

MRV Communications, Inc.  
Statements of Operations  
(In thousands, except per share data)

	Three Months Ended		Year To Date	
	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
	(Unaudited)			
Revenue	\$ 122,224	\$ 104,943	\$ 231,299	\$ 208,543
Cost of goods sold	<u>80,573</u>	<u>74,927</u>	<u>150,030</u>	<u>157,948</u>
Gross profit	41,651	30,016	81,269	50,595
Gross margin	34%	29%	35%	24%
Operating expenses:				
Product development and engineering	9,144	8,433	18,872	17,578
Selling, general and administrative	25,061	22,874	48,285	48,284
Amortization of intangibles	564	564	1,128	1,128
Total operating expenses	<u>34,769</u>	<u>31,871</u>	<u>68,285</u>	<u>66,990</u>
Operating income (loss)	6,882	(1,855)	12,984	(16,395)
Interest expense	(814)	(746)	(1,468)	(1,597)
Other income (expense), net	536	(1,260)	1,129	1,136
Income (loss) from continuing operations before income taxes	<u>6,604</u>	<u>(3,861)</u>	<u>12,645</u>	<u>(16,856)</u>
Provision for income taxes	3,237	1,557	4,936	3,424
Income (loss) from continuing operations	<u>3,367</u>	<u>(5,418)</u>	<u>7,709</u>	<u>(20,280)</u>
Income from discontinued operations, net of income taxes	-	267	-	338
Net income (loss)	<u>3,367</u>	<u>(5,151)</u>	<u>7,709</u>	<u>(19,942)</u>
Less:				
Net income from continuing operations attributable to noncontrolling interests	400	569	1,120	1,118
Net income from discontinued operations attributable to noncontrolling interests	-	12	-	10
Net income (loss) attributable to MRV	<u>\$ 2,967</u>	<u>\$ (5,732)</u>	<u>\$ 6,589</u>	<u>\$ (21,070)</u>
Net income (loss) from continuing operations attributable to MRV	\$ 2,967	\$ (5,987)	\$ 6,589	\$ (21,398)
Net income (loss) from discontinued operations attributable to MRV	\$ -	\$ 255	\$ -	\$ 328
Net income (loss) attributable to MRV per share - basic:				
From continuing operations:	\$ 0.02	\$ (0.04)	\$ 0.04	\$ (0.14)
From discontinued operations:	\$ -	\$ -	\$ -	\$ -
Net income (loss) per share - basic (1)	<u>\$ 0.02</u>	<u>\$ (0.04)</u>	<u>\$ 0.04</u>	<u>\$ (0.13)</u>
Net income (loss) attributable to MRV per share - diluted:				
From continuing operations:	\$ 0.02	\$ (0.04)	\$ 0.04	\$ (0.14)
From discontinued operations:	\$ -	\$ -	\$ -	\$ -
Net income (loss) per share - diluted (1)	<u>\$ 0.02</u>	<u>\$ (0.04)</u>	<u>\$ 0.04</u>	<u>\$ (0.13)</u>
Weighted average number of shares:				
Basic	157,684	157,530	157,657	157,489
Diluted	158,621	157,530	158,552	157,489

(1) Amounts may not add due to rounding.

MRV Communications, Inc.  
Balance Sheets  
(In thousands)

	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 36,191	\$ 55,909
Short-term marketable securities	32,740	17,879
Restricted time deposits	18,940	18,680
Accounts receivable, net	112,632	103,247
Inventories	81,571	61,803
Deferred income taxes	2,868	3,217
Other current assets	27,370	35,492
Current assets from discontinued operations held for sale	-	42,705
Total current assets	312,312	338,932
Property and equipment, net	26,997	23,723
Goodwill	23,882	25,707
Intangibles, net	6,175	7,303
Deferred income taxes, net of current portion	-	185
Other assets	3,943	4,969
Total assets	\$ 373,309	\$ 400,819
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 78,711	\$ 60,552
Accrued liabilities	32,669	36,003
Short-term debt	51,646	66,088
Deferred consideration payable	5,062	8,012
Deferred revenue	16,724	14,048
Other current liabilities	4,962	4,615
Current liabilities from discontinued operations held for sale	-	27,109
Total current liabilities	189,774	216,427
Other long-term liabilities	8,028	7,322
Commitments and contingencies		
Total MRV stockholders' equity	169,653	170,351
Non-controlling interests	5,854	6,719
Total Equity	175,507	177,070
Total liabilities and stockholders' equity	\$ 373,309	\$ 400,819