

AMPEX CORP /DE/
Form 10-Q/A
April 20, 2005
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

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

For the quarterly period ended June 30, 2004

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 No. 0-20292

AMPEX CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

13-3667696
(I.R.S. Employer Identification Number)

1228 Douglas Avenue

Redwood City, California 94063-3199

(Address of principal executive offices, including zip code)

(650) 367-2011

(Registrant's telephone number, including area code)

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 Exchange Act). Yes No

As of June 30, 2004, the aggregate number of outstanding shares of our Class A Common Stock, \$.01 par value, was 3,642,517. There were no outstanding shares of our Class C Common Stock, \$.01 par value.

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Explanatory Note

Restatement of Financial Statements for Correction of Error in Accounting for the Media Pension Plan

This Amendment No. 1 to Ampex Corporation's Quarterly Report on Form 10-Q/A for the quarterly period ended June 30, 2004, includes restated unaudited consolidated financial statements as of June 30, 2004 and December 31, 2003 and for the three and six months ended June 30, 2004 and 2003 to correct the accounting for our obligations under a pension plan of our former magnetic tape manufacturing subsidiary (Media) which we disposed of in 1995.

The agreement for the sale of Media required the buyer, Quantegy Corporation, to pay directly or to reimburse Ampex for required contributions to the Media pension plan. However, we remained the Plan Sponsor of the Media pension plan and remained obligated to make pension contributions to that Plan.

We had accounted for our obligations under the Media pension plan under SFAS No. 5, Accounting for Contingencies since the sale of Media in 1995. However, as a result of communications with the Office of the Chief Accountant of the Securities and Exchange Commission (the SEC), we now believe that we should have accounted for these obligations under the provisions of SFAS No. 87, Employers Accounting for Pensions.

In connection with the restatement of the Company's consolidated financial statements for the year ended December 31, 2003, the Company and the Audit Committee determined that its pension accounting constitutes a material weakness.

As a result of the foregoing, the Company has restated its consolidated balance sheets at December 31, 2003 and 2002, and consolidated statements of operations and comprehensive income (loss), cash flows, and stockholders' deficit for the three years within the period ending December 31, 2003, including the corresponding 2003 and 2002 unaudited interim periods, and the unaudited quarterly periods ended March 31, 2004, June 30, 2004 and September 30, 2004. The restatement affects periods prior to 2001. The impact of the restatement on such prior periods is reflected as an adjustment to accumulated deficit, other accrued liabilities, other liabilities and minimum pension liability adjustment within Accumulated Other Comprehensive Income as of January 1, 2001. The effect of the restatement on net income (loss) and diluted earnings (loss) per share is set forth in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I of this Form 10-Q/A.

Note 1, Restatement of Previously Issued Financial Statements, discloses the nature of the restatement adjustments and shows the impact of the restatement adjustments on income (loss) and net income (loss) applicable to common stockholders and related diluted income (loss) per share amounts for each of the periods ended June 30, 2004 and 2003. In addition, Note 1 to the restated unaudited consolidated financial statements shows the effects of the adjustment on total liabilities, the accumulated deficit and total stockholders' deficit as of June 30, 2004 and December 31, 2003. The impact of the restatement adjustments affecting periods prior to 2001 has been reflected in adjusted stockholders' deficit as of January 1, 2001. For information on the impact of the restatement on the years 2000 and 1999, reference is made to Item 6, Selected Financial Data, in Part II of the 2003 Form 10-K/A.

For a discussion of the Company's accounting for its obligations under SFAS No. 87, Employers Accounting for Pensions, see Note 16 to the restated consolidated financial statements accompanying the 2003 Form 10K/A. Other notes to the unaudited consolidated financial statements of this Form 10Q/A affected by the restatement have also been revised.

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This Form 10-Q/A amends and restates Item 1, 2 and 4 of Part I of the original Form 10-Q, and no other information included in the original Form 10-Q is amended hereby. The explanatory caption at the beginning of each of these revised items of this Form 10-Q/A sets forth the nature of the revisions.

The Company did not amend its Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for periods affected by the restatement that ended prior to December 31, 2002, and the financial statements and related financial information contained in such reports should no longer be relied upon and are superceded by the

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information in this Form 10-Q/A. The Company did not amend its Quarterly Reports on Form 10-Q for periods affected by the restatement for the year ended December 31, 2003, and the financial statements and related financial information contained in such reports should no longer be relied upon and are superseded by the information in this Form 10-Q/A.

For a discussion of events and developments subsequent to June 30, 2004, see the Company's Quarterly Reports on Form 10-Q/A for the quarterly period ended September 30, 2004, which have been restated and are being filed concurrently with this Form 10-Q/A.

This Amendment does not reflect events that have occurred after the August 13, 2004 filing date of the Form 10-Q that was originally filed, or modify or update the disclosures presented in the original Form 10-Q, except to reflect the corrections described above. Information with respect to those events has been or will be set forth, as appropriate, in the Company's subsequent periodic filings, including its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any reference to facts and circumstances at a current date refer to such facts and circumstances as of such original filing date.

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FORM 10-Q/A

Quarter Ended June 30, 2004

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(in thousands, except share and per share data)

(unaudited)

	June 30, 2004	December 31, 2003
	Restated	Restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,907	\$ 14,023
Short-term investments	7,487	
Accounts receivable (net of allowances of \$116 in 2004 and \$137 in 2003)	3,645	4,513
Inventories	6,594	6,343
Other current assets	2,396	4,366
	<hr/>	<hr/>
Total current assets	27,029	29,245
Property, plant and equipment	4,500	4,825
Other assets	956	1,127
	<hr/>	<hr/>
Total assets	\$ 32,485	\$ 35,197
	<hr/>	<hr/>
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Notes payable	\$ 137	\$ 146
Accounts payable	2,750	1,511
Net liabilities of discontinued operations	1,102	1,076
Accrued restructuring costs	1,300	1,300
Other accrued liabilities	17,754	24,844
	<hr/>	<hr/>
Total current liabilities	23,043	28,877
Long-term debt	79,641	74,022
Other liabilities	75,568	74,561
Accrued restructuring costs	2,785	3,450
Net liabilities of discontinued operations	1,661	2,071
	<hr/>	<hr/>
Total liabilities	182,698	182,881
	<hr/>	<hr/>
Commitments and contingencies (Note 10)		
Mandatorily redeemable nonconvertible preferred stock, \$1,000 liquidation value:		
Authorized: 69,970 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Mandatorily redeemable preferred stock, \$2,000 liquidation value:		
Authorized: 21,859 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Convertible preferred stock, \$2,000 liquidation value:		
Authorized: 10,000 shares in 2004 and in 2003		

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Issued and outstanding - none in 2004 and in 2003

Stockholders' deficit:		
Preferred stock, \$1.00 par value:		
Authorized: 898,171 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Common stock, \$.01 par value:		
Class A:		
Authorized: 175,000,000 shares in 2004 and in 2003		
Issued and outstanding - 3,642,517 shares in 2004; 3,728,017 in 2003	36	37
Class C:		
Authorized: 50,000,000 shares in 2004 and in 2003		
Issued and outstanding - none in 2004 and in 2003		
Other additional capital	454,408	454,394
Accumulated deficit	(514,472)	(510,042)
Accumulated other comprehensive loss	(90,185)	(92,173)
	<u> </u>	<u> </u>
Total stockholders' deficit	(150,213)	(147,784)
	<u> </u>	<u> </u>
Total liabilities, redeemable preferred stock and stockholders' deficit	\$ 32,485	\$ 35,197
	<u> </u>	<u> </u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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(in thousands, except share and per share data)

	For the Three Months		For the Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
	Restated	Restated	Restated	Restated
	(unaudited)			
Licensing revenue	\$ 1,441	\$ 5,572	\$ 3,102	\$ 5,958
Product revenue	5,367	5,927	11,377	11,583
Service revenue	2,105	2,396	4,323	4,984
Total revenue	8,913	13,895	18,802	22,525
Intellectual property costs	2,139	346	2,942	591
Cost of product sales and service	4,497	4,276	8,540	8,492
Research, development and engineering	942	945	1,831	1,630
Selling and administrative	3,053	3,165	5,834	6,247
Total costs and operating expenses	10,631	8,732	19,147	16,960
Operating income (loss)	(1,718)	5,163	(345)	5,565
Media pension expense	322	327	643	654
Interest expense	2,419	2,280	4,778	4,501
Amortization of debt financing costs	14	14	28	28
Interest income	(33)	(16)	(58)	(29)
Other (income) expense, net	(2)	23	4	33
Income (loss) before income taxes and equity in net gain of limited partnership	(4,438)	2,535	(5,740)	378
Provision for income taxes	81	573	248	675
Equity in net gain of limited partnership	(338)		(1,558)	
Net income (loss)	(4,181)	1,962	(4,430)	(297)
Benefit from extinguishment of mandatorily redeemable preferred stock		1,031		2,067
Net income (loss) applicable to common stockholders	(4,181)	2,993	(4,430)	1,770
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	46	3	44	13
Comprehensive income (loss)	\$ (4,135)	\$ 2,996	\$ (4,386)	\$ 1,783
Basic and diluted income (loss) per share :				
Income (loss) per share	\$ (1.15)	\$ 0.47	\$ (1.20)	\$ (0.09)
Income (loss) per share applicable to common stockholders	\$ (1.15)	\$ 0.79	\$ (1.20)	\$ 0.25

