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Aspect Medical Systems, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction) Our first question is from the line of Imron Zafar with Deutsche Bank.

Imron Zafar - Deutsche Bank

First question is on the partnership that you mentioned with the ATR device with the pharma company. Can you give us a little more detail on that? What the terms are? Whether you won't receive or will receive any sort of payments or R&D Subsidy from them?

Nassib Chamoun

The answer is yes. The study will be funded by them. We will receive some modest R&D investment from them to compensate for our efforts to assist them with that study. However, that is about all I can tell you. We will be integrating this device in Phase II trials and evaluating the response from that drug. That is about all I can say. It is major pharmaceutical company and maybe at some point in the future we will disclose the name.

Imron Zafar - Deutsche Bank

Okay. Great and on the international business, obviously that has been very strong in the past several quarters. When are you going to just talk in a little more detail on, where you have seen the strength and maybe how sustainable that growth is that you have seen in the past few quarters?

William Floyd

Hey, Imron, this is Bill. Yes, we are firing on all cylinders right now, internationally. First and foremost, we have a very tender organization over there. They have a lot of strong distributors in addition to our direct people. Regionally, Europe is doing very well. Middle East, Africa, very well, Latin America, very well and Asia Pacific, extremely well. So, all the regions are doing a strong and we see that as being very sustainable. We are looking at how we can continue to support them. They are very excited about this new products coming out and many of them are going to be international first. So our international team is knocking on out on the park right now.

Imron Zafar - Deutsche Bank

Mike, a couple of questions for you, quickly, I have seen some of your convertible debt in the quarter. Is that something that you – we should expect to continue going forward given that this kind of what your data is rating?

Mike Falvey

You know, I think that is something that we are going to look at from time to time. I mean, as we mentioned when we announced that transaction, we view it primarily as a balance sheet management exercise. And what we need to always balance is our cash requirements and what we feel as a prudent cash balance and then from time to time we do look at the opportunity to buy down some of that debt particularly in recent months with the debts rating at such a discount. So we thought that was a nice move to make during this quarter. It is something that we will consider in the future but we will probably not want to be disclosing that in advance but rather revealing that after the transactions happen.

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