

AETHER HOLDINGS INC  
Form 10-Q  
August 05, 2005

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the Period Ended June 30, 2005**

Or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**Commission File Number: 000-27707**

**AETHER HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**52-2186634**

(IRS Employer Identification Number)

**621 E. Pratt St., Suite 601, Baltimore, MD**

(Address of principal executive offices)

**21202**

(Zip Code)

(Registrant's telephone number, including area code): **(443) 573-9400**

Securities registered Pursuant to Section 12(b) of the Act: **NONE.**

Securities Registered Pursuant to Section 12(g) of the Act:

**Common Stock, Par Value \$.01**

**AETHER SYSTEMS, INC.**

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(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of August 3, 2005, 44,018,946 shares of the Registrant's common stock, \$.01 par value per share, were outstanding.

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AETHER HOLDINGS, INC.

QUARTERLY REPORT ON FORM 10-Q  
THE QUARTER ENDED JUNE 30, 2005

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## PART I FINANCIAL INFORMATION

## ITEM I: FINANCIAL STATEMENTS

**AETHER HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands, except per share data)

	June 30, 2005 (Unaudited)	December 31, 2004
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,434	\$ 60,723
Mortgage-backed securities, at fair value	352,040	62,184
Interest receivable	1,539	356
Prepaid expenses and other assets	1,102	4,124
Restricted cash	8,633	8,832
Property and equipment, net	235	367
Total assets	\$ 388,983	\$ 136,586
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Accounts payable and accrued expenses	\$ 3,469	\$ 3,494
Repurchase agreements	253,083	
Accrued employee compensation and benefits	96	186
Accrued restructuring		259
Accrued interest payable	70	
Other long term liabilities	2,057	2,057
Total liabilities	258,775	5,996
<b>Stockholders equity:</b>		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2005 and December 31, 2004		
Common stock, \$0.01 par value; 1,000,000,000 shares authorized; 44,018,946 and 43,963,963 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	440	440
Additional paid-in capital	2,593,085	2,592,977
Accumulated deficit	(2,462,497)	(2,462,611)
Unrealized loss on investments available for sale	(820)	(216)
Total stockholders equity	130,208	130,590
<b>Commitments and contingencies</b>		
Total liabilities and stockholders equity	\$ 388,983	\$ 136,586

See accompanying notes to Condensed Consolidated Financial Statements.

**AETHER HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(Dollars in thousands, except per share data)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Interest income from mortgage-backed securities	\$ 3,334	\$	\$ 4,141	\$
Interest expense on short-term borrowings	(1,707)		(1,719)	
Net interest income from mortgage-backed securities	1,627		2,422	
Gain on sale of mortgage-backed securities	423		423	
Operating expenses (income):				
Selling, general and administrative expenses	1,433	3,686	3,215	6,972
Depreciation	29	475	78	1,103
Stock compensation expense		137	76	559
Other income	(19)	(22)	(207)	(52)
Restructuring charge		275	(7)	690
Total operating expenses	1,443	4,551	3,155	