



Focus Enhancements, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) One moment please for the first question. (Operator Instructions) Your first question comes from the line of Robert Ainbinder of Montauk Financial.

Robert Ainbinder - Montauk Financial

Good afternoon, Brett, Gary.

Brett Moyer

Good afternoon.

Robert Ainbinder - Montauk Financial

My question relates to the quarterly revenue performance from the first quarter \$3.9 million we showed a slight uptick here to \$4 million. With the next generation FireStore product coming onto the market, can we assume that the first quarter was the trough in revenue and we can look forward to steady gains quarter-over-quarter revenue growth from here on out?

Brett Moyer

That is what we expect. Absolutely, as we mentioned in the call there are three OEM agreements that FireStore ProxSys product lines that are going to be impacting Q3 that did not impact Q2.

Robert Ainbinder - Montauk Financial

Okay, and as far as the audio chip is concerned, obviously it sound like you've got a quick timeline to bringing that chip to market. Can you give us an idea of what type of customers we might be attracting with the DWA chip?

Brett Moyer

It all depends on your timeline. The quickest timeline, Bob, of the AVR marketer is a home theater in a box market where they're selling a receiver, an AVR and around it, their external products and we anticipate having those impact revenue in Q2 and Q3 of next year. If you look at the market that we didn't talk about but we noted them as being large as DTV or set top boxes, those are much higher volumes and it would take longer to get through the design cycle on those. So we may catch some at the end of the year for some of the Christmas seasons but by and large, just the market we're focused

on, the home theater is 5 million units and the AVR market is another three to five on top of that. And if we just get 350,000 of those home theater guys, we're looking at driving revenue from \$4 to \$18 million plus some UWB revenues, so potentially \$20, \$22 million.

Robert Ainbinder - Montauk Financial

Okay, that's good, that's just the semiconductor side, correct? With the sampling taking place, you said in the November timeframe?

Brett Moyer

Yes.

Robert Ainbinder - Montauk Financial

So could we look forward to then hearing about design wins coming in the early part of the first quarter of '09?

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