

AVOCENT CORP
Form 10-Q
November 07, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 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 29, 2006 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: 000-30575

AVOCENT CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

91-2032368

(I.R.S. Employer Identification Number)

4991 Corporate Drive

Huntsville, Alabama

(Address of Principal Executive Offices)

35805

(Zip Code)

256-430-4000

(Registrant's Telephone Number, Including Area Code)

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, as amended, 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.

x Yes o No

Indicate by check mark whether the Registrant is a 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 Securities Exchange Act.)

Large Accelerated filer x

Accelerated Filer o

Non- Accelerated filer o

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes No

As of November 1, 2006, the number of outstanding shares of the Registrant's Common Stock was 50,844,128.

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PART I FINANCIAL INFORMATION

AVOCENT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, in thousands except for per share amounts)

Item 1. Financial Statements

	For the three months ended		For the nine months ended	
	September 29, 2006	September 30, 2005	September 29, 2006	September 30, 2005
Net sales:				
Products and services	\$ 124,365	\$ 91,162	\$ 324,359	\$ 248,447
Licenses and royalties	17,349	5,546	29,972	14,604
Total net sales	141,814	96,708	354,331	263,051
Cost of sales:				
Products and services	51,813	39,388	136,963	109,322
Licenses and royalties	1,010		1,010	
Total cost of sales	52,823	39,388	137,973	109,322
Research and development expenses	16,004	14,640	43,535	43,495
Acquired in-process research and development expense	18,600		20,700	
Selling, general and administrative expenses	38,314	20,764	94,414	67,069
Cyclades integration expenses	1,304		3,573	
Amortization of intangible assets	6,589	2,731	13,841	15,976
Total operating expenses	80,811	38,135	176,063	126,540
Income from operations	8,180	19,185	40,295	27,189
Income from settlement of lawsuit				5,000
Net investment income	1,615	2,242	6,811	6,558
Net realized investment losses	(199)	(100)	(226)	(483)
Interest expense	(1,011)		(1,157)	
Other expense, net	(133)	(75)	(361)	(129)
Income before income taxes	8,452	21,252	45,362	38,135
Provision for income taxes	5,902	4,887	16,297	8,838
Net income (1)	\$ 2,550	\$ 16,365	\$ 29,065	\$ 29,297
Earnings per share:				