## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 8-K

## **CURRENT REPORT**

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

Date of report (Date of earliest event reported): September 4, 2008

# SEACHANGE INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization) 0-21393 (Commission File Number) 04-3197974 (I.R.S. Employer Identification No.)

50 Nagog Park, Acton, MA (Address of Principal Executive Offices) 01720 (Zip Code)

Registrant's telephone number including area code: (978) 897-0100

No change since last report (Former Name or Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *(ee General Instruction A.2. below)*:

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

#### Item 2.02. Results of Operations and Financial Condition.

Attached as Exhibit 99.1 and incorporated herein by reference is a copy of the press release of SeaChange International, Inc. (the "Company"), dated September 4, 2008, reporting the Company's financial results for the fiscal quarter ended July 31, 2008.

The information contained herein, including the exhibit attached and incorporated herein by reference, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

## Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following Exhibit is furnished as part of this report:

Exhibit No.	Description
99.1	Press release issued by SeaChange International, Inc., dated September 4, 2008.

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## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

## SEACHANGE INTERNATIONAL, INC.

By: /s/ Kevin M. Bisson

Kevin M. Bisson Kevin M. Bisson Chief Financial Officer, Treasurer, Secretary and Senior Vice President, Finance and Administration

Dated: September 4, 2008

## Exhibit No. 99.1

Description

.1 Press release issued by SeaChange International, Inc., dated September 4, 2008.

NEWS RELEASE



Contact:

Jim Sheehan SeaChange PR 1-978-897-0100 x3064 jim.sheehan@schange.com Martha Schaefer SeaChange IR 1-978-897-0100 x3030 martha.schaefer@schange.com

#### SEACHANGE INTERNATIONAL ANNOUNCES SECOND QUARTER FISCAL 2009 RESULTS

- Total revenues 15% higher year-over-year
- Fourth consecutive quarter of profitability
- \$4 million in shares repurchased during the second quarter
- Reiterated Guidance of FY '09 revenue growth of 10%

ACTON, Mass. (Sept. 4, 2008) – SeaChange International, Inc. (NASDAQ: SEAC), a leading provider of software and hardware solutions for video-on-demand (VOD) television, announced financial results for its fiscal 2009 second quarter ended July 31, 2008. Total revenues for the quarter were \$50.7 million which was \$6.5 million or 15% higher than total revenues of \$44.2 million for the second quarter of fiscal 2008. Net income for the second quarter was \$1.5 million or \$0.05 per share compared with a net loss of \$7.9 million, or \$0.27 per share for the same period last year. Last year's second quarter net loss included \$6.0 million, or \$0.20 per share, of expenses related to severance charges in connection with selected headcount reductions and impairment charges related primarily to capitalized software licenses.

Total revenues for the first six months of fiscal 2009, ended July 31, 2008, were \$96.1 million, which was \$13.1 million or 16% higher than total revenues of \$83.0 million for the first six months of fiscal 2008. Net income for the first half of fiscal 2009 was \$1.8 million, or \$0.06 per share compared with a net loss of \$12.4 million, or \$0.42 per share for the same period last year. The net loss for the first six months of fiscal 2008 included \$6.0 million, or \$0.20 per share, of expenses in connection with the previously mentioned cost reduction initiatives implemented in the second quarter of last year.

#### SeaChange Q2 FY09 Earnings/Page 2

The Company ended the second quarter of fiscal 2009 with cash, cash equivalents and marketable securities of \$78.1 million and no debt compared with \$79.0 million and no debt at the end of the first quarter of fiscal 2009. Net income and non-cash expenses of \$4.6 million along with improvements in working capital were offset by capital expenditures of \$7.2 million in the second quarter. The capital expenditures related principally to a facility purchase for the Company's Media Services operation. In addition, the Company repurchased 551,000 shares of common stock at a cost of \$4.0 million under the Company's previously disclosed stock buyback program.

Total revenues in the second quarter of fiscal 2009 from the Company's Software segment were \$32.0 million, which was \$4.6 million or 17% higher than comparable revenues in the second quarter of last year. Year-over-year revenue growth in the Software segment was driven primarily by higher Advertising Insertion revenue from North American service providers, the result of increased high-definition television channel requirements. In addition, higher SeaChange Axiom software-related license and maintenance revenue, derived primarily from North American cable and telephone customers, contributed to the increase in Software segment revenue between quarters.

The Servers and Storage segment generated \$14.9 million in revenue for the second quarter of fiscal 2009, which was \$2.5 million or 20% higher than revenue for the second quarter of fiscal 2008. The growth in revenue was mainly due to increased VOD server shipments to several domestic customers and higher installation and maintenance revenues related to increased year-over-year server deployments.

The Media Services operating segment's revenue for the second quarter of fiscal 2009 of \$3.9 million was \$0.6 million lower than comparable revenue from last year's second quarter. The decrease in Media Services revenue between years was due primarily to non-recurring professional services revenue generated in last year's second quarter.

#### SeaChange Q2 FY09 Earnings/Page 3

"We are very pleased with our financial performance for the second quarter which builds on the strong start for fiscal 2009," commented Bill Styslinger, President and CEO, SeaChange International. "We exceeded \$50 million in quarterly revenue for the first time in the Company's history on continued strong North American service provider spending for VOD server and software products. We're particularly pleased that the first commercial deployment of flash memory servers by two of our largest North American cable television customers significantly contributed to our VOD server revenue this quarter."

Styslinger continued, "Solid, top-line performance, improved margins and control of operating expense growth all contributed to the Company's fourth consecutive quarter of profitability. We aggressively redeployed cash generated during the second quarter by repurchasing \$4 million of the Company's stock, in addition to the facility purchase. Our cash position at the end of the second quarter, however, was essentially unchanged from the first quarter demonstrating the cash generation power of our business."

Commenting on guidance for the remainder of fiscal 2009, Styslinger noted, "We continue to expect that revenue for all of fiscal 2009 will be approximately 10% higher than fiscal 2008 revenue and that we will be profitable for the second half of the year. Our confidence in our financial expectations for the rest of fiscal 2009 lies in continued strong spending on VOD and Advertising Insertion software-related products by our core North American cable and telephone customers, as well as continued focus on controlling our selling, general and administrative expenses."

The Company will discuss its financial results and business outlook in more detail today during its webcast conference call at 5:00 p.m. ET, which will be available live and archived at <u>www.schange.com/IR/</u>.

#### SeaChange Q2 FY09 Earnings/Page 4

## About SeaChange International

SeaChange International, Inc. is a world leader in digital video systems, spanning broadcast and broadband. Its powerful server and software systems enable television operators to provide new On Demand services and to gain greater efficiencies in advertising and content delivery. With its Emmy-winning MediaCluster<sup>®</sup> technology, thousands of SeaChange systems are helping broadband, broadcast and satellite television companies to streamline operations, expand services and increase revenues. SeaChange is headquartered in Acton, Massachusetts and has product development, support and sales offices throughout the world. Visit <u>www.schange.com</u>.

#### Safe Harbor Provision

Any statements contained in this press release that do not describe historical facts, including without limitation statements concerning expected future performance, product introductions and general market conditions, may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements contained herein are based on current expectations, but are subject to a number of risks and uncertainties that may cause actual results to differ materially from expectations. The factors that could cause actual future results to differ materially from current expectations include the following: the continued growth, development and acceptance of the video-on-demand market; the loss of one of the Company's large customers; the cancellation or deferral of purchases of the Company's products; a decline in demand or average selling price for the Company to protect its intellectual property rights; an unfavorable result in any future litigation; content providers limiting the scope of content licensed for use in the video-on-demand market; the Company's ability to introduce new products or enhancements to existing products; the Company's ability to introduce new products or enhancements to existing products; the Company's advected with international sales; the performance of companies in which the Company has made equity investments, including Casa Systems and On Demand Deutschland GmBH & Co. KG; the ability of the Company to integrate businesses acquired by the Company; changes in the regulatory environment; the Company's ability to hire and retain highly skilled employees; our current ineligibility to use a registration statement on Form S-3; any weaknesses over internal controls over financial reporting; any additional tax liabilities that the Company may be subject to; and system errors, failures or disruptions.

Further information on factors that could cause actual results to differ from those anticipated is detailed in various publicly available documents made by the Company from time to time with the Securities and Exchange Commission, including but not limited to, those appearing at Item 1A under the caption "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Commission on April 14, 2008. Any forward-looking statements should be considered in light of those factors. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak as of the date they are made. The Company disclaims any obligation to publicly update or revise any such statements to reflect any change in Company expectations or events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results may differ from those set forth in the forward-looking statements.

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\*SeaChange and MediaCluster are registered trademarks of SeaChange International, Inc. SeaChange Axiom is a trademark of SeaChange International, Inc.

## SeaChange International, Inc. Condensed Consolidated Balance Sheets (in thousands, except per share data)

Current assets:         56.886         \$6.359           Cash and cash equivalents         14,530         19.266           Accounts receivable, net         47,693         35,743           Inventories, net         15,605         14,315           Prepaid expenses and other current assets         32,44         2,656           Total current assets         137,958         135,339           Property and equipment, net         34,601         28,066           Marketable securities         13,043         12,666           Intangible assets, net         6,673         5,272           Codowill         29,384         29,481         12,666           Other assets         31,043         12,666         5,828         6,809           Goodwill         29,384         29,471         20,734         29,471         21,786           Chabities assets         364         2717         70tal assets         364         2717           Total assets         52,29,401         \$2,20,94         \$2,20,94         \$2,20,94         \$2,20,94         \$2,21,940         \$2,045         \$1,043         \$1,20,26         \$1,043         \$1,043         \$1,20,26         \$1,043         \$1,043         \$1,20,26         \$1,043         \$1,043         <		July 31, 2008 (unaudited)	January 31, 2008
Cash and cash equivalents         \$ \$ 66,886         \$ 63,399           Marketable securities         14,530         19,266           Accounts receivable, net         15,605         14,313           Inventories, net         15,605         14,313           Prepaid expenses and other current assets         3,244         2,655           Total current assets         3,244         2,655           Total current assets         3,461         28,066           Marketable securitics         6,673         5,272           Intergible securitics         6,673         5,272           Intergible securitics         5,828         6,800           Goodwill         29,384         29,471           Other assets         364         271           Total assets         364         271           Total assets         364         271           Total assets         5         227,941         \$ 217,896           Liabilities and Stockholders' Equity         \$ 227,941         \$ 217,896           Current tiabilities         5,022         \$ 9,036           Income taxes payable         \$ 5,02         \$ 9,036           Income taxes payable         \$ 5,025         \$ 9,036           Income taxes payab	Assets		
Marketable securities       14,350       19,266         Accounts receivable, net       47,693       35,743         Inventories, net       15,605       14,315         Prepaid expenses and other current assets       3,244       2,656         Total current assets       137,958       135,339         Property and equipment, net       34,691       28,066         Marketable securities       6,673       5,272         Investments in affiliates       13,043       12,668         Intangible assets, net       36,44       29,374         Ocodwill       29,384       29,471         Other assets       364       217,896         Libilities and Stockholders' Equity       5       227,941       5       217,896         Libilities:       S       227,941       5       9,636       16,035         Income taxes payable       \$5,50       17,387       1,353       1,353         Deferred revenues       26,888       19,103       1,2026       \$       9,636         Income taxes payable       \$2,051       49,103       1,2059       1,3787         Customer deposits       \$2,051       49,103       1,2059       1,3874       1,458         Deferred tax liabi	Current assets:		
Accounts receivable, net         47,093         55,743           Inventories, net         15,055         143.15           Prepaid expenses and other current assets         3,244         2,656           Total current assets         137,958         135,339           Property and equipment, net         34,601         28,066           Marketable securities         6,673         5,273           Investments in affiliates         13,043         12,668           Intangible assets, net         5,828         6,809           Goodwill         29,384         29,471           Total assets         364         2711           Cutal assets         3651         770           Liabilities and Stocholders' Equity         \$ 217,896         16,523           Current liabilities         30,14         12,526           Other ascets         \$ 3,914         12,526           Other ascets         \$ 5,051         17,378           Current liabilities         52,051         49,103			• • • • • • • • •
Inventories, net         15,005         14,315           Prepaid expenses and other current assets         3,244         2,655           Total current assets         137,958         135,339           Property and equipment, net         34,691         28,066           Marketable securities         6,673         5,272           Investments in affiliates         13,043         12,668           Intangible assets, net         5,828         6,800           Goodwill         29,384         29,471           Other assets         364         2271           Total assets         364         2217           Total assets         364         2217           Total assets         364         2217           Total assets         5         226,961           Liabilities:         3         24,971         5           Accounts payable         \$         227,941         \$         217,807           Customer deposits         12,026         \$         9,636         16,252           Other accrued expenses         12,026         \$         9,636         17,387           Customer deposits         20,276         19,103         1,259         14,259           Deferred tax	Marketable securities	14,530	19,266
Prepaid expenses and other current assets         3.244         2.656           Total current assets         137,958         135,339           Property and equipment, net         34,691         28,066           Marketable securities         6,673         5.272           Investments in affiliates         13,043         12,668           Intangible assets, net         5,828         6,800           GoodWill         29,384         29,711           Other assets         364         2717           Total assets         364         2717           Total assets         \$ 227,941         \$ 217,896           Liabilities and Stockholders' Equity         \$ 217,896         \$ 9,636           Income taxes payable         570         1,625           Other accrued expenses         5,561         17,387           Custome deposits         3,914         1,255           Deferred revenues         26,888         19,103           Deferred revenues         26,888         19,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities         52,005         49,103           Deferred tax liabilities         52,000         52,019 <t< td=""><td>Accounts receivable, net</td><td>47,693</td><td>35,743</td></t<>	Accounts receivable, net	47,693	35,743
Total current assets         137,958         135,339           Property and equipment, net         34,691         28,066           Marketable securities         6,673         5,272           Investments in affiliates         13,043         12,668           Intangible assets, net         5,828         6,809           Goodwill         29,384         29,471           Other assets         364         271           Total assets         364         271           Total assets         364         217,896           Liabilities and Stockholders' Equity         \$ 227,941         \$ 217,896           Liabilities and Stockholders' Equity         \$ 12,026         \$ 9,636           Income taxes payable         570         1,625           Other accrued expands         \$ 570         1,625           Other accrued expands         \$ 9,914         1,259           Deferred revenues         26,688         19,103           Deferred revenues         2,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities         50,000         52,494           Stockholders' equity:         2,075         1,933           Total c	Inventories, net	15,605	14,315
Property and equipment, net         34,691         28,066           Marketable securities         6,673         5,272           Investments in affiliates         13,043         12,668           Intangible assets, net         5,828         6,809           Goodwill         29,384         29,471           Other assets         364         211           Total assets         364         211           Cotal assets         5         227,941         \$         \$         217,896           Liabilities and Stockholders' Equity         3         14         213         \$         217,896           Liabilities and Stockholders' Equity         5         227,941         \$         \$         9,636           Income taxes payable         \$         12,026         \$         9,636           Deferred revenues         \$         5,011         1,3129	Prepaid expenses and other current assets	3,244	2,656
Marketable securities         6,673         5,272           Investments in affiliates         13,043         12,668           Goodwill         29,384         29,471           Other assets         364         271           Total assets         364         271           Total assets         364         271           Total assets         364         271           Current liabilities         327,941         \$ 217,896           Current liabilities         \$ 227,941         \$ 217,896           Current liabilities         \$ 227,941         \$ 217,896           Current liabilities         \$ 227,941         \$ 9,636           Income taxes payable         \$ 12,026         \$ 9,636           Current liabilities         \$ 70         1,625           Other accrued expenses         \$ 5,51         17,387           Customer deposits         \$ 3,914         1,258           Deferred tax liabilities         \$ 22,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities         \$ 20,075         1,933           Total current liabilities         \$ 20,075         1,933           Total labilities         \$	Total current assets	137,958	135,339
Investments in affiliates       13,043       12,668         Intangible assets, net       5,828       6,809         Goodwill       29,384       29,471         Other assets       364       271         Total assets       \$ 227,941       \$ 217,896         Liabilities and Stockholders' Equity       \$ 217,896       \$ 227,941       \$ 217,896         Current liabilities:       ************************************	Property and equipment, net	34,691	28,066
Intangible assets, net         5,828         6,809           Goodwill         29,384         29,471           Other assets         \$ 227,941         \$ 217,806           Liabilities and Stockholders' Equity         \$ 217,806         \$ 217,806           Current liabilities:         ************************************	Marketable securities	6,673	5,272
Goodwill         29,384         29,471           Other assets         364         271           Total assets         \$ 227,941         \$ 217,896           Liabilities and Stockholders' Equity         20,026         \$ 9,636           Income taxes payable         \$ 12,026         \$ 9,636           Income taxes payable         \$ 12,026         \$ 9,636           Income taxes payable         \$ 570         1,625           Other accrued expenses         \$,561         17,387           Customer deposits         3,914         1,259           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         933           Total current liabilities         92         933           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         56,000         52,494           Stockholders' equity:         Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31,2008 and January 31,2008, respectively         313         299           Additional paid-in capital         (26,917)         (28,747           Accumulated deficit         (26,917)         (28,747           Accumulated deficit         (26,917)	Investments in affiliates	13,043	12,668
Other assets         364         271           Total assets         \$ 227,941         \$ 217,896           Liabilities and Stockholders' Equity         Current liabilities:	Intangible assets, net	5,828	6,809
Total assets         \$ 227,941         \$ 217,896           Liabilities and Stockholders' Equity         Current liabilities:         Accounts payable         \$ 12,026         \$ 9,636           Income taxes payable         570         1,625           Other accrued expenses         8,561         17,387           Customer deposits         3,914         1,259           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         56,000         52,051           Contom at losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         56,000         52,494           Stockholders' equity:         Common stock, \$0,01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         (26,917)         (28,747           Accumulated deficit         (26,917)         (28,747           Accumulated deficit         1,738         2,223           Treasury stock,	Goodwill	29,384	29,471
Liabilities and Stockholders' Equity         Liabilities           Accounts payable         \$ 12,026         \$ 9,636           Income taxes payable         570         1,625           Other accrued expenses         8,561         17,387           Customer deposits         3,914         1,239           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         933           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Distribution and losses of investment         2,075         1,933           Distribution and losses of investment         2,075         1,933           Counnon stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747)           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         5,989            Total stockholders' equity         (5,989)          171,941	Other assets	364	271
Current liabilities:       \$ 12,026       \$ 9,636         Accounts payable       \$ 70       1,625         Other accrued expenses       \$ 8,561       17,387         Customer deposits       3,914       1,259         Deferred revenues       26,888       19,103         Deferred tax liabilities       92       93         Total current liabilities       52,051       49,103         Distribution and losses in excess of investment       1,874       1,488         Deferred tax liabilities       52,005       1,933         Total liabilities       56,000       52,494         Stockholders' equity:       202,796       191,627         Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively       313       299         Additional paid-in: capital       (26,917)       (28,744         Accumulated deficit       (26,917)       (28,796       191,627         Accumulated other comprehensive gain       1,738       2,223       202,796       191,627         Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively       313       299         Total stockholders' equity       1,738       2,223       222,295       202,796       191,627 </td <td>Total assets</td> <td>\$ 227,941</td> <td>\$ 217,896</td>	Total assets	\$ 227,941	\$ 217,896
Accounts payable       \$ 12,026       \$ 9,636         Income taxes payable       570       1,625         Other accrued expenses       8,561       17,387         Customer deposits       3,914       1,259         Deferred revenues       26,888       19,103         Deferred tax liabilities       92       93         Total current liabilities       52,051       49,103         Distribution and losses in excess of investment       1,874       1,458         Deferred tax liabilities       52,005       1,933         Total liabilities       56,000       52,494         Stockholders' equity:       56,000       52,494         Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively       313       299         Accumulated deficit       (26,917)       (28,747         Accumulated other comprehensive gain       1,738       2,223         Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively       1,738       2,223         Total stockholders' equity       171,941       165,402	Liabilities and Stockholders' Equity		
Income taxes payable         570         1,625           Other accrued expenses         8,561         17,387           Customer deposits         3,914         1,259           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         2,075         1,933           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         (26,917)         (28,747           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,2223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008, respectively         (5,989)            Total stockholders' equity         171,941         165,402			
Other accrued expenses         8,561         17,387           Customer deposits         3,914         1,259           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities         56,000         52,494           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Accumulated deficit         (26,917)         (28,747           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)         —           Total stockholders' equity         171,941         165,402			
Customer deposits         3,914         1,259           Deferred revenues         26,888         19,103           Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         2,075         1,933           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)            Total stockholders' equity         171,941         165,402			/
Deferred revenues         26,888         19,103           Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         2,075         1,933           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         1,738         2,223           Total stockholders' equity         171,941         165,402		/	,
Deferred tax liabilities         92         93           Total current liabilities         52,051         49,103           Distribution and losses in excess of investment         1,874         1,458           Deferred tax liabilities and income taxes payable         2,075         1,933           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)            Total stockholders' equity         171,941         165,402		,	1,259
Total current liabilities52,05149,103Distribution and losses in excess of investment1,8741,458Deferred tax liabilities and income taxes payable2,0751,933Total liabilities56,00052,494Stockholders' equity: Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively313299Additional paid-in capital202,796191,627Accumulated deficit(26,917)(28,747Accumulated other comprehensive gain1,7382,223Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively(5,989)Total stockholders' equity171,941165,402			/
Distribution and losses in excess of investment1,8741,458Deferred tax liabilities and income taxes payable2,0751,933Total liabilities56,00052,494Stockholders' equity: Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively313299Additional paid-in capital202,796191,627Accumulated deficit(26,917)(28,747Accumulated other comprehensive gain1,7382,223Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively(5,989)Total stockholders' equity171,941165,402	Deferred tax liabilities	92	93
Deferred tax liabilities and income taxes payable         2,075         1,933           Total liabilities         56,000         52,494           Stockholders' equity:         56,000         52,494           Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)         -           Total stockholders' equity         171,941         165,402	Total current liabilities	52,051	49,103
Total liabilities         56,000         52,494           Stockholders' equity:	Distribution and losses in excess of investment	1,874	1,458
Stockholders' equity:       11,738       202,796         Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively       313       299         Additional paid-in capital       202,796       191,627         Accumulated deficit       (26,917)       (28,747         Accumulated other comprehensive gain       1,738       2,223         Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively       (5,989)          Total stockholders' equity       171,941       165,402	Deferred tax liabilities and income taxes payable	2,075	1,933
Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively         313         299           Additional paid-in capital         202,796         191,627           Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)         -           Total stockholders' equity         171,941         165,402	Total liabilities	56,000	52,494
Additional paid-in capital       202,796       191,627         Accumulated deficit       (26,917)       (28,747         Accumulated other comprehensive gain       1,738       2,223         Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively       (5,989)          Total stockholders' equity       171,941       165,402	Stockholders' equity:		
Accumulated deficit         (26,917)         (28,747           Accumulated other comprehensive gain         1,738         2,223           Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)         —           Total stockholders' equity         171,941         165,402	Common stock, \$0.01 par value; 30,476,835 and 29,904,311 shares outstanding at July 31, 2008 and January 31, 2008, respectively	313	299
Accumulated other comprehensive gain1,7382,223Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively(5,989)-Total stockholders' equity171,941165,402	Additional paid-in capital	202,796	191,627
Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively         (5,989)         —           Total stockholders' equity         171,941         165,402			(28,747)
Total stockholders' equity 171,941 165,402	Accumulated other comprehensive gain	/	2,223
	Treasury stock, at cost; 873,381 and 39,784 shares at July 31, 2008 and January 31, 2008, respectively	(5,989)	
	Total stockholders' equity	171,941	165,402
	A #	\$ 227,941	\$ 217,896

## SeaChange International, Inc. Condensed Consolidated Statement of Operations—Unaudited (in thousands, except per share data)

	Three months ended		Six months ended	
	July 31,	July 31,	July 31,	July 31,
Revenues	2008 \$50,705	2007 \$44,194	2008 \$96,089	2007 \$ 83,038
Cost of revenues	26,065	29,049	48,687	50,076
Gross profit	24,640	15,145	47,402	32,962
Operating expenses:		<u> </u>	<u> </u>	
Research and development	11,047	11,474	21,523	21,811
Selling and marketing	7,265	5,895	13,688	11,680
General and administrative	4,755	5,520	9,866	10,423
Amortization of intangibles	397	802	793	1,599
	23,464	23,691	45,870	45,513
Income (loss) from operations	1,176	(8,546)	1,532	(12,551)
Interest income and gains on sales of marketable securities, net	633	430	1,328	897
Income (loss) before income taxes and equity income in earnings of affiliates	1,809	(8,116)	2,860	(11,654)
Income tax provision	(208)	(95)	(633)	(1,358)
Equity (loss) income in earnings of affiliates	(114)	361	(397)	579
Net income (loss)	\$ 1,487	\$(7,850)	\$ 1,830	\$(12,433)
Basic income (loss) per share	\$ 0.05	\$ (0.27)	\$ 0.06	\$ (0.42)
Diluted income (loss) per share	\$ 0.05	\$ (0.27)	\$ 0.06	\$ (0.42)
Weighted average common shares outstanding:				
Basic	30,684	29,539	30,837	29,466
Diluted	31,148	29,539	31,255	29,466

## SeaChange International, Inc. Condensed Consolidated Operating Segments—Unaudited (in thousands)

Software         2008         2007         2008         2007           Revenue:         Revenue:         Revenue         S18,006         \$17,221         \$38,059         \$ \$32,55           Services         13,005         10,151         23,915         20,67           Total revenue         31,911         27,372         61,074         532,25           Gross profit         17,507         10,398         34,003         24,47           Operating expenses:         Research and development         8,668         7,849         16,855         14,88           Selling and marketing         4,522         3,506         8,242         6,7         Amortization of intangibles         3,64         5,36         7,228         10,003         14,18         25,825         22,66         Income (loss) from operations         \$ 3,953         \$ (1,493)         \$ 8,178         \$ 1,88           Services         3,953         \$ (1,493)         \$ \$ 8,178         \$ 1,88         \$ 1,88         \$ 1,88           Services         \$ 3,953         \$ (1,493)         \$ \$ 8,178         \$ 1,88         \$ 1,88           Services         \$ 3,953         \$ (1,685)         \$ 9,367         \$ 18,421         \$ 14,99         \$ 1,520         \$ 5,20,07 <t< th=""><th></th><th>Three mo</th><th colspan="2">Three months ended</th><th colspan="2">Six months ended</th></t<>		Three mo	Three months ended		Six months ended	
Revenue:         Products       \$18,906       \$17,221       \$38,059       \$32,51         Services       13,005       10,151       23,915       20,60         Total revenue       31,911       27,372       61,974       53,22         Gross profit       0,0151       23,915       20,60         Operating expenses:       8,668       7,849       16,855       14,89         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles       364       536       728       1,0         Income (loss) from operations       \$3,953       \$(1,493)       \$8,178       \$1,891         Servers and Storage       Revenue:          81,821       \$14,821         Products       \$10,580       \$9,367       \$18,421       \$14,90       12,354       26,027       20,91         Gross profit       0       2,379       3,625       4,668       6,9       3,676       18,421       \$14,90         Operating expenses:       9       \$2,772       2,384       \$4,15       4,90         Services       2,379       3,625       4,668       6,9       \$2,124       6,70					July 31, 2007	
Products       \$18,906       \$17,221       \$38,059       \$ 32,55         Services       13,005       10,151       23,915       20,67         Total revenue       31,911       27,372       61,074       532,25         Gross profit       17,507       10,398       34,003       24,40         Operating expenses:       8,668       7,849       16,855       14,88         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles       364       536       728       1,0         I3,554       11,891       25,525       22,66         Income (loss) from operations       \$ 3,953       \$ (1,493)       \$ 8,178       \$ 1,891         Services       4,320       2,987       7,786       6,00         Products       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,90         Gross profit       6,650       3,676       12,249       6,70         Operating expenses:       9,3627       \$ 18,421       \$ 14,90         Gross profit       6,650       3,676       12,249       6,70         Operating expenses:       9,5121       6,009       10,083       11,85         Research and	Software					
Services       13,005       10,151       23,915       20,6         Total revenue       31,911       27,372       61,974       53,20         Gross profit       17,507       10,398       32,44         Operating expenses:       8,668       7,849       16,855       14,88         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles       364       536       72.8       1,0         13,554       11,891       25,825       22,6         Income (loss) from operations       § 3,953       § (1,493)       § 8,178       9,8         Services       4,320       2,987       \$ 1,8       8       8,8         Products       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,9         Services       4,320       2,987 $7,786$ 6,0         Total revenue       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,99         Services $4,320$ 2,987 $7,786$ 6,00         Total revenue       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,99         Operating expenses:       \$ 0,772       2,384       5,415       4,99         Selli	Revenue:					
Total revenue $31,911$ $27,372$ $61,974$ $53,21$ Gross profit $17,507$ $10,398$ $34,003$ $24,41$ Operating expenses: $86,668$ $7,849$ $16,855$ $14,8$ Selling and marketing $4,522$ $3,506$ $8,242$ $6,7$ Amortization of intangibles $364$ $536$ $728$ $10,900$ Income (loss) from operations $\underline{53,953}$ $\underline{5(1,493)}$ $\underline{5,8178}$ $\underline{51,88}$ Servers and Storage       Revenue: $\overline{7,786}$ $6,000$ $\overline{10,354}$ $11,891$ $\underline{25,825}$ $22,66$ Products $\underline{510,580}$ $\underline{9,367}$ $\overline{518,421}$ $\underline{514,93}$ $\underline{5,8178}$ $\underline{51,890}$ $\underline{8,9367}$ $\overline{518,421}$ $\underline{514,990}$ $\overline{6,520}$ $\overline{3,76}$ $\overline{12,249}$ $\overline{6,70}$ $\overline{7,786}$ $\overline{6,000}$ $\overline{10,937}$ $\overline{51,219}$ $\overline{6,000}$ $\overline{10,830}$ $\overline{11,891}$ $\overline{5,224}$ $\overline{5,121}$ $\overline{6,009}$ $\overline{10,83}$ $\overline{11,891}$ $\overline{5,121}$ $\overline{6,009}$ $\overline{10,83}$ $\overline{11,89}$ $\overline{5,121}$ $\overline{6,009}$ $\overline{10,83}$ $\overline{11,89}$ <td>Products</td> <td>\$18,906</td> <td></td> <td>\$38,059</td> <td>\$ 32,558</td>	Products	\$18,906		\$38,059	\$ 32,558	
Gross profit       17,507       10,398       34,003       24,41         Operating expenses:       8,668       7,849       16,855       14,88         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles       364       536       728       10,0         Income (loss) from operations $\overline{3}35$ $\overline{5}(1,493)$ $\overline{8},178$ $\overline{5}$ 18,817 $\overline{5}$ 18,821       \$14,93         Servers and Storage       Research $\overline{3},554$ $\overline{11},891$ 25,825       22,66         Income (loss) from operations $\overline{5},3,953$ $\overline{5}(1,493)$ $\overline{8},8178$ $\overline{8}$ 18,821       \$14,93         Servers and Storage       Research $\overline{4},320$ 2,987 $7,786$ 6.00         Research and development       (4,900)       12,354       26,207       20,997 $7,786$ 6.00         Operating expenses: $\overline{6},550$ 3,676       12,249       6,70       20,997 $7,786$ 6.00       9       51,121       6,009       10,083       11,81       1,82       1,81       4,90       1,234       2,449       6,70       6,50       3,676       12,249 <td>Services</td> <td>13,005</td> <td>10,151</td> <td>23,915</td> <td>20,642</td>	Services	13,005	10,151	23,915	20,642	
Operating expenses:       8,668       7,849       16,855       14,83         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles $364$ $536$ $728$ 1,0         13,554       11,891       25,825       22,6         Income (loss) from operations       § 3,953       § (1,493)       § 8,178       § 1,88         Servers and Storage       8       8       8       8       8       1,8         Products       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,99       \$ 14,99       5 2,987       7,786       6,00         Gross profit       0       12,354       26,007       20,98       6,70       20,98       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       21,249       6,7       4,99       5,121       6,009       10,083       11,89       4,468       5,415       4,99       5,121       6,009       10,083       11,89       5,120       5,120	Total revenue	31,911	27,372	61,974	53,200	
Operating expenses:       8,668       7,849       16,855       14,83         Selling and marketing       4,522       3,506       8,242       6,7         Amortization of intangibles $364$ $536$ $728$ 1,0         13,554       11,891       25,825       22,6         Income (loss) from operations       § 3,953       § (1,493)       § 8,178       § 1,88         Servers and Storage       8       8       8       8       8       1,8         Products       \$ 10,580       \$ 9,367       \$ 18,421       \$ 14,99       \$ 14,99       5 2,987       7,786       6,00         Gross profit       0       12,354       26,007       20,98       6,70       20,98       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       20,99       6,70       21,249       6,7       4,99       5,121       6,009       10,083       11,89       4,468       5,415       4,99       5,121       6,009       10,083       11,89       5,120       5,120	Gross profit	17,507	10,398	34,003	24,485	
Selling and marketing $4,522$ $3,506$ $8,242$ $6,7$ Amortization of intangibles $364$ $536$ $728$ $1,0$ Income (loss) from operations $$$3,953$ $$$(1,493)$ $$$8,178$ $$$1,8$ Servers and Storage       Revenue: $$$9,367$ $$$18,421$ $$$14,99$ Services $4,320$ $2,987$ $7,786$ $6,00$ Gross profit $6,650$ $3,676$ $$12,249$ $6,7786$ Operating expenses: $$2,379$ $$3,625$ $4,668$ $6,99$ Selling and marketing $$2,742$ $$2,384$ $$5,115$ $49,90$ Income (loss) from operations $$$1,521$ $$6,003$ $$3,676$ $$12,249$ $6,79$ Gross profit $6,650$ $$3,676$ $$12,249$ $6,79$ $$$2,112$ $$6,003$ $$11,883$ $$$2,249$ $$6,79$ Selling and marketing $$2,742$ $$2,384$ $$5,415$ $$4,90$ $$12,249$ $$6,90$ $$9,009$ $$10,833$ $$11,833$ $$1,071$ $$1,050$ $$1,8421$ $$14,893$ $$2,742$ $$2,384$	Operating expenses:					
Amortization of intangibles $364$ $536$ $728$ $10$ Income (loss) from operations $3353$ $11,891$ $25,825$ $22,6$ Income (loss) from operations $$3,953$ $$$(1,493)$ $$$8,178$ $$$1,8$ Servers and Storage       Revenue: $$$10,580$ $$9,367$ $$$18,421$ $$$14,90$ Products $$$10,580$ $$9,367$ $$$18,421$ $$$14,90$ Services $$4,320$ $$2,987$ $$7,786$ $$6,00$ Total revenue       14,900       12,354       26,207       20,99         Gross profit $$6,650$ $$3,676$ $$18,421$ $$$14,90$ Operating expenses: $$$2,379$ $$3,625$ $$4,668$ $$6,9$ Selling and marketing $$2,779$ $$3,625$ $$4,668$ $$6,9$ Selling and marketing $$2,121$ $$6,009$ $$10,833$ $$11,88$ Income (loss) from operations $$$1,529$ $$$(2,333)$ $$$2,166$ $$$(5,0)$ Media Services $$$3,894$ $$$4,468$ $$$7,908$ $$$8,88$ $$$7,908$ $$$8,88$ $$$7,908$ <td>Research and development</td> <td>8,668</td> <td>7,849</td> <td>16,855</td> <td>14,891</td>	Research and development	8,668	7,849	16,855	14,891	
13,554       11,891 $25,825$ $22,625$ Income (loss) from operations       \$3,953       \$(1,493)       \$8,178       \$1,88         Servers and Storage       Revenue: $3,953$ \$(1,493)       \$8,178       \$14,90         Products       \$10,580       \$9,367       \$18,421       \$14,90         Services $4,320$ $2,987$ $7,786$ $6,00$ Gross profit $6,650$ $3,676$ $12,249$ $6,70$ Operating expenses:       Research and development $2,379$ $3,625$ $4,668$ $6,90$ Selling and marketing $2,742$ $2,384$ $5,415$ $4,90$ Income (loss) from operations       \$1,529       \$(2,333)       \$ $2,166$ \$(5,00)         Media Services       Service revenue       \$ $3,894$ \$ $4,468$ \$ $7,908$ \$ $8,88$ Gross profit       483 $1,071$ $1,150$ $1,71$ $1,150$ $1,71$ Operating expenses:       Selling and marketing $1$ $5$ $31$ $0,91$ Gross profit $982$ $1,611$ $1,55$ $1,529$ $8,2,152$ $8,168$	Selling and marketing	4,522	3,506	8,242	6,714	
Income (loss) from operations       \$\$ 3,953       \$\$ (1,493)       \$\$ 8,178       \$\$ 1,8         Servers and Storage       Revenue: $$$	Amortization of intangibles	364	536	728	1,073	
Income (loss) from operations       \$\$ 3,953       \$\$ (1,493)       \$\$ 8,178       \$\$ 1,8         Servers and Storage       Revenue: $$$		13,554	11,891	25,825	22,678	
Revenue:       \$10,580       \$9,367       \$18,421       \$14,90         Services $4,320$ $2,987$ $7,786$ $6,00$ Total revenue $14,900$ $12,354$ $26,207$ $20,997$ Gross profit $6,650$ $3,676$ $12,249$ $6,77$ Operating expenses: $2,379$ $3,625$ $4,668$ $6,99$ Selling and marketing $2,742$ $2,384$ $5,415$ $4,99$ <b>Media Services</b> $5,121$ $6,009$ $10,083$ $11,88$ Service revenue $$1,529$ $$(2,333)$ $$2,166$ $$(5,00)$ Media Services $$3,894$ $$4,468$ $$7,908$ $$8,86$ Gross profit $483$ $1,071$ $1,150$ $1,77$ Operating expenses: $$3,894$ $$4,468$ $$7,908$ $$8,86$ Gross profit $483$ $1,071$ $1,150$ $1,77$ Operating expenses: $$3,894$ $$4,468$ $$7,908$ $$8,86$ Gross profit $483$ $1,071$ $1,150$ $1,77$ Operating expenses:	Income (loss) from operations				\$ 1,807	
Products\$10,580\$ 9,367\$18,421\$ 14,92Services $4,320$ $2,987$ $7,786$ $6,00$ Total revenue14,90012,35426,20720,93Gross profit $6,650$ $3,676$ 12,249 $6,7$ Operating expenses: $2,379$ $3,625$ $4,668$ $6,92$ Selling and marketing $2,742$ $2,384$ $5,415$ $4,99$ Income (loss) from operations $$ 1,529$ $$ (2,333)$ $$ 2,166$ $$ (5,00)$ Media Services $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 1,529$ $$ 1,071$ $1,150$ $1,77$ Operating expenses: $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 1,55$ $$ 1,529$ $$ 2,166$ $$ (5,00)$ Media Services $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 3,894$ $$ 4,468$ $$ 7,908$ $$ 8,88$ Gross profit $$ 1,55$ $$ 31$ $$ 0,971$ Operating expenses: $$ 1 5$ $$ 31$ $$ 0,971$ Selling and marketing $$ 1 5$ $$ 31$ $$ 0,971$ General and administrative $$ 796$ $$ 982$ $$ 1,6$	Servers and Storage					
Services $4,320$ $2,987$ $7,786$ $6,00$ Total revenue14,90012,35426,20720,99Gross profit6,6503,67612,2496,7Operating expenses: Research and development2,3793,6254,6686,99Selling and marketing2,7422,3845,4154,995,1216,00910,08311,82Income (loss) from operations§ 1,529§ (2,333)§ 2,166§ (5,00)Media ServicesService revenue\$ 3,894\$ 4,468\$ 7,908\$ 8,88Gross profit4831,0711,1501,77Operating expenses: Selling and marketing15310General and administrative7969821,6111,55	Revenue:					
Total revenue       14,900       12,354       26,207       20,92         Gross profit       6,650       3,676       12,249       6,7         Operating expenses:       2,379       3,625       4,668       6,99         Selling and marketing       2,742       2,384       5,415       4,99         5,121       6,009       10,083       11,80         Income (loss) from operations       \$ 1,529       \$ (2,333)       \$ 2,166       \$ (5,00)         Media Services       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,80         Gross profit       483       1,071       1,150       1,70         Operating expenses:       3894       \$ 4,468       \$ 7,908       \$ 8,80         Gross profit       483       1,071       1,150       1,70         Operating expenses:       3       1       5       31         Gross profit       1       5       31       0         Operating expenses:       1       5       31       0         Gross profit       1       5       31       0         Operating expenses:       1       5       31       0         General and administrative       796       982	Products				\$ 14,958	
Gross profit $6,650$ $3,676$ $12,249$ $6,7$ Operating expenses: $2,379$ $3,625$ $4,668$ $6,99$ Selling and marketing $2,742$ $2,384$ $5,415$ $4,99$ Selling and marketing $5,121$ $6,009$ $10,083$ $11,82$ Income (loss) from operations $\$$ $1,529$ $\$$ ( $2,333$ ) $\$$ $2,166$ $\$$ ( $5,04$ Media Services $\$$ $3,894$ $\$$ $4,468$ $7,908$ $\$$ $\$$ Service revenue $\$$ $3,894$ $\$$ $4,468$ $7,908$ $\$$ $\$$ $\$$ Operating expenses: $\$$ $483$ $1,071$ $1,150$ $1,70$ Operating expenses: $\$$ $\$$ $10,71$ $1,150$ $1,70$ Operating expenses: $\$$ $1$ $5$ $31$ $96$ General and administrative $796$ $982$ $1,611$ $1,55$	Services	4,320	2,987	7,786	6,029	
Operating expenses:       2,379       3,625       4,668       6,99         Selling and marketing       2,742       2,384       5,415       4,99         5,121       6,009       10,083       11,82         Income (loss) from operations       \$ 1,529       \$ (2,333)       \$ 2,166       \$ (5,04)         Media Services       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,8         Gross profit       9       4,071       1,150       1,70         Operating expenses:       1       5       31       9         General and administrative       796       982       1,611       1,50	Total revenue	14,900	12,354	26,207	20,987	
Research and development       2,379       3,625       4,668       6,99         Selling and marketing       2,742       2,384       5,415       4,99         5,121       6,009       10,083       11,82         Income (loss) from operations       \$ 1,529       \$ (2,333)       \$ 2,166       \$ (5,04)         Media Services       \$       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,88         Gross profit       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,88         Operating expenses:       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,88         General and administrative       1       5       31       \$ 3,1071       1,150	Gross profit	6,650	3,676	12,249	6,772	
Selling and marketing       2,742       2,384       5,415       4,9         5,121       6,009       10,083       11,83         Income (loss) from operations       \$ 1,529       \$ (2,333)       \$ 2,166       \$ (5,04)         Media Services       \$       \$ 3,894       \$ 4,468       \$ 7,908       \$ 8,88         Gross profit       483       1,071       1,150       1,70         Operating expenses:       \$       \$ 1       \$ 3,100       \$ 1,500       1,70         General and administrative       1       5       31       \$ 1,500       \$ 1,500       \$ 1,500	Operating expenses:					
5,121 $6,009$ $10,083$ $11,82$ Income (loss) from operations $$$1,529$ $$$(2,333)$ $$$2,166$ $$$(5,04)$ Media Services $$$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$000$ $$1,150$ $$1,77$ $$0$ $$2,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,071$ $$1,150$ $$1,77$ $$0$ $$2,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,894$ $$4,468$ $$7,908$ $$8,88$ $$3,071$ $$1,150$ $$1,77$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$ $$0,177$	Research and development	2,379	3,625	4,668	6,920	
Income (loss) from operations       \$        \$	Selling and marketing	2,742	2,384	5,415	4,900	
Media Services           Service revenue         \$ 3,894         \$ 4,468         \$ 7,908         \$ 8,8           Gross profit         483         1,071         1,150         1,77           Operating expenses:         5         31         6           General and administrative         796         982         1,611         1,55		5,121	6,009	10,083	11,820	
Service revenue         \$ 3,894         \$ 4,468         \$ 7,908         \$ 8,8           Gross profit         483         1,071         1,150         1,77           Operating expenses:         3         1         5         31         1           General and administrative         796         982         1,611         1,55	Income (loss) from operations	\$ 1,529	\$ (2,333)	\$ 2,166	\$ (5,048	
Gross profit       483       1,071       1,150       1,77         Operating expenses:       5       31       1       5       31         General and administrative       796       982       1,611       1,50	Media Services					
Gross profit       483       1,071       1,150       1,77         Operating expenses:       5       31       1       5       31         General and administrative       796       982       1,611       1,50	Service revenue	\$ 3,894	\$ 4,468	\$ 7,908	\$ 8,851	
Selling and marketing         1         5         31           General and administrative         796         982         1,611         1,50	Gross profit	483			1,705	
General and administrative         796         982         1,611         1,50	Operating expenses:					
General and administrative         796         982         1,611         1,50	Selling and marketing	1	5	31	66	
Amortization of intangibles 33 266 65 55		796	982	1,611	1,567	
	Amortization of intangibles	33	266	65	526	
830 1,253 1,707 2,1		830	1.253	1.707	2,159	
	Loss from operations				· · · · · ·	
Unallocated Corporate	Unallocated Corporate					
Operating expenses:						
		\$ 3.959	\$ 4,538	\$ 8,255	\$ 8,856	
	Total unallocated corporate expenses			. ,		
		\$ 1,176	<u> </u>	<u> </u>	\$(12,551	