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 ex	ccept 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	

Total cost of revenue	Cost of subscriber revenu Cost of engineering services revenue Cost of software and related services Cost of device sales	6,234 1,300 4,082 8,217	1,059 614 678 673
Gross profit Operating expenses: Research and development General and administrative Selling and marketing In process research and development related to acquisitions Depreciation and amortization Option and warrant expense Impairment of goodwill associated with acquisitions Operating loss Operating loss Operating company Interest income (expense): Interest income (expense), net Equity in losses of investment Investment loss, including impairments Minority Interest Loss before income taxes Income tax benefit Net loss before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a chang	Total cost of revenue		3,024
General and administrative	Operating expenses:		2,377
Depreciation and amortization Option and warrant expense Impairment of goodwill associated with acquisitions Operating loss Operating loss Operating loss Other income (expense): Interest income (expense), net Equity in losses of investment Investment loss, including impairments Minority Interest Loss before income taxes Income tax benefit Net loss before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle Cumulative effect of a change in	General and administrative Selling and marketing	25,804	2,031 4,931 5,812
with acquisitions 959,369 1,118,935 34,72 3 Operating loss (1,108,109) (32,35 Other income (expense): Interest income (expense), net Equity in losses of investment Investment loss, including impairments Minority Interest Joss before income taxes (1,207,299) (33,27 Income tax benefit A35 Net loss before cumulative effect of a change in accounting principle Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - (\$29.83) Net loss per share - basic and diluted - (\$29.67) (\$1.1	Depreciation and amortization	91,795	2,100 17,410 2,445
Operating loss (1,108,109) (32,38 Other income (expense): Interest income (expense), net 6,406 2,18 Equity in losses of investment (14,516) (3,10 Investment loss, including impairments (94,744) - Minority Interest 3,664 - Loss before income taxes (1,207,299) (33,23) Income tax benefit 435 - Net loss before cumulative effect of a change in accounting principle (\$1,206,864) (\$33,23) Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives (\$1,200,300) (\$33,23) Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle (\$29.83) (\$1.30) Net loss per share - basic and diluted - before 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 - before 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) (\$1.3			
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Other income (expense): Interest income (expense), net 6,406 2,18 Equity in losses of investment (14,516) (3,10 Investment loss, including impairments (94,744) - Minority Interest 3,664 - Loss before income taxes (1,207,299) (33,27) Income tax benefit 435 - Net loss before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives (\$1,200,300) (\$33,27) Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle 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) (\$1.3) Net loss per share - basic and diluted (\$29.67) (\$1.3)	3		
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impairments Minority Interest Loss before income taxes (1,207,299) (33,27) Income tax benefit 435 Net loss before cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle Cumulative effect of a change in accounting for Derivatives Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted Net loss per share - basic and diluted (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$1.30 (\$29.83) (\$29.83) (\$29.83) (\$29.83) (\$29.83) (\$29.83)	Interest income (expense), net Equity in losses of investment		2,189 (3,107)
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a change in accounting principle Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle Cumulative effect of a change in accounting principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted Net loss per share - basic and diluted (\$29.83) (\$1.1	Income tax benefit		
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Net loss per share - basic and diluted - before cumulative effect of a change in accounting principle (\$29.83) (\$1.1 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) (\$1.1 Cumulative share - basic and diluted (\$29.67) (\$1.1 Cumulative share - basic and diluted (\$29.67)	Net loss	(\$1,200,300)	(\$33,270)
principle relating to adoption of SFAS 133, accounting for Derivatives Net loss per share - basic and diluted (\$29.67) (\$1.1	cumulative effect of a change in accounting		(\$1.13)
Net loss per share - basic and diluted (\$29.67) (\$1.1	principle relating to adoption of SFAS 133,		
	Net loss per share - basic and diluted	(\$29.67)	(\$1.13)
diluted 40,452 29,45	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	
Trade accounts receivable	3
Inventory	ა ე
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 Accrued expenses Accrued employee compensation and benefits Deferred revenue Notes payable	\$1 3 1
Notes payable	
Total current liabilities	8
Long-term liabilities: Convertible subordinated notes payable and other notes payable Deferred tax liability	32 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.

BY: /s/ David C. Reymann

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David C. Reymann Chief Financial Officer