

PRIMUS TELECOMMUNICATIONS GROUP INC
Form 10-Q/A
April 05, 2010
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 2

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

For the quarterly period ended September 30, 2009

OR

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

Commission File No. 0-29092

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)

7901 Jones Branch Drive, Suite 900,

McLean, VA
(Address of principal executive offices)

54-1708481
(I.R.S. Employer Identification No.)

22102
(Zip Code)

(703) 902-2800

(Registrant's telephone number, including area code)

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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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (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.

Class	Outstanding as of October 31, 2009
Common Stock \$0.001 par value	9,600,000

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Explanatory Note Restatement of Consolidated Condensed Financial Statements

This amendment to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 is being filed to restate the consolidated condensed financial statements, as set forth in Note 15 of the Notes to Consolidated Condensed Financial Statements, from those previously filed with the Securities and Exchange Commission (the "SEC") on November 16, 2009 (the "Original Filing"). The Company has filed this amendment to correct an error relating to accounting for foreign exchange transaction losses on certain intercompany balances as described in Note 15 of the Notes to Consolidated Condensed Financial Statements (the "Restatement"). In this amendment, the disclosures have not been updated other than to reflect the adjustments specifically discussed in Note 15 of the Notes to Consolidated Condensed Financial Statements.

The following Part/Item disclosures have been amended solely as a result of, and to reflect, the Restatement, and no other information in the Original Filing is amended hereby as a result of the restatement:

Part I Item 1. Financial Statements

Part I Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I Item 4. Controls and Procedures

Part II Item 1A. Risk Factors

Part II Item 6. Exhibits

This Quarterly Report on Form 10-Q/A does not reflect events occurring after the filing of the Original Filing or modify or update disclosures (including, except as otherwise provided herein, the Exhibits to the Original Filing), affected by subsequent events. In accordance with applicable SEC rules, this Quarterly Report on Form 10-Q/A includes updated certifications from the Company's Chief Executive Officer and Chief Financial Officer as Exhibits 31 and 32.

PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED

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PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	Successor Three Months Ended September 30, 2009 Restated	Predecessor Three Months Ended September 30, 2008	July 1, 2009
NET REVENUE	\$ 207,947	\$ 231,256	\$
OPERATING EXPENSES			
Cost of revenue (exclusive of depreciation included below)	136,076	149,834	
Selling, general and administrative	51,139	69,511	
Depreciation and amortization	20,029	9,351	
(Gain) loss on sale or disposal of assets	83	(4,576)	
Total operating expenses	207,327	224,120	
INCOME FROM OPERATIONS	620	7,136	
INTEREST EXPENSE	(8,763)	(12,810)	
ACCRETION ON DEBT DISCOUNT, net		269	
GAIN ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT		121	
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	(4,066)	(1,032)	
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	12,916	(23,045)	
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	707	(29,361)	
REORGANIZATION ITEMS, net	(307)	431,797	
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	400	431,797	(29,361)
INCOME TAX BENEFIT (EXPENSE)	2,085	(1,489)	
INCOME (LOSS) FROM CONTINUING OPERATIONS	2,485	431,797	(30,850)
LOSS FROM DISCONTINUED OPERATIONS, net of tax			(436)
LOSS FROM SALE OF DISCONTINUED OPERATIONS, net of tax	(110)		
NET INCOME (LOSS)	2,375	431,797	(31,286)
Less: Net income attributable to the noncontrolling interest	(210)		(1,934)
NET INCOME (LOSS) ATTRIBUTABLE TO PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED	\$ 2,165	\$ 431,797	\$ (33,220)
BASIC INCOME (LOSS) PER COMMON SHARE:			
Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	\$ 0.24	\$ 3.03	\$ (0.23)
Loss from discontinued operations			
Loss from sale of discontinued operations	(0.01)		
Net income (loss) attributable to Primus Telecommunications Group, Incorporated	\$ 0.23	\$ 3.03	\$ (0.23)
DILUTED LOSS PER COMMON SHARE:			

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Income (loss) from continuing operations attributable to Primus Telecommunications Group, Incorporated	\$	0.24	\$ 2.49	\$ (0.23)
Loss from discontinued operations				
Loss from sale of discontinued operations		(0.01)		
Net income (loss) attributable to Primus Telecommunications Group, Incorporated	\$	0.23	\$ 2.49	\$ (0.23)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic		9,600	142,695	142,633
Diluted		9,600	173,117	142,633
AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS OF PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED				
Income (loss) from continuing operations, net of tax	\$	2,275	\$ 431,797	\$ (32,784)
Loss from discontinued operations				(436)
Loss from sale of discontinued operations		(110)		
Net income (loss)	\$	2,165	\$ 431,797	\$ (33,220)

See notes to consolidated financial statements.

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PRIMUS TELECOMMUNICATIONS GROUP, INCORPORATED
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	Successor Three Months Ended September 30, 2009 Restated	Predecessor	
		Six Months Ended July 1, 2009	Nine Months Ended September 30, 2008
NET REVENUE	\$ 207,947	\$ 391,216	\$ 692,587
OPERATING EXPENSES			
Cost of revenue (exclusive of depreciation included below)	136,076	255,288	433,813
Selling, general and administrative	51,139	95,836	208,338
Depreciation and amortization	20,029	12,346	25,401
(Gain) loss on sale or disposal of assets	83	(43)	(7,041)
Total operating expenses	207,327	363,427	660,511
INCOME FROM OPERATIONS	620	27,789	32,076
INTEREST EXPENSE	(8,763)	(14,135)	(41,557)
ACCRETION ON DEBT DISCOUNT, net		189	456
GAIN ON EARLY EXTINGUISHMENT OR RESTRUCTURING OF DEBT			34,608
INTEREST INCOME AND OTHER INCOME (EXPENSE), net	(4,066)	396	2,157
FOREIGN CURRENCY TRANSACTION GAIN (LOSS)	12,916	21,121	(13,204)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE REORGANIZATION ITEMS AND INCOME TAXES	707	35,360	14,536
REORGANIZATION ITEMS, net	(307)	440,094	
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	400	475,454	14,536
INCOME TAX BENEFIT (EXPENSE)	2,085	(3,907)	(1,527)
INCOME (LOSS) FROM CONTINUING OPERATIONS	2,485	471,547	13,009
LOSS FROM DISCONTINUED OPERATIONS, net of tax		(676)	(502)
GAIN (LOSS) FROM SALE OF DISCONTINUED OPERATIONS, net of tax	(110)	251	
NET INCOME (LOSS)	2,375	471,122	12,507
Less: Net (income) loss attributable to the noncontrolling interest			