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AETHER SYSTEMS INC
Form 8-K
May 11, 2001

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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) May 8, 2000

AETHER SYSTEMS, INC.
(Exact name of registrant)

Delaware
(State of organization)

52-2186634
(I.R.S. Employer Identification Number)

11460 Cronridge Drive, Owings Mills, Maryland 21117
(Address of principal executive offices and zip code)

(410) 654-6400
(Registrant's telephone Number)

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ITEM 5 OTHER EVENTS

The registrant reported preliminary financial results for the quarter ended March 31, 2001 on May 8, 2001. The results as reported are set forth below.

AETHER SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS
OF OPERATIONS (Unaudited)

	Three months ended March 31,	
	2001	2000
	----	----
	(in thousands except per share data)	
Subscriber revenue	\$ 10,400	\$ 2,794
Engineering services revenue	2,363	1,403
Software and related services	11,797	1,069
Device sales	6,099	135
	-----	-----
Total revenue	30,659	5,401

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Cost of subscriber revenue	6,234	1,059
Cost of engineering services revenue	1,300	614
Cost of software and related services	4,082	678
Cost of device sales	8,217	673
	-----	-----
Total cost of revenue	19,833	3,024
	-----	-----
Gross profit	10,826	2,377
Operating expenses:		
Research and development	17,171	2,031
General and administrative	25,804	4,931
Selling and marketing	20,216	5,812
In process research and development related to acquisitions	--	2,100
Depreciation and amortization	91,795	17,410
Option and warrant expense	4,580	2,445
Impairment of goodwill associated with acquisitions	959,369	--
	-----	-----
	1,118,935	34,729
	-----	-----
3		
Operating loss	(1,108,109)	(32,352)
Other income (expense):		
Interest income (expense), net	6,406	2,189
Equity in losses of investment	(14,516)	(3,107)
Investment loss, including impairments	(94,744)	--
Minority Interest	3,664	--
	-----	-----
Loss before income taxes	(1,207,299)	(33,270)
Income tax benefit	435	--
	-----	-----
Net loss before cumulative effect of a change in accounting principle	(\$1,206,864)	(\$33,270)
Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives	6,564	--
	-----	-----
Net loss	(\$1,200,300)	(\$33,270)
	=====	=====
Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle	(\$29.83)	(\$1.13)
Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives	0.16	--
	-----	-----
Net loss per share - basic and diluted	(\$29.67)	(\$1.13)
	=====	=====
Weighted average shares outstanding - basic and diluted	40,452	29,451
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 2001
	----- (unaudited)
Current assets:	
Cash and cash equivalents	\$72
Short-term investments	3
Trade accounts receivable	3
Inventory	2
Prepaid expenses and other current assets	-----
Total current assets	81
Furniture, computers, and equipment, net	6
Intangibles and other assets	53

	\$1,41
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	\$1
Accrued expenses	3
Accrued employee compensation and benefits	1
Deferred revenue	1
Notes payable	-----
Total current liabilities	8
Long-term liabilities:	
Convertible subordinated notes payable and other notes payable	32
Deferred tax liability	1
Minority interest in net assets of subsidiary	5
Stockholders' equity	95

Commitments and contingencies	\$1,41
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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 hereunto duly authorized.

AETHER SYSTEMS, INC.

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BY: /s/ David C. Reymann

David C. Reymann
Chief Financial Officer