders in February.

During the three months ended March 31, 2011 net cash used in financing activities was $3.9 million. During that interim period the Company remitted $1.3 million to make principal repayments on existing term loan obligations (net of proceeds received), $2.4 million was used to complete open market repurchases of our common stock, and $258 thousand was used to service then existing debt and capital lease obligations.

Table of Contents

Commercial Bank Financing Facility

On April 26, 2012 Ebix entered into a credit agreement providing for a $100 million secured syndicated credit facility (the “Secured Syndicated Credit Facility”) with Citi Bank, N.A. as administrative agent and Citibank, N.A., Wells Fargo Capital Finance, LLC, and RBS Citizens, N.A. as joint lenders. The financing is comprised of a four-year, $45 million secured revolving credit facility, a $45 million secured term loan which amortizes over a four year period with quarterly principal and interest payments commencing on June 30, 2012 and a final payment of all remaining outstanding principal and accrued interest due on April 26, 2016, and an accordion feature that provides for the expansion of the credit facility by an additional $10 million. This new $100 million credit facility with Citibank, N.A., as administrative agent, replaces the former $55 million facility that the Company had in place with Bank of America, N.A. The initial interest rate applicable to the Secured Syndicated Credit Facility is LIBOR plus 1.50% or currently 1.74%. Under the Secured Syndicated Credit Facility the maximum interest rate that could be charged depending upon the Company's leverage ratio is LIBOR plus 2.00%.

On April 26, 2012, Ebix fully paid all of its obligations and related fees then outstanding to Bank of America N.A. (“BOA”) and as pertaining to the Credit Agreement dated February 12, 2010 (as amended). The aggregate amount of the payment was $45.14 million and was funded from a portion of the proceeds of the Citi Bank led Secured Syndicated Credit Facility discussed immediately above. Upon the effective date this payoff, BOA's commitment to extend further credit to the Company terminated.

Previously on April 20, 2011 the Company entered into a seventh amendment to a credit agreement (the “Seventh Amendment”) with Bank of America, N.A. ("BOA"), as administrative agent, which materially amended the initial credit agreement dated February 12, 2010. The Seventh Amendment increased the existing revolving credit facility from $25 million to $35 million with its term ending on April 20, 2014, and the $10 million secured term loan was increased to $20 million and amortizes over a three year period with quarterly principal and interest payments that commenced on June 30, 2011. The entire credit facility had a variable interest rate currently set at LIBOR plus 1.50%. The revolving credit facility is used by the Company to fund working capital requirements primarily in support of current operations, organic growth, and accretive business acquisitions. The underlying financing agreement contains financial covenants regarding the Company's annualized EBITDA, fixed charge coverage ratio, and leverage ratio, as well as certain restrictive covenants pertaining to such matters as the incurrence of new debt, the aggregate amount of repurchases of the Company's equity shares, and the consummation of new business acquisitions. The Company currently is in compliance with all such financial and restrictive covenants, and there have been no violations thereof or in the event of noncompliance, appropriate waivers having been obtained.

At March 31, 2012, the outstanding balance on the revolving line of credit was $31.8 million and the facility carried an interest rate of 1.75%. This balance is included in the long-term liabilities section of the Condensed Consolidated Balance Sheets. During the three month period ending March 31, 2012, both the average and maximum outstanding balances on the revolving line of credit was $31.8 million.

At March 31, 2012, the outstanding balance on the term loan was $15 million of which $8.3 million is due within the next twelve months. This term loan also carried an interest rate of 1.75%. During the three months ended March 31, 2012, no payments were made against the term loan. The current and long-term portions of the term loan are included in the respective current and long-term sections of the Condensed Consolidated Balance Sheets.

Convertible Debt

On August 25, 2009, the Company entered into a Convertible Note Purchase Agreement with the Rennes Foundation in an original amount of $5.0 million, which amount is convertible into shares of common stock at a conversion price of $16.66 per share (the "Note"). The Note had a 0.0% stated interest rate and no warrants were issued. The Note was payable in full at its maturity date of August 25, 2011. The Company applied imputed interest on these convertible notes using an interest rate of 1.75% and discounted their carrying value accordingly. With respect to this convertible note, and in accordance with the terms of the notes, as understood between the Company and the holder, upon a conversion election by the holder the Company had to satisfy the related original principal balance in cash and could have satisfied the conversion spread (that being the excess of the conversion value over the related original principal component) in either cash or stock at option of the Company. On April 18, 2011, the Rennes Foundation elected to fully convert the Note. The Company settled this conversion election by paying $5.0 million in cash with respect to the principal component, and paying $1.8 million in cash with respect to the conversion spread. The Company also recognized a pre-tax gain in the amount of $108 thousand with respect the settlement of this convertible debt.

As of March 31, 2012 and December 31, 2011 the Company has no remaining convertible debt obligations.

Off-Balance Sheet Arrangements

We do not engage in off -balance sheet financing arrangements.

Table of Contents

Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual purchase obligations and other long-term commercial commitments as of March 31, 2012. The table excludes obligations or commitments that are contingent based on events or factors uncertain at this time.

	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 years
			(in thousands)		
Revolving line of credit	$31,750	$—	$31,750	$—	$—
Long-term debt	$18,000	$8,934	$9,066	$—	$—
Operating leases	$15,910	$4,256	$5,868	$2,867	$2,919
Capital leases	$825	$363	$462	$—	$—
Total	$66,485	$13,553	$47,146	$2,867	$2,919

Recent Accounting Pronouncements

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the condensed notes to the condensed consolidated financial statements in this Form 10-Q and Note 1 of the notes to consolidated financial statements in our 2011 Form 10-K.

Application of Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”), as promulgated in the United States, requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our Condensed Consolidated Financial Statements and accompanying notes. We believe the most complex and sensitive judgments, because of their significance to the Condensed Consolidated Financial Statements, result primarily from the need to make estimates and assumptions about the effects of matters that are inherently uncertain. The following accounting policies involve the use of “critical accounting estimates” because they are particularly dependent on estimates and assumptions made by management about matters that are uncertain at the time the accounting estimates are made. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, or changes in the accounting estimates that we used are reasonably likely to occur from period to period which may have a material impact on our financial condition and results of operations. For additional information about these policies, see Note 1 of the Condensed Notes to the Condensed Consolidated Financial Statements in this Form 10-Q. Although we believe that our estimates, assumptions and judgments are reasonable, they are limited based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Revenue Recognition

The Company derives its revenues from professional and support services, which include: (a) subscription and transaction fees related to services delivered over our exchanges or on an application service provider (“ASP”) basis; (b) subscription and transaction fees related to services delivered over our exchanges or on an application service provider (“ASP”) basis; (c) implementation, training, and project management provided to customers with installed systems; (d) revenue generated from software development projects and associated fees for consulting; and, (e) the licensing of proprietary and third-party software. Sales and value-added taxes are not included in revenues, but rather are recorded as a liability until the taxes assessed are remitted to the respective taxing authorities.

In accordance with Financial Accounting Standard Board ("FASB") and Securities and Exchange Commission Staff Accounting (the “SEC”) accounting guidance on revenue recognition the Company considers revenue earned and realizable when: (a) persuasive evidence of the sales arrangement exists, provided that the arrangement fee is fixed or determinable, (b) delivery or performance has occurred, (c) customer acceptance has been received, if contractually required, and (d) collectability of the arrangement fee is probable. The Company generally uses signed contractual agreements as persuasive evidence of a sales arrangement. We apply the provisions of the relevant generally accepted accounting principles related to all transactions involving the license of software where the software deliverables are considered more than inconsequential to the other elements in the arrangement.

Table of Contents

For contracts that contain multiple deliverables, we analyze the revenue arrangements in accordance with the relevant technical accounting guidance, which provides criteria governing how to determine whether goods or services that are delivered separately in a bundled sales arrangement should be considered as separate units of accounting for the purpose of revenue recognition. Generally these types of arrangements include deliverables pertaining to software licenses, system set-up, and professional services associated with product customization or modification. Delivery of the various contractual elements typically occurs over periods of less than eighteen months. These arrangements generally do not have refund provisions or have very limited refund terms.

Software development arrangements involving significant customization, modification or production are accounted for in accordance with the appropriate technical accounting guidance issued by FASB using the percentage-of-completion method. The Company recognizes revenue using periodic reported actual hours worked as a percentage of total expected hours required to complete the project arrangement and applies the percentage to the total arrangement fee.

Allowance for Doubtful Accounts Receivable

Management specifically analyzes accounts receivable and historical bad debts, write-offs, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts.

Valuation of Goodwill

Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Indefinite-lived intangible assets represent the fair value of acquired contractual customer relationships for which future cash flows are expected to continue indefinitely. In accordance with the relevant FASB accounting guidance, goodwill and indefinite-lived intangible assets are not amortized but are tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurs or circumstances change that would likely have reduced the fair value of a reporting unit below its carrying value. Potential impairment indicators include a significant change in the business climate, legal factors, operating performance indicators, competition, and the sale or disposition of a significant portion of the business. The impairment evaluation process involves an assessment of certain qualitative factors to determine whether the existence of events or circumstances would indicate that it is more likely than not that the fair value of any of our reporting units was less than their than its carrying amount. If after assessing the totality of events or circumstances, we were to determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then we would not perform the two-step quantitative impairment testing described further below.

The aforementioned two-step quantitative testing process involves comparing the reporting unit carrying values to their respective fair values; we determine fair value of our reporting units by applying the discounted cash flow method using the present value of future estimated net cash flows. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value were to be less than its carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value. Projections of cash flows are based on our views of growth rates, operating costs, anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. The use of different estimates or assumptions for our projected discounted cash flows (e.g., growth rates, future economic conditions, discount rates and estimates of terminal values) when determining the fair value of our reporting units could result in different values and may result in a goodwill impairment charge. We perform our annual goodwill impairment evaluation and testing as of September 30th of each year. During the year ended December 31, 2011 we had no impairment of our reporting unit goodwill balances.

Income Taxes

Deferred income taxes are recorded to reflect the estimated future tax effects of differences between financial statement and tax basis of assets, liabilities, operating losses, and tax credit carry forwards using the tax rates expected to be in effect when the temporary differences reverse. Valuation allowances, if any, are recorded to reduce deferred tax assets to the amount management considers more likely than not to be realized. Such valuation allowances are recorded for the portion of the deferred tax assets that are not expected to be realized based on the levels of historical taxable income and projections for future taxable income over the periods in which the temporary differences will be deductible.

The Company also applies FASB accounting guidance on accounting for uncertainty in income taxes positions. This guidance clarifies the accounting for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements.

Foreign Currency Matters

Our reporting currency is the U.S. dollar. The functional currency of the Company's foreign subsidiaries is the local currency of the country in which the subsidiary operates. The assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the rates of exchange at the balance sheet dates. Income and expense accounts are translated at the average exchange rates in effect during the period. Gains and losses resulting from translation adjustments are included as a component of other comprehensive income in the accompanying consolidated financial statements. Foreign exchange transaction gains and losses that are derived from transactions denominated in other than the subsidiary's' functional currency is included in the determination of net income.

14

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Ebix, Inc.
Date: July 6, 2012	By: /s/ Robin Raina Robin Raina Chief Executive Officer (Principal Executive Officer)
Date: July 6, 2012	By: /s/ Robert F. Kerris Robert F. Kerris Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibits	
2.1	Stock Purchase Agreement dated February 23, 2004 by and among the Company and the shareholders of LifeLink Corporation (incorporated herein by reference to Exhibit 2.1 to the Company's Current Report of Form 8-K dated February 23, 2004 (the "February 2004 8-K")) and incorporated herein by reference.
2.2	Secured Promissory Note, dated February 23, 2004, issued by the Company (incorporated herein by reference to Exhibit 2.2 of the February 2004 8-K) and incorporated herein by reference.
2.3	Purchase Agreement, dated June 28, 2004, by and between Heart Consulting Pty Ltd. And Ebix Australia Pty Ltd. (incorporated by reference to Exhibit 2.1 to the Company's Current Report of Form 8-K dated July 14, 2004 (the "July 14, 2004 8-K")) and incorporated herein by reference.
2.4	Agreement, dated July 1, 2004, by and between Heart Consulting Pty Ltd. and Ebix, Inc. (incorporated by reference to Exhibit 2.2 to the Company's Current Report of Form 8-K dated July 14, 2004 (the "July 14, 2004 8-K")) and incorporated herein by reference.
2.5	Agreement Plan of Merger by and among Ebix, Finetre and Steven F. Piaker, as shareholders' Representative dated September 22, 2006 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on 8-K/A dated October 2, 2006) and incorporated herein by reference.
2.6	Asset Purchase Agreement dated May 9, 2006, by and among Ebix, Inc., Infinity Systems Consulting, Inc. and the Shareholders of Infinity Systems Consulting, Inc. (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A dated May 9, 2006) and incorporated herein by reference.
2.7	Agreement and Plan of Merger dated October 31, 2007 by and among Ebix, Inc., Jenquest, Inc. IDS Acquisition Sub. and Robert M. Ward as Shareholder Representative (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K/A dated November 7, 2007) and incorporated herein by reference.
2.8	Stock Purchase Agreement by and among Ebix, Inc., Acclamation Systems, Inc., and Joseph Ott (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 5, 2008) and incorporated herein by reference.
2.9	Stock Purchase Agreement by and amongst Ebix, Inc., ConfirmNet Corporation, Ebix Software India Private Limited, ConfirmNet Acquisition Sub, Inc., and Craig Irving, as Shareholders' Representative (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated November 12, 2008) and incorporated herein by reference.
2.10	Agreement and Plan of Merger, dated September 30, 2009, by and amongst Ebix, E-Z Data, and Dale Okuno and Dilip Sontakey, as Sellers (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated October 6, 2009) and incorporated herein by reference.
2.11	IP Asset Purchase Agreement, dated September 30, 2009, by and amongst Ebix Singapore PTE LTD., Ebix, Inc., E-Z Data, and Dale Okuno and Dilip Sontakey, as Shareholders dated September 30, 2009 (incorporated here by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K dated October 6, 2009) and incorporated herein by reference.
2.12	Agreement and Plan of Merger, dated August 29, 2010, by and among Ebix Inc., A.D.A.M., Inc., and Eden Acquisition Sub, Inc. (incorporated here by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 31, 2010) and incorporated herein by reference.
3.1	Certificate of Incorporation, as amended, of Ebix, Inc. (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009) and incorporated herein by reference.
3.2	Bylaws of the Company (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000) and incorporated herein by reference.
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101**	XBRL (Extensible Business Reporting Language) - The following materials from Ebix, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statement of Stockholders' Equity and Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements which were tagged as blocks of text.

* Filed herewith

** Previously filed as part of the Company's Quarterly Report on Form 10-Q filed on May 10, 2012 for the Company's first quarter of fiscal 2012. Exhibit 101 to this Quarterly Report on Form 10-Q is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the securities Exchange Act of 1934.

**Exhibit 101 to this Quarterly Report on Form 10-Q is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the securities Exchange Act of 1934.

17