UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 30, 1998.

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 (0-21767)

VIASAT, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	33-0174996
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2290 COSMOS COURT, CARLSBAD, CALIFORNIA 92009
(760) 438-8099
(Address, including zip code, and telephone number, including area code, of principal executive offices)

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 [X] No [ ]

The number of shares outstanding of the issuer's common stock, $.0001 par value, as of July 30, 1998 was 7,976,649.

VIASAT, INC.
INDEX

VIASAT, INC.
CONDENSED BALANCE SHEET

	JUNE 30, 1998 (UNAUDITED)	MARCH 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,755,000	$ 3,290,000
Short-term investments	5,084,000	5,918,000
Accounts receivable	16,319,000	19,056,000
Inventory	5,811,000	4,687,000
Deferred income taxes	1,670,000	1,548,000
Other current assets	416,000	479,000
Total current assets	36,055,000	34,978,000
Property and equipment, net	7,371,000	6,986,000
Other assets	640,000	829,000
Total assets	$ 44,066,000	$ 42,793,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,664,000	$ 4,555,000
Accrued liabilities	4,708,000	5,087,000
Current portion of notes payable	1,312,000	1,060,000
Total current liabilities	9,684,000	10,702,000
Notes payable	2,047,000	1,544,000
Other liabilities	871,000	937,000
Total long-term liabilities	2,918,000	2,481,000
Contingencies (Note 7)		
Stockholders' equity:		
Common stock	81,000	81,000
Paid in capital	17,133,000	16,668,000
Retained earnings	14,250,000	12,861,000
Total stockholders' equity	31,464,000	29,610,000
Total liabilities and stockholders' equity	$ 44,066,000	$ 42,793,000

See accompanying notes to condensed financial statements

VIASAT, INC.
CONDENSED STATEMENT OF INCOME
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,	
	1998	1997
Revenues	$ 16,304,000	$ 14,476,000
Cost of revenues	9,832,000	9,359,000
Gross profit	6,472,000	5,117,000
Operating expenses:		
Selling, general and administrative	2,355,000	1,790,000
Independent research and development	1,940,000	1,621,000
Income from operations	2,177,000	1,706,000
Other income (expense):		
Interest income	140,000	209,000
Interest expense	(70,000)	(50,000)
Income before income taxes	2,247,000	1,865,000
Provision for income taxes	858,000	690,000
Net income	$ 1,389,000	$ 1,175,000
Basic net income per share	$ .18	$ .15
Diluted net income per share	$ .17	$ .15
Shares used in basic net income per share computation	7,921,563	7,744,119
Shares used in diluted net income per share computation	8,209,522	8,071,640

See accompanying notes to condensed financial statements.

VIASAT, INC.
CONDENSED STATEMENT OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30, 1998	1997
Cash flows from operating activities:		
Net income	$ 1,389,000	$ 1,175,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	688,000	469,000
Deferred income taxes	(83,000)	(160,000)
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	2,737,000	(1,711,000)
Inventory	(1,124,000)	(1,049,000)
Other assets	213,000	1,050,000
Accounts payable	(891,000)	(55,000)
Accrued liabilities	(379,000)	1,358,000
Other liabilities	(66,000)	(18,000)
Net cash provided by operating activities	2,484,000	1,059,000
Cash flows from investing activities:		
Proceeds from maturity of short-term investments	834,000	
Purchases of property and equipment	(1,073,000)	(693,000)
Net cash used in investing activities	(239,000)	(693,000)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	1,007,000	160,000
Repayment of notes payable	(252,000)	(665,000)
Proceeds from issuance of common stock	465,000	318,000
Net cash provided by (used in) financing activities	1,220,000	(187,000)
Net increase in cash and cash equivalents	3,465,000	179,000
Cash and cash equivalents at beginning of period	3,290,000	12,673,000
Cash and cash equivalents at end of period	$ 6,755,000	$ 12,852,000
Supplemental information:		
Cash paid for interest	$ 70,000	$ 50,000
Cash paid for income taxes	$ 260,000	$ 541,000

See accompanying notes to condensed financial statements

VIASAT, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	NUMBER SHARES	AMOUNT	PAID IN CAPITAL	RETAINED EARNINGS
Balance at March 31, 1998	7,920,639	$ 81,000	$16,668,000	$12,861,000
Exercise of stock options	23,399		204,000	
Issuance for Employee Stock Purchase Plan	22,167		261,000	
Net Income				1,389,000
Balance at June 30, 1998	7,966,205	$ 81,000	$17,133,000	$14,250,000

See accompanying notes to condensed financial statements.

VIASAT, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The accompanying condensed balance sheet as of June 30, 1998 and the condensed statements of income and of cash flows for the three month periods ended June 30, 1998 and 1997, and the statement of stockholders' equity for the three months ended June 30, 1998 have been prepared by ViaSat, Inc. (the "Company"), and have not been audited. These financial statements, in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for all periods presented. These financial statements should be read in conjunction with the financial statements and notes thereto for the year ended March 31, 1998 included in the Company's 1998 Annual Report on Form 10-K. Interim operating results are not necessarily indicative of operating results for the full year.

NOTE 2 - MANAGEMENT ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ from those estimates.

NOTE 3 - REVENUE RECOGNITION

The majority of the Company's revenues are derived from services performed for the United States Government and its prime contractors under a variety of contracts including cost-plus-fixed fee, fixed-price, and time and materials type contracts. Generally, revenues are recognized as services are performed using the percentage of completion method, measured primarily by costs incurred to date compared with total estimated costs at completion or based on the number of units delivered. The Company provides for anticipated losses on contracts by a charge to income during the period in which they are first identified.

Contract costs, including indirect costs, are subject to audit and negotiations with Government representatives. These audits have been completed and agreed upon through fiscal year 1995. Contract revenues and accounts receivable are stated at amounts which are expected to be realized upon final settlement.

NOTE 4 - EARNINGS PER SHARE

Common stock equivalents of 287,959 and 327,521 shares for the three months ended June 30, 1998 and 1997 were used to calculate diluted earnings per share. Common stock equivalents are primarily comprised of options granted under the Company's stock option plan. There are no reconciling items in calculating the numerator for basic and diluted earnings per share for any of the periods presented.

VIASAT, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 5 - COMPOSITION OF CERTAIN BALANCE SHEET CAPTIONS

	JUNE 30, 1998 (UNAUDITED)	MARCH 31, 1998
Accounts receivable:		
Billed	$ 10,564,000	$ 12,077,000
Unbilled	5,755,000	6,979,000
	$ 16,319,000	$ 19,056,000
Inventory:		
Raw materials	$ 2,666,000	$ 1,564,000
Work in process	2,044,000	2,372,000
Finished goods	1,101,000	751,000
	$ 5,811,000	$ 4,687,000
Accrued liabilities:		
Current portion of warranty reserve	$ 1,431,000	$ 1,279,000
Accrued vacation	1,021,000	974,000
Income taxes payable	989,000	309,000
Collections in excess of revenues	428,000	930,000
Accrued 401(k) matching contribution	248,000	671,000
Accrued bonus	177,000	500,000
Other	414,000	424,000
	$ 4,708,000	$ 5,087,000

NOTE 6 - INCOME TAXES

The provision (benefit) for income taxes is as follows:

	THREE MONTHS ENDED JUNE 30,	
	1998 (UNAUDITED)	1997 (UNAUDITED)
Current tax provision:		
Federal	$ 701,000	$ 666,000
State	240,000	182,000
	941,000	848,000
Deferred tax provision:		
Federal	(28,000)	(122,000)
State	(55,000)	(36,000)
	(83,000)	(158,000)
Total provision for income Taxes	$ 858,000	$ 690,000

VIASAT, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Significant components of the Company's deferred tax assets and liabilities are as follows:

	JUNE 30, 1998 (UNAUDITED)	MARCH 31, 1998
Deferred tax assets:		
Warranty reserve	$ 773,000	$ 738,000
Inventory reserve	569,000	383,000
Accrued vacation	337,000	328,000
State Income Taxes	81,000	243,000
Other	392,000	377,000
Total deferred tax assets	$ 2,152,000	$ 2,069,000

NOTE 7 - CONTINGENCIES

The Company is currently a party to various government and commercial contracts which require the Company to meet performance covenants and project milestones. Under the terms of these contracts, failure by the Company to meet such performance covenants and milestones permit the other party to terminate the contract and, under certain circumstances, recover liquidated damages or other penalties. The Company is currently not in compliance, or in the past was not in compliance with the performance or milestone requirements of many of these contracts. Historically, the Company's customers have not elected to terminate such contracts or seek liquidated damages from the Company and management does not believe that its existing customers will do so; therefore, the Company has not accrued for any potential liquidated damages or penalties.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When used in this discussion, the words "believes," "anticipated" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures made by the Company which attempt to advise interested parties of the factors which affect the Company's business, including without limitation the disclosures made under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for its fiscal year ended March 31, 1998 filed with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

The following table sets forth, as a percentage of total revenues, certain income data for the periods indicated.

	THREE MONTHS ENDED JUNE 30,	
	1998	1997
Revenue	100.0%	100.0%
Cost of revenue	60.3	64.7
Gross profit	39.7	35.3
Operating expenses:		
Selling, general, and administrative	14.4	12.4
Independent research and development	11.9	11.2
Income from operations	13.4	11.8
Income before income taxes	13.8	12.9
Net income	8.5	8.1

THREE MONTHS ENDED JUNE 30, 1998 VS. THREE MONTHS ENDED JUNE 30, 1997

Revenues. Revenues increased 12.6% from $14.5 million for the three months ended June 30, 1997 to $16.3 million for the three months ended June 30, 1998. This increase was primarily due to increases in revenues generated by several product lines including JCS (Joint Communication Simulator) and MIDS (Multifunction Information Distribution System). These increases were partially offset by a decrease in revenues derived from UHF DAMA network control stations.

Gross Profit. Gross profit increased 26.5% from $5.1 million (35.3% of revenues) for the three months ended June 30, 1997 to $6.5 million (39.7% of revenues) for the three months ended June 30, 1998. The Company's sales for the three months ended June 30, 1998 were comprised of higher margin products relative to the same quarter of the prior year.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses increased 31.6% from $1.8 million (12.4% of revenues) for the three months ended June 30, 1997 to $2.4 million (14.4% of revenues) for the three months ended June 30, 1998. The increase in SG&A expenses as a percentage of revenues reflects increased expenditures relating to marketing of commercial products, increased bid and proposal efforts for defense programs, and additional administrative staffing to support the Company's growth. SG&A expenses consist primarily of personnel costs and expenses for business development, marketing and sales, bid and proposal, finance, contract administration and general management. Certain SG&A expenses are difficult to predict and vary based on specific government and commercial sales opportunities.

Independent Research and Development. Independent Research and Development ("IR&D") expenses increased 19.7% from $1.6 million (11.2% of revenues) for the three months ended June 30, 1997 to $1.9 million (11.9% of revenues) for the three months ended June 30, 1998. This increase resulted primarily from higher IR&D expenses related to the Company's government products.

Interest Expense. Interest expense increased from $50,000 for the three months ended June 30, 1997 to $70,000 for the three months ended June 30, 1998. Interest expense relates to loans for the purchase of capital equipment, which are generally four year fixed-rate term loans, and to short-term borrowings under the Company's line of credit to cover working capital requirements. Total outstanding equipment loans were $2.1 million at June 30, 1997 and $3.4 million at June 30, 1998. There were no outstanding borrowings under the Company's line of credit as of June 30, 1997 and 1998.

Interest Income. Interest income decreased from $209,000 for the three months ended June 30, 1997 to $140,000 for the three months ended June 30, 1998. This decrease was primarily the result of lower cash balances. Interest income relates to interest earned on short-term deposits of cash.

Provision for Income Taxes. The Company's effective income tax rate increased from 37% for the three months ended June 30, 1997 to 38% for the three months ended June 30, 1998. The Company's effective income tax rate increased due to a limitation on qualified research and development expenditures used to calculate the Company's research and development tax credit.

BACKLOG

At June 30, 1998, the Company had firm backlog of $66.9 million, of which $43.3 million was funded. The firm backlog of $66.9 million does not include contract options of $24.2 million. Of the $66.9 million in firm backlog, approximately $38.5 million is expected to be delivered in the fiscal year ending March 31, 1999, $18.2 million is expected to be delivered in the fiscal year ending March 31, 2000 and the balance is expected to be delivered in the fiscal year ending March 31, 2001 and thereafter. The Company had firm backlog of $72.7 million, of which $48.0 million was funded, not including options of $24.3 million, at March 31, 1998. The Company includes in its backlog only those orders for which it has accepted purchase orders. However, backlog is not necessarily indicative of future sales. A majority of the Company's backlog scheduled for delivery can be terminated at the convenience of the government since orders are often made substantially in advance of delivery, and the Company's contracts typically provide that orders may be terminated with limited or no penalties. In addition, purchase orders may set forth product specifications that would require the Company to complete additional product development. A failure to develop products meeting such specifications could lead to a termination of the related purchase order.

The backlog amounts as presented are comprised of funded and unfunded components. Funded backlog represents the sum of contract amounts for which funds have been specifically obligated by customers to contracts. Unfunded backlog represents future amounts that customers may obligate over the specified contract performance periods. The Company's customers allocate funds for expenditures on long-term contracts on a periodic basis. The ability of the Company to realize revenues from government contracts in backlog is dependent upon adequate funding for such contracts. Although funding of its government contracts is not within the Company's control, the Company's experience indicates that actual contract fundings have ultimately been approximately equal to the aggregate amounts of the contracts.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily from cash flow from operations, bank line of credit financing, equity financing and loans for the purchase of capital equipment. Cash provided by operating activities for the three months ended June 30, 1998 and 1997 was $2.5 million and $1.1 million, respectively. The relative increase in cash provided by operating activities for the three months ended June 30, 1998 compared to the same period of the prior year was primarily due to the timing of receivable collections which were offset by decreased levels of accounts payable and accrued liabilities.

Cash used in investing activities for the three months ended June 30, 1998 and 1997 was $239,000 and $693,000, respectively. The Company's purchase of fixed assets increased during the period, however this increase was offset by the maturity of certain short-term investments which were reinvested in cash equivalents. The Company's purchases of property and equipment primarily consist of test equipment and computers.

Cash provided/(used) by financing activities for the three months ended June 30, 1998 and 1997 was $1.2 million and ($187,000), respectively. This increase was primarily the result of borrowings for equipment financing and proceeds from the sale of common stock through the Company's employee stock option and purchase plans.

At June 30, 1998, the Company had $11.8 million in cash, cash equivalents and short-term investments, $26.4 million in working capital and $3.4 million in long-term debt, which consisted of equipment financing. The Company had a zero balance under its line of credit at June 30, 1998.

The Company's credit facility with Union Bank of California includes a $6.0 million line of credit and $4.5 million in commitments for equipment financing. The line of credit allows the Company to borrow, for general working capital purposes, the greater of $2.0 million or 80% of eligible accounts receivable plus 50% of the Company's eligible inventory. At the Company's option, interest accrues either at the bank's prime rate or at the bank's LIBOR rate plus 1.75%. The credit facility expires on September 15, 1998. The Company is required to pay a fee equal to 0.09% of the unused portion of the line of credit on a quarterly basis.

The Company has commenced the evaluation of its computer systems and products to insure its operations will not be adversely effected by year 2000 software problems. Presently, the Company does not believe that year 2000 compliance will result in additional material investments by the Company, nor does the Company anticipate that the year 2000 problem will have a material adverse effect on the business operations or financial performance of the Company. There can be no assurances, however, that the year 2000 problem will not adversely effect the Company and its business.

The Company's future capital requirements will depend upon many factors, including the progress of the Company's research and development efforts, expansion of the Company's marketing efforts, and the nature and timing of commercial orders. The Company believes that its current cash balances, amounts available under its credit facilities and net cash expected to be provided by operating activities, will be sufficient to meet its working capital and capital expenditure requirements for at least the next 12 months. Management intends to invest the Company's cash in excess of current operating requirements in short-term, interest-bearing, investment-grade securities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 27.1 - Financial Data Schedule

(b) The Company filed no reports on Form 8-K during the quarter ended June 30, 1998.

SIGNATURES

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.

VIASAT, INC.

Date: August 14, 1998

/s/ Mark D. Dankberg

MARK D. DANKBERG
President
Chief Executive Officer

/s/ Gregory D. Monahan

GREGORY D. MONAHAN
Vice President & General Counsel
Chief Financial Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE VIASAT, INC. FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS INCLUDED IN FORM 10-Q.

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MAR-31-1999
APR-01-1998
JUN-30-1998
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