

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: September 22, 2005
(Date of earliest event reported)

Forgent Networks, Inc.
(Exact name of registrant as specified in its charter)

TX
(State or other jurisdiction
of incorporation)

0-20008
(Commission File
Number)

74-2415696
(IRS Employer
Identification Number)

108 Wild Basin Road
(Address of principal executive offices)

78746
(Zip Code)

512-437-2700
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former 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:

- 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

2005 fiscal fourth quarter and year end results

Item 9.01. Financial Statements and Exhibits

(a) Financial statements:

None

(b) Pro forma financial information:

None

(c) Exhibits

99.1 [Press Release of Forgent Networks, Inc. dated September 22, 2005](#)

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 hereunto duly authorized.

Dated: September 22, 2005

FORGENT NETWORKS, INC.

By: /s/ Jay C. Peterson
Jay C. Peterson
CFO

<u>Exhibit No.</u>	Exhibit Index	<u>Description</u>
99.1		Press Release of Forgent Networks, Inc. dated September 22, 2005

Forgent Announces the Results for the 2005 Fiscal Fourth Quarter and Year End

NetSimplicity Software Revenues Grew by 26%: Expenses Reduced by 33%

AUSTIN, TX -- 09/22/2005 -- Forgent™ Networks (NASDAQ: FORG) today announced results from continuing operations for the 2005 fiscal fourth quarter and year ended July 31, 2005. During the quarter, the company reported a loss of \$0.11 per share on total revenues of approximately \$0.9 million. Other items for the quarter include:

- Grew NetSimplicity revenues by 26% to over \$0.6 million for the quarter
- Reduced operating expenses by 33% to \$2.8 million
- Continued to garner revenues from the intellectual property licensing program
- Maintained cash, cash equivalents and short-term investments of approximately \$17.3 million

"During the fourth quarter we focused on expanding the intellectual property program and working on the litigation process as well as growing the software business and reducing operating expenses," said Richard Snyder, chairman and CEO of Forgent. "We continue to license our technology, grow software sales, as well as maintain a solid cash position."

Intellectual Property

The intellectual property business generated revenues of approximately \$0.3 million for the fourth quarter of fiscal 2005, compared to \$0.7 million for the fiscal third quarter of 2005.

On July 14, 2005 Forgent announced it had expanded the intellectual property program by initiating litigation against fifteen companies for infringement of United States Patent No. 6,285,746 (the '746 Patent) in the United States District Court for the Eastern District of Texas, Marshall Division. The '746 Patent, which expires on May 21, 2011, relates to a computer controlled video system allowing playback during recording. During playback, the system reads the video content from the storage component. The '746 Patent derived from application serial number 07/703,685 was filed on May 21, 1991.

Forgent has pending litigation against approximately 40 companies for infringement of U.S. Patent No. 4,698,672 ('672 Patent) in the United States District Court for the Northern District of California. Following the filing of the litigation, four companies have entered into license or settlement agreements.

During the quarter these actions were assigned to Judge Jeremy D. Fogel of the United States District Court for the Northern District of California, San Jose division. The Microsoft complaint has also been referred to Judge Fogel. The scheduling order setting a Markman hearing on claim construction for February 13, 2006 is still in place but may change. Claim construction is the process by which specific terms in the patent are given precise meaning for the case.

Judge Fogel has scheduled a case management conference for these actions on October 3, 2005. The case management conference is a court hearing in civil court proceedings in which the Judge gives directions, setting out a timetable on how and when the case will proceed to trial.

Since its inception over three years ago, Forgent's intellectual property program has generated more than \$100 million in revenues primarily from licensing the '672 Patent to more than 40 different companies in Asia, Europe and the United States. The '672 Patent relates to digital image compression used in digital still image devices that compress, store, manipulate, print or transmit digital still images such as digital cameras, personal digital assistants, cellular telephones, printers, scanners, and certain software applications. The company's patent portfolio includes the combined inventions of Compression Labs, Inc., VTEL Corporation, and Forgent Networks, Inc.

Software

The NetSimplicity software business grew by approximately 26% to \$0.6 million for the fourth quarter of fiscal 2005, compared to \$0.5 million for the fiscal third quarter of 2005. Software revenue for the 2005 fiscal year almost doubled to \$2.0 million compared to \$1.0 million for the 2004 fiscal year end. NetSimplicity has more than 1,700 customers worldwide, and provides a low-cost, high-value software application to small and medium businesses and divisions of large enterprises. In addition, NetSimplicity sells other high-value business applications, such as IT asset management, via its same low-cost e-marketing and telesales model.

During the quarter, NetSimplicity announced a new module for Meeting Room Manager (MRM), Advanced Catering Management (ACM), and the general availability of Visual Asset Manager Enterprise Edition (VAM Enterprise). The new ACM module allows users at multi-site enterprises to order catering while scheduling meetings via MRM and select from menus customized to their individual locations. The new VAM Enterprise extends the original Visual Asset Manager product to accommodate larger enterprises with full visibility into what they own, where assets are deployed, and the value of those assets via a cost-effective and easy-to-deploy solution.

Fiscal Fourth Quarter Results

Revenue was \$0.9 million for the fiscal fourth quarter compared to \$1.2 million for the 2005 fiscal third quarter, reflecting the inherent unpredictability of intellectual property licensing revenues. Overall operating expenses were reduced by approximately \$1.4 million to \$2.8 million compared to \$4.1 million for the 2005 fiscal third quarter primarily due to lower legal fees. The company had a net loss, including discontinued operations of \$2.9 million or \$0.12 per share for the fourth fiscal quarter of 2005 compared to a net loss of \$4.3 million or \$0.17 per share for the third fiscal quarter of 2005. Cash, cash equivalents and short-term investments were approximately \$17.3 million.

Fiscal Year Results

Revenue for the 2005 fiscal year was \$9.9 million compared to \$15.8 million for the 2004 fiscal year end. The company narrowed its net loss, including discontinued operations to \$6.6 million or \$0.26 per share for fiscal 2005 compared to a net loss of \$20.6 million or \$0.83 per share for fiscal 2004.

Other Items

Forgent reported its ALLIANCE software business as a discontinued operation and recorded income from discontinued operations of \$3.4 million for the 2005 fiscal year.

Outlook

Forgent expects to continue to generate license revenues in the 2006 fiscal year and fiscal first quarter. However, predicting the timing and amounts will be complicated because of the uncertainty of licensing negotiations and due to the pending litigation.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Thu, Sep. 22, 2005, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook. To participate, dial 866-700-7173 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 93460970. International callers should dial 617-213-8838 and use a pass code of 93460970. Investors, analysts, media and the general public will also have the opportunity to listen to the conference call over the Internet by visiting the investor relations page of Forgent's web site at www.forgent.com. To listen to the live call, please visit the web site at least 15 minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call on the investor relations page of our web site at www.forgent.com.

About Forgent

Forgent™ Networks (NASDAQ: FORG) develops and licenses intellectual property and provides scheduling software to a wide variety of customers. Forgent's intellectual property licensing program is related to communication technologies developed from a diverse and growing patent portfolio. Forgent's software division, NetSimplicity provides a spectrum of scheduling software that enables all sizes of organizations to streamline the scheduling of people, places and things. For additional information please visit www.forgent.com.

Safe Harbor

This release may include projections and other forward-looking statements that involve a number of risks and uncertainties and as such, actual results in future periods may differ materially from those currently expected or desired. Some of the factors that could cause actual results to differ materially include changes in the general economy and the technology industry, rapid changes in technology, sales cycle and product implementations, risks associated with transitioning to a new business model and the subsequent limited operating history, the possibility of new entrants into the collaboration management market, the possibility that the market for the sale of certain software and services may not develop as expected; that development of these software and services may not proceed as planned, risks associated with the company's license program, including risks of litigation involving intellectual property, patents and trademarks, acquisition integration, and the ability to consummate certain divestiture transactions. Additional discussion of these and other risk factors affecting the company's business and prospects is contained in the company's periodic filings with the SEC.

Forgent Networks Consolidated Balance Sheets (Amounts in thousands, except per share-data)

	JULY 31,	
	2004	2005
	-----	-----
ASSETS		
Current assets:		
Cash and equivalents, including restricted cash of \$650 at July 31, 2004 and July 31, 2005, respectively	\$ 19,051	\$ 15,861
Short-term investments	2,490	1,487
Accounts receivable, net of allowance for doubtful accounts of \$10 and \$1 at July 31, 2004 and July 31, 2005, respectively	380	471
Prepaid expenses and other current assets	309	266
	-----	-----
Total current assets	22,230	18,085
Property and equipment, net	3,024	1,957
Intangible assets, net	258	33
Other assets	267	27
	-----	-----
	\$ 25,779	\$ 20,102
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,502	\$ 1,856
Accrued compensation and benefits	247	590
Other accrued liabilities	1,056	1,209
Notes payable, current portion	348	355
Deferred revenue	326	517
	-----	-----
Total current liabilities	3,479	4,527

Long-term liabilities:		
Deferred revenue	2	4
Other long-term obligations	2,769	2,280
	-----	-----
Total long-term liabilities	2,771	2,284
Net liabilities from discontinued operations	29	--
Stockholders' equity:		
Preferred stock, \$.01 par value; 10,000 authorized; none issued or outstanding	--	--
Common stock, \$.01 par value; 40,000 authorized; 26,625 and 26,967 shares issued, 24,871 and 25,177 shares outstanding at July 31, 2004 and July 31, 2005, respectively	266	269
Treasury stock, 1,754 and 1,790 at July 31, 2004 and July 31, 2005	(4,726)	(4,815)
Additional paid-in capital	264,582	265,020
Accumulated deficit	(240,631)	(247,199)
Accumulated other comprehensive income	9	16
	-----	-----
Total stockholders' equity	19,500	13,291
	-----	-----
	\$ 25,779	\$ 20,102
	=====	=====

Forgent Networks Consolidated Statements of Operations
(Amounts in thousands, except per-share data)

	For the Three Months Ended		For the Twelve Months Ended	
	July 31, 2005 (Unaudited)	April 30, 2005 (Unaudited)	2005	July 31, 2004
Revenues:				
Intellectual property licensing	\$ 266	\$ 665	\$ 7,894	\$ 14,806
Software and professional services	614	487	2,012	1,019
Other	-	-	-	22
	-----	-----	-----	-----
Total revenues	880	1,152	9,906	15,847
	-----	-----	-----	-----
Cost of sales:				
Intellectual property licensing	699	969	6,149	7,227
Software and professional services	182	295	892	612
Other	-	-	-	24
	-----	-----	-----	-----
Total cost of sales	881	1,264	7,041	7,863
	-----	-----	-----	-----
Gross margin	(1)	(112)	2,865	7,984
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Operating expense:				
Selling, general and administrative	2,663	4,045	12,858	8,267
Research and development	82	79	318	320
Impairment of assets	-	-	-	1,458
Amortization of intangible assets	13	13	50	41
	-----	-----	-----	-----
Total operating expenses	2,758	4,137	13,226	10,086
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Loss from operations	(2,759)	(4,249)	(10,361)	(2,102)
Other income (expense):				
Interest income	120	115	405	213
Foreign currency translation	(2)	(6)	(15)	(625)
Interest expense and other	(8)	2	(24)	(110)
Total other income (expense)	110	111	366	(522)
Loss from continuing operations, before income taxes	(2,649)	(4,138)	(9,995)	(2,624)
Provision for income taxes	(4)	(7)	(16)	(22)
Loss from continuing operations	(2,653)	(4,145)	(10,011)	(2,646)
Loss from discontinued operations, net of income taxes	(12)	(143)	(642)	(18,567)
(Loss) income on disposal, net of income taxes	(231)	(3)	4,085	573
(Loss) income from discontinued operations, net of income taxes	(243)	(146)	3,443	(17,994)
Net loss	\$ (2,896)	\$ (4,291)	\$ (6,568)	\$ (20,640)
Basic (loss) income per share:				
(Loss) income from continuing operations	\$ (0.11)	\$ (0.16)	\$ (0.40)	\$ (0.10)
(Loss) income from discontinued operations	\$ (0.01)	\$ (0.01)	\$ 0.14	\$ (0.73)
Net (loss) income	\$ (0.12)	\$ (0.17)	\$ (0.26)	\$ (0.83)
Diluted (loss) income per share:				
(Loss) income from continuing operations	\$ (0.11)	\$ (0.16)	\$ (0.40)	\$ (0.10)
(Loss) income from discontinued operations	\$ (0.01)	\$ (0.01)	\$ 0.14	\$ (0.73)
Net (loss) income	\$ (0.12)	\$ (0.17)	\$ (0.26)	\$ (0.83)
Weighted average shares outstanding:				
Basic	25,102	24,927	24,959	24,731
Diluted	25,102	24,927	24,959	24,731

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