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Safeguard Scientifics, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Bob Labick with CJS Securities.

Peter Boni

Hello, Bob.

Operator

Bob Labick, your line is opened.

Bob Labick – CJS Securities

Can anyone hear me?

Peter Boni

Hi, Bob. I hear you. I did hear you. I don't know. Christy, perhaps we can go back to Bob.

Operator

(Operator instructions) Bob, your line is opened.

Bob Labick – CJS Securities

Okay. Can you hear me now?

Peter Boni

Yes, Bob.

Bob Labick – CJS Securities

Okay, great.

Peter Boni

The wonders of modern science.

Bob Labick – CJS Securities

Amazing, right? Okay, let's see, first question I wanted to ask was with regard to the bundled sale, obviously you had to value each of the components separately, it becomes more relevant to the point where your NextPoint or previously NextTone is coming back to you and you will maintain ownership in that. It appears that you've valued or somebody had valued the entire NextPoint NextTone Company at \$210 million, just looking at your \$22 million stake or 10.5%. Could you discuss with us how the valuation of NextPoint was created, what parameters, and how we should think about that holding and position in the future?

Peter Boni

I will let Ray address that. But, essentially, we sold the bundle of companies for some purposes that might have been broken out. But we really sold a bundle for a bundle price.

Ray Land

At this point, we are not disclosing the allocation and the fair market values of the individual bundle sale.

Bob Labick – CJS Securities

No, I appreciate – I am not trying to ask for the other five. But, obviously you have disclosed NextPoint to the extent that 10.5% equals \$22 million. So, I was just trying to understand who came up with that determining value and what methodology was used.

Ray Land

The buyers set a price.

Bob Labick – CJS Securities

I am sorry.

Ray Land

Same set of price for NextPoint.

Peter Boni

Saints allocated the amount of moneys per company. We negotiated a bundle transaction and did not consider putting a value on any individual company. We sold them in a bundle.

Bob Labick – CJS Securities

Okay. Moving on to Clariant, obviously their quarter (inaudible) results significant growth and sequential growth. I haven't had a chance yet to go over their call from last night. But I was hoping you could maybe expand a little bit upon your comments, obviously, in terms of the primary drivers. You've mentioned Medicare reimbursement there too, but I guess the main question is, were there any one-times in the quarter or is this a sustainable growth rate, not rate going forward, but starting point going forward, the \$16 million in sales?

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