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MRV Communications, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator instructions) Our first question is from John Harmon with Needham and Company. Please go ahead.

John Harmon – Needham & Company

Hi, good afternoon.

Noam Lotan

Hi, John.

John Harmon – Needham & Company

Hey, I guess, first of all, congratulations in beating your guidance.

Noam Lotan

Thank you.

John Harmon – Needham & Company

First of all, I was wondering if you have organic growth numbers handy for the quarter and for Source Photonics.

Noam Lotan

One second. John, it's very difficult to assess because the two have been totally integrated so you cannot really split the two right now, it's totally an integrated entity.

John Harmon – Needham & Company

Okay, thanks. We have some numbers, we can probably back it out. Secondly, you can see where this question is headed. I mean you didn't really give profitability numbers to your segment, so let me ask the question this way. For your Network Equipment and Integration businesses, where – you talked about productivity improvements – so my question is, were expenses in line with your own expectations for those businesses?

Guy Avidan

Yes, basically the OpEx were – for all segments were in line with our expectations.

John Harmon – Needham & Company

Okay. Thank you. And finally, it's probably difficult without complete financials, but cash declined \$3 million in the quarter. Can you maybe qualitatively talk about whether that went to operations or investing or financing?

Guy Avidan

This was actually due to increase in accounts receivable as we showed a huge growth in revenue and most of our revenue is actually in the second half of the quarter AR grew much more than the reduction in cash.

John Harmon – Needham & Company

Okay, so do working capital. Thank you very much.

Noam Lotan

Thank you, John.

Operator

Thank you. Our next question is from Mike Lee [ph] with Andrew Garrett.

Mike Lee – Andrew Garrett

Hi, this question is for Noam. Do you guys feel you have lost a lot of credibility on the Street regarding these option reviews? I mean this is your second one in the last three years. Am I correct?

Noam Lotan

I don't think you're correct, but I prefer not to answer this question. I certainly am not the judge of credibility on the Street, whether we have or not or what, and that's really up to the Street to decide.

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