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MRV Communications Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes, sir. Thank you. We will now begin the question-and-answer session. (Operator Instructions). Our first question comes from John Harmon with Needham and Company. Please go ahead with your questions, sir.

John Harmon - Needham and Company

Hi, good afternoon. Just a couple of quick ones please.

Noam Lotan

Hi, John.

John Harmon - Needham and Company

I don't believe you mentioning, could you please tell us what the added expense was for completing your audit in the quarter?

Noam Lotan

Actually comprised from few numbers. We paid totally to complete the audit in Fiberxon in China something like \$5 million, that includes all expenses related. Most of the number I just mentioned being capitalized. So you did not see it in the P&L. We had other expenses related to the quarter and also [touched a little bit] on the Fiberxon acquisition in the quarter, but we did not disclose that number.

John Harmon - Needham and Company

Okay. Thank you. Some of my sources were telling me that Alcatel's decision on its suppliers is imminent, due very soon, is that true? Do you expect a decision up very soon and what can you tell us about the timing of the decision and the potential outcome?

Noam Lotan

No, we probably don't like to talk too much about specific customers, but I can tell you generally, those type of customers don't make a one-off decision they have a continuous process of looking at their suppliers. We don't anticipate any loss of market share in the short-term, but I try to stay away from kind of analyzing specific customers.

John Harmon - Needham & Company

Thanks, but any intelligence on the timing perhaps?

Guy Avidan

Like I said, I don't think it's a discreet event. I think there is multiple products and multiple sub-products within that time, if you're talking about whether it's specifically to Verizon or to other application, it varies. But I don't think those type of things are discreet events, but rather a continuous process.

John Harmon - Needham & Company

Okay. Thank you.

Noam Lotan

John, just, Noam here. Just to clarify Guy's comment on the magnitude of the expense related to the audit. These numbers that Guy mentioned also included legal fees and also transaction related fee payable to bankers. So the audit -- the actual pure audit fees were much lower than that.

John Harmon - Needham & Company

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