

NETSCOUT SYSTEMS INC
Form 10-Q
November 09, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0000-26251

NETSCOUT SYSTEMS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

310 Littleton Road, Westford, MA 01886

(978) 614-4000

04-2837575
(IRS Employer

Identification No.)

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The number of shares outstanding of the registrant's common stock, par value \$0.001 per share, as of November 7, 2007 was 38,558,720.

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NETSCOUT SYSTEMS, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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	September 30, 2007	March 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,923	\$ 18,925
Marketable securities	70,856	69,204
Accounts receivable, net of allowance for doubtful accounts of \$9 at September 30, 2007 and March 31, 2007	18,709	18,317
Inventories	4,846	4,562
Refundable income taxes	309	657
Deferred income taxes	2,747	2,535
Prepaid expenses and other current assets	2,845	3,380
Total current assets	132,235	117,580
Fixed assets, net	8,869	8,262
Goodwill	36,561	36,561
Acquired intangible assets, net	226	442
Capitalized software development costs, net	89	170
Deferred income taxes	5,462	5,382
Long-term marketable securities	6,094	11,975
Other assets	1,692	47
Total assets	\$ 191,228	\$ 180,419
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 4,507	\$ 3,023
Accrued compensation	8,219	8,271
Accrued other liabilities	3,690	2,609
Income taxes payable	380	192
Deferred revenue	22,365	23,992
Total current liabilities	39,161	38,087
Other long-term liabilities	961	1,008
Accrued long-term retirement benefits	1,315	1,155
Long-term deferred revenue	3,223	1,762
Total liabilities	44,660	42,012
Commitments and contingencies (Note 7)		
Stockholders equity:		

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Preferred stock, \$0.001 par value:

5,000,000 shares authorized; no shares issued or outstanding at September 30, 2007 and March 31, 2007

Common stock, \$0.001 par value: 150,000,000 shares authorized; 36,930,755 and 36,581,852 shares issued and 32,398,738 and 32,049,835 shares outstanding at September 30, 2007 and March 31, 2007, respectively

	37	36
Additional paid-in capital	124,260	122,074
Accumulated other comprehensive loss	(3)	(46)
Treasury stock at cost, 4,532,017 shares at September 30, 2007 and March 31, 2007	(28,939)	(28,939)
Retained earnings	51,213	45,282
Total stockholders' equity	146,568	138,407
Total liabilities and stockholders' equity	\$ 191,228	\$ 180,419

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NetScout Systems, Inc.

Condensed Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2007	2006	2007	2006
Revenue:				
Product	\$ 18,911	\$ 15,758	\$ 36,424	\$ 29,985
Service	10,701	9,322	21,101	18,670
Total revenue	29,612	25,080	57,525	48,655
Cost of revenue:				
Product (1)	5,204	4,382	9,856	8,238
Service (1)	1,499	1,315	2,986	2,582