

METROMEDIA INTERNATIONAL GROUP INC

Form 10-K

December 14, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For Fiscal Year Ended December 31, 2004

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from to

Commission file number 1-5706

Metromedia International Group, Inc.

(Exact name of registrant, as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

58-0971455

*(I.R.S. Employer
Identification No.)*

8000 Tower Point Drive, Charlotte, North Carolina 28227

(Address and zip code of principal executive offices)

(704) 321-7380

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.01 par value

7 1/4% Cumulative Convertible Preferred Stock, \$1.00 par value

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. ☐

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 ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock of the registrant held by non-affiliates of the registrant at June 30, 2004 based on the average bid and ask prices of its Common Stock on the over-the-counter market on such date of \$0.42 per share was approximately \$28,272,575.

The number of shares of Common Stock outstanding as of October 31, 2006 was 94,034,947.

DOCUMENTS INCORPORATED BY REFERENCE

None

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Certain statements set forth below in this Form 10-K constitute Forward-looking Statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. See Special Note Regarding Forward-Looking Statements on page 91.

PART I

Item 1. Business

Metromedia International Group, Inc. (MIG or the Company) is a holding company that has economic interests in business ventures that principally provide telecommunication services to customers in the country of Georgia. Prior to August 2005 (see *Recent Developments PeterStar Sale Transaction* below), the Company also owned a 71% economic interest in ZAO PeterStar, the leading competitive local exchange carrier in St. Petersburg, Russia (PeterStar).

At December 31, 2004, the Company had two reporting segments, as follows:

Magticom Ltd., the leading mobile telephony operator in Tbilisi, Georgia, in which the Company presently has a 50.1% ownership interest (Magticom). As discussed further below (see *Recent Developments Reorganization of Ownership Interest in Business Ventures in Georgia Magticom Ownership Activity February 2005*), prior to mid-February 2005, the Company had a 34.5% ownership interest in Magticom and had followed the equity method of accounting for its ownership interest.

As a result of the restructuring of the Company s ownership interests in Magticom in February 2005, the Company gained the ability to exert operational oversight over Magticom. However, the Company has determined that its ownership interest in Magticom (through its holding company structure), as a result of the ownership restructurings that occurred in February 2005 and September 2005 (discussed herein), should still be accounted for following the equity method of accounting.

PeterStar, the leading competitive local exchange carrier in St. Petersburg, Russia, in which the Company had a 71% economic interest until its disposition in August 2005 (see *Recent Developments PeterStar Sale Transaction* below).

As of December 31, 2004, PeterStar and its subsidiaries, Baltic Communications Limited (Baltic Comm.), ADM-Murmansk, Pskov City Telephone Network (Pskov Telecom), Pskovinterkom, and Comset (collectively, the PeterStar Group), did not meet the requirements of Paragraph 30 of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS No. 144). Consequently, the Company did not treat the PeterStar Group as held for sale as of December 31, 2004 and instead continued to present the PeterStar Group s results of operations as continuing operations in the Company s consolidated statements of operations for all years presented herein. However, effective in the first quarter of 2005, the PeterStar Group met the criteria of SFAS No. 144 for classification as a discontinued component. As a result, beginning with the Company s quarterly report on Form 10-Q for the period ended March 31, 2005, the PeterStar Group will be so accounted for within the Company s financial statements as of that date and prospectively through the date of disposition.

At December 31, 2004, the Company also had ownership interests in:

Telecom Georgia, a long-distance transit operator in Tbilisi, Georgia, in which the Company presently has a 25.6% ownership interest. As discussed further below (see *Recent Developments Reorganization of Ownership Interest in Business Ventures in Georgia Telecom Georgia Ownership Activity*), prior to mid-February 2005, the Company had a 30% ownership interest in Telecom Georgia and had followed the equity method of accounting for its ownership interest therein. Subsequent to December 31, 2003, the Company had not recorded any share of the losses of Telecom Georgia since, as of December 31, 2003, the Company s carrying balance in accordance with accounting

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principles generally accepted in the United States (U.S. GAAP) was zero and the Company had no obligation to fund the operations of Telecom Georgia.

As a result of the restructuring of the Company's ownership interest in Telecom Georgia in February 2005, the Company gained the ability to exert operational oversight over Telecom Georgia. On May 23, 2005, the charter of Telecom Georgia that was in effect for the past several years was amended, as a result, certain substantive participatory rights that were afforded to the minority shareholder were eliminated, which allowed the Company to follow the consolidation method of accounting.

In July 2006, the Company consummated a series of transactions associated with its ownership interest in Telecom Georgia. As a result of these transactions, the Company's ownership interest in Telecom Georgia decreased to 20.7% and is now held through various U.S. based holding companies in which the Company has the controlling interest, thereby enabling the Company to continue to exercise operational oversight and also consolidation accounting with respect to Telecom Georgia.

In October 2006, the Company, through International Telcell LLC (International T LLC), an intermediary holding company in which the Company has a 25.6% economic ownership interest, acquired the 19% ownership interest held by Bulcom in Telecom Georgia thereby increasing the Company's economic interest in Telecom Georgia to 25.6%.

Ayety TV, a cable television provider in Tbilisi, Georgia, in which the Company has a 85% ownership interest (Ayety). Currently, the Company is involved in a number of commercial and legal disputes with the 15% minority shareholder of Ayety, the result of the dispute, despite the Company's majority economic interest, is that:
The Company no longer controls the day-to-day business affairs of Ayety;

The Company no longer has favorable relations with management of Ayety, since the Company attempted to terminate the General Director of Ayety in late June 2004; and

The Company has been unable to prepare U.S. GAAP financial statements of Ayety to include within its consolidated financial statements since the Company no longer has access to the statutory accounting records of Ayety. Accordingly, as allowed under FIN 46R the Company no longer consolidates its variable interest in Ayety for all periods subsequent to June 30, 2004 to include within its consolidated financial statements (see Item 3. *Legal Proceedings* *Legal Matters with Mtatsminda International Telcell SPS vs Mtatsminda*).

While these latter two business ventures do not have short-term strong growth prospects, the Company believes that both business ventures could enable the Company to develop a broader presence in the Georgian market, which also could reinforce and draw upon Magticom's position in that market.

In addition, as of December 31, 2004, the Company had one radio broadcast station, which was subsequently sold in late April 2005. The Company's U.S. GAAP carrying balance in this radio broadcast station was recorded at its carrying amount since this amount was lower than its fair value less costs to sell. Until their dispositions in 2004, the Company also owned interests in eighteen radio businesses operating in Finland, Hungary, Bulgaria, Estonia, and the Czech Republic and one cable television network in Lithuania.

For the year ended December 31, 2004, PeterStar generated substantially all of the Company's consolidated revenues and cost of services. Operating expenses at PeterStar and corporate overhead expenses are the principal components that generated the Company's consolidated operating losses. Results of operations of Magticom represent substantially all of the Company's equity in income of unconsolidated investees.

The Company's principal executive offices are located at 8000 Tower Point Drive, Charlotte, North Carolina, 28227, telephone: (704) 321-7380, fax: (704) 845-1835.

Unless otherwise indicated, all dollar amounts are stated in U.S. Dollars.

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Recent Developments

PeterStar Sale Transaction

On August 1, 2005, the Company consummated the sale of its 71% ownership interest in the PeterStar Group pursuant to a definitive agreement that was executed on February 17, 2005 for cash consideration of \$215.0 million (the PeterStar Sale). The February 17, 2005 definitive agreement was among the Company, First National Holding S.A. (First National), Emergent Telecom Ventures S.A. (Emergent) and Pisces Investment Limited, a company organized under the Companies Law of Cyprus and a wholly-owned subsidiary of First National and Emergent (Pisces), and together with First National and Emergent, the Buyers. First National, a holding company incorporated in Luxembourg, owns a 58.9% stake in OAO Telecominvest (Telecominvest) in Russia. At the time of the consummation of the PeterStar Sale, Telecominvest was the 29% minority shareholder in PeterStar.

The Company anticipates that it will recognize a gain of approximately \$113.7 million, before transactional costs, on the disposal of the PeterStar Group in the third quarter of 2005, since its U.S. GAAP carrying balance in PeterStar at the date of sale was \$101.3 million. The Company presently anticipates that it will be able to utilize its tax attributes (capital loss and net operating loss carryforwards) to offset any federal or state tax gain that would be recognized on the sale.

Prior to consummating the PeterStar Sale, the Company intended to use its corporate cash reserves to provide for the development of Magticom and PeterStar, with the expectation that their future dividend distributions would be sufficient to meet, on a timely basis, the Company's corporate overhead requirements and indebtedness interest payment obligations, including those associated with its \$152.0 million 10¹/₂% Senior Notes due 2007 (the Senior Notes). The Company recognized, however, that the anticipated dividend distributions from Magticom and PeterStar would not be sufficient to allow the Company to retire the Senior Notes at maturity. As a result, the Company had been actively assessing for some time the practical financial restructuring alternatives and business development opportunities available to the Company. This work included an assessment of business valuations for the Company's business ventures and a pragmatic assessment of the opportunities and risks associated with continued pursuit and development of the Company's business ventures as it was then organized. In connection with this work, the Company also received and carefully considered several third party merger and acquisition proposals and various opportunities to refinance the Company's Senior Notes. The Company's Board of Directors concluded that the PeterStar Sale offered the best opportunity reasonably available to maximize value for the Company's stakeholders.

Redemption of Senior Notes

On August 8, 2005, using a portion of the cash proceeds from the PeterStar Sale, the Company completed the redemption of its outstanding Senior Notes. The aggregate redemption price of the Senior Notes, including accrued and unpaid interest, was \$157.7 million.

Early Termination of Defined Benefit Pension Plan

On March 14, 2006, the Company funded approximately \$5.4 million to its defined benefit pension plan (the Pension Plan) to ensure that the value of the Pension Plan assets was sufficient to cover all benefit liabilities since the Pension Plan made a final distribution to the Pension Plan participants on March 22, 2006. The final distribution to the Pension Plan participants resulted from the Company's initiative to terminate the Pension Plan, in accordance with the provisions of Section 4041 of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Settlement of the Fuqua Industries, Inc. Shareholder Litigation

On April 6, 2006, the Company received approximately \$4.6 million from the settlement of the Fuqua Industries, Inc. Shareholder Litigation (see Item 3. *Legal Proceedings* Fuqua Industries, Inc. Shareholder

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Litigation) (the Settlement). The aggregate amount of the Settlement was \$7.0 million; however, approximately \$2.4 million was paid to plaintiff's legal counsel to cover legal fees and expenses.

Reorganization of Ownership Interest in Business Ventures in Georgia

Magticom Ownership Activity February 2005

In February 2005, through a series of transactions with Dr. George Jokhtaberidze, co-founder and then majority owner of Magticom, the Company reorganized its ownership interest in Magticom. The net result of these transactions, was as follows:

The Company's economic ownership in Magticom increased to 42.8% from 34.5%. Through the Company's majority economic ownership interest (50.1%) in International Telcell Cellular LLC, (International TC LLC), an intermediary holding company that owned, directly and indirectly as of February 28, 2005, 85.5% of Magticom, the Company obtained the largest economic ownership interest in Magticom and gained the ability to exert operational oversight over Magticom. However, the Company has determined that its ownership interest in Magticom (through its holding company structure), as a result of this ownership restructuring, should still be accounted for following the equity method of accounting. Dr. George Jokhtaberidze owned, prior to June 1, 2006, the remaining 49.9% interest in International TC LLC;

A wholly-owned subsidiary of the Company issued a promissory note in the amount of \$23.1 million to Dr. Jokhtaberidze as payment for the additional 8.3% Magticom interest the Company obtained in February 2005 (the Dr. Jokhtaberidze Promissory Note); and

International TC LLC subsequently entered into an agreement with the Georgian government that resulted in the cancellation, in exchange for a cash payment of \$15.0 million, of the Georgian government's rights to obtain a 20% Magticom purchase option. The \$15.0 million payment was funded by pro-rata cash contributions to International TC LLC from the Company and Dr. Jokhtaberidze. The Georgian government's right to obtain a 20% purchase option in Magticom resulted from a series of negotiations and agreements that were executed in April 2004 associated with the Company's, but most importantly Dr. George Jokhtaberidze's ownership interest in Magticom. These negotiations and agreements were a precursor to the, previously discussed, February 2005 agreements associated with the reorganization of ownership interest in Magticom.

Specifically, in February 2004, Dr. George Jokhtaberidze, who is also the son-in-law of former Georgian president Eduard Shevardnadze, was arrested in Georgia pending investigation of various tax-related matters related to his ownership interest in Magticom. On April 26, 2004, the prosecution of Dr. Jokhtaberidze by the Georgian government was dropped without any finding of wrongdoing and Dr. Jokhtaberidze was released from investigative detention. On the same day, the Georgian government's investigation into past business and tax payment practices of Magticom were completed with no adverse findings.

Magticom Ownership Activity September 2005

On September 15, 2005, the Company and Dr. Jokhtaberidze, through the holding company International TC LLC, acquired the 14.5% economic interest in Magticom, formerly owned by Western Wireless International (Western Wireless), for a cash price of \$43.0 million (in proportion to their respective ownership interests in International TC LLC). As a result, the Company's economic interest in Magticom increased to 50.1% since International TC LLC currently, directly and indirectly, owns 100% of Magticom. Prior to the purchase, Magticom issued a dividend of \$17.0 million, net of 10% Georgian dividend withholding taxes, of which \$7.3 million was distributed to the Company. The Company used the net proceeds from this dividend distribution to partially fund the purchase and funded its remaining portion of the purchase using corporate cash of approximately \$14.3 million.

Concurrent with this transaction, the Company paid in full all principal and accrued and unpaid interest due to Dr. Jokhtaberidze under the Dr. Jokhtaberidze Promissory Note described above.

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Telecom Georgia Ownership Activity

February 2005

In February 2005, the Company negotiated and purchased an additional 51% ownership interest in Telecom Georgia from the Georgian government for a cash purchase price of \$5.0 million. The additional 51% acquired interest in Telecom Georgia resulted in the Company increasing its ownership to 81%, gaining the ability to exert operational oversight over Telecom Georgia. Furthermore, on May 23, 2005, the charter of Telecom Georgia that was in effect for the past several years was amended, as a result, certain substantive participatory rights that were afforded to the minority shareholder were eliminated, which allowed the Company to follow the consolidation method of accounting.

July 2006

In July 2006, the Company consummated a series of transactions associated with its 81% ownership interest in Telecom Georgia. In summary, the Company acquired a controlling interest in Telenet, a Georgian company providing internet access, data communication, voice telephony and international access services, from a third party in exchange for cash and a minority interest shareholding in both Telenet and Telecom Georgia. Prior to entering the agreements, Strikland Investments, Inc. and Greatbay Investments, Ltd. directly owned between them 100% of Telecom Georgia Group Ltd, an international business company organized under the laws of British Virgin Islands (TGG) that was the sole owner of Telenet. In addition, Dr. Jokhtaberidze, the Company's principal partner in Magticom, acquired from the Company a minority interest shareholding in the Company's ownership in these two business ventures. As a result, the Company's interests in Telenet and Telecom Georgia are held through US-based holding companies in which the Company has the controlling interest, enabling the Company to exercise operational oversight over both Telenet and Telecom Georgia. Furthermore, the Company exited the transactions with the largest economic interest of any of the shareholders in both Telecom Georgia and Telenet, of approximately 20.7% and 25.6%, respectively and completed these transactions with a net corporate cash outlay of approximately \$450,000.

Telenet provides high-speed data communication and internet access services on both a wired and wireless basis, primarily to commercial and institutional customers in Georgia. It also operates international voice and data transit links between Georgia and Russia. Immediately prior to the Company's acquisition of Telenet, Telenet acquired from IberiaTel, Georgia's only license to provide CDMA 450 MHz wireless voice and data services and a CDMA 450 network deployed in Georgia's capital city, Tbilisi. The target markets of Telecom Georgia and Telenet are office and residential consumers of fixed location telephony and data communication service; and both companies have well-established Georgian brands in these markets.

The Company undertook this business combination of Telecom Georgia and Telenet to extend the range of communication services offered by our Georgian companies to include conventional office and residential local exchange telephony service and to address the rapidly growing internet and data communications markets in Georgia. This strategy aims to complement and strengthen the market leadership position already held by our Magticom business in Georgia's mobile telephony market. In combination, Telenet and Telecom Georgia provide an excellent vehicle for competing in Georgia's fixed location communications market on both a wired and wireless basis. Our new partners, the former owners of Telenet, bring considerable local operating experience and financing capacity with respect to the further development of Telenet and Telecom Georgia; and the involvement of our Magticom partner in the development assures smooth coordination between future mobile and fixed location service expansion activities.

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The ownership structure of Telecom Georgia July 6, 2006:

* *No officers or board of director members of the Company are investors or are affiliated with these entities.*

Telecom Georgia Ownership Activity October 2006

On October 27, 2006, the Company, through International T LLC, an intermediary holding company in which the Company has a 25.6% economic ownership interest, acquired the 19% ownership interest held by Bulcom in Telecom Georgia for \$0.7 million, thereby increasing the Company's economic interest in Telecom Georgia to 25.6%. Furthermore, as a part of that transaction, the Company paid a broker fee of \$0.1 million to a third party for their facilitation of the transaction.

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The ownership structure of Telecom Georgia October 30, 2006:

* *No officers or board of director members of the Company are investors or are affiliated with these entities.*

Georgian Business Development Initiatives

Magticom Georgian License Activity.

In November 2005, Magticom acquired at auction a license to use 20% of the 1,800 MHz (or equivalent to 15% of the combined 900 MHz and 1,800 MHz) radio frequency spectrum available in Georgia for offering Groupe Speciale Mobile, or GSM, data and voice services. Magticom has paid approximately 1.0 million Georgian Lari (GEL) (approximately \$0.6 million) for the license, which is usable for a period of ten years.

In May 2005, Magticom acquired at auction a license to use 18% of the 800 MHz radio frequency spectrum available in Georgia for offering Code Division Multiple Access, or CDMA, data, voice and video services. Magticom paid approximately 26.1 million GEL (approximately \$14.3 million) for the license, which is usable for a period of ten years. Magticom completed technical trials of the CDMA spectrum within one year as required by the license.

In August 2005, Magticom acquired at auction a license to use 25% of the 2.1 GHz radio frequency spectrum available in Georgia for offering 3rd Generation (3G) GSM mobile voice, data and video services. Magticom paid approximately 20.4 million GEL (approximately \$11.3 million) for the license, which is

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usable for a period of 10 years. Magticom completed technical trials of the 3G GSM spectrum within one year as required by the license.

License rights for additional 3G radio frequency spectrum, representing less than 25% of the available 3G radio frequency spectrum, were offered at auction in April 2006; in which the winning bid was approximately 20 million GEL (approximately \$11 million). Magticom did not directly participate in the tender; however, Magticom has entered into agreements with the winner of the April 2006 auction, pursuant to which Magticom will acquire from that party license rights to all of their license rights. Magticom anticipates paying the full winning bid price, plus a nominal mark-up, for these license rights. Following the purchase, Magticom's 3G spectrum holdings is less than 50% of total 3G spectrum, as required by Georgian law.

The Georgian government conducted an auction in May 2006 for license rights to a third 25% segment of the 3G spectrum. Magticom could neither directly participate in this auction nor acquire any portion of the license obtained by the auction's winner, due to the aforementioned legal limitations on the portion of 3G spectrum which Magticom can hold. The winner of the May 2006 auction, with a bid of approximately 18.7 million GEL (approximately \$10.4 million), was not operating any telephony service in Georgia. Geocell, a competitor of Magticom within Georgia, entered into an arrangement with the winner of the May 2006 auction, pursuant to which Geocell acquired from that party, license rights to the third 25% portion of Georgia's 3G spectrum and commenced services in Tbilisi in December 2006.

On July 7, 2006, the Georgian regulator renewed Magticom's 900 MHz's radio frequency spectrum licenses for another ten year period, effective immediately. Magticom paid a license renewal fee of GEL 24.9 million (approximately \$13.7 million).

Magticom's GSM, 3G and CDMA licenses enable it to provide mobile communication services in Georgia that are as advanced as any now offered anywhere in the world. Each license is effective for a ten-year period and is effective country-wide. Magticom introduced commercial 3G services and completed the requisite technical trials of the CDMA service in the third quarter of 2006. Magticom already holds long-standing, renewable licenses to offer conventional GSM telephony services in the 900 MHz and 1800 MHz spectrum (see *Description of Businesses Magticom (Tbilisi, Georgia and the Country of Georgia) Licenses and Item 1A. Risk Factors The Company now operates solely in the country of Georgia, which presents a general risk profile that may be materially different from that ordinarily expected by U.S. investors Limitations in the Georgian Licensing Regime*).

Participation in Georgian Government Privatization of United Telecom of Georgia

On May 12, 2006, the Georgian government concluded a tender of shares held by an agency of the Georgian Ministry of Economic Development in the Georgian wire-line telephone company United Telecom of Georgia (UTG , formerly known as Georgian Electrokavshiri). The shares tendered represented approximately 90% of the outstanding ownership interests in UTG, with the remaining approximately 10% of outstanding shares held by UTG's employees. In addition to providing wire-line telephone service to approximately 350,000 subscribers throughout Georgia, UTG owns a principal portion of Georgia's intra-city duct works and cable rights-of-way, holds rights to use a portion of a national fiber transport network, and acts as the country's incumbent local wire-line exchange carrier.

The Company, through its subsidiary International T LLC, entered a bid in the May 12th tender of \$81.25 million; \$5 million of which International T LLC borrowed from Magticom and deposited with the Company's bid. The Company believed that the acquisition of UTG could have resulted in certain synergies with the operations of both Magticom and Telecom Georgia and, thus, undertook to participate in the May 12th tender. Financing of the acquisition, if this bid proved to be successful, was to be provided from further funds loaned by Magticom and equity investment in International T LLC by certain third parties (see also *Item 1A. Risk Factors The Company may face limitations or additional costs in securing funds for further business development*).

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Only one other bid, in the amount of \$90 million by a Georgian-Kazakh consortium, was entered in the tender. In view of the higher amount offered, the Georgian government entered into a share purchase agreement with this other bidder.

The above initiatives are indicative of the Company's current strategic objective of actively pursuing alliances and acquisitions in Georgia, and the surrounding Central Asian region, for the purposes of both leveraging and strengthening its core Georgian holdings. The Company's goal is the development of a growing portfolio of allied mobile and fixed telephony businesses serving the region. Magticom's continued strong operational and financial performance, coupled with the cash proceeds from the PeterStar Sale, repayment of the Senior Notes, and the reorganization of the ownership interests in Magticom and Telecom Georgia whereby the Company now has the ability to exert operational oversight over Magticom, Telecom Georgia, and Telenet provide the Company the operational platform and improved financial liquidity base to pursue this strategy (see *Item 1A. Risk Factors* *The Company may face limitations or additional costs in securing funds for further business development*).

Proposed Sale of Substantially all of Company Assets

On October 2, 2006, the Company announced the execution of a letter of intent (the *Offer Agreement*) in respect of an offer it received to acquire all of the Company's business interests in Georgia for a cash price of \$480 million from a group of investors (*Offering Group*).

The Company entered into the Offer Agreement with the Offering Group on September 28, 2006, providing for exclusivity in negotiations during a sixty-day due diligence period and setting forth intended terms of a binding share purchase agreement which they expected to execute within the exclusivity period and upon conclusion of the Offering Group's due diligence. The Offer Agreement was executed on September 28, 2006 but did not become effective until October 1, 2006, the date at which the Company had entered into the separate Lock-Up and Voting Agreements, as defined below, with representatives of holders of approximately 80% of its 4.1 million outstanding shares of Preferred Stock.

On December 5, 2006, the Company received a letter from Salford Capital Partners (*Salford*), the then sole remaining member of the Offering Group and a party to the Offer Agreement, in which Salford (a) informed the Company that it (x) has decided not to proceed with the proposed transaction outlined in the Offer Agreement, (y) is terminating the exclusivity restrictions of the Offer Agreement for Cause (as defined in the Offer Agreement) as a result of an alleged breach of the *access to information* covenant contained therein, and (b) requested that the Company reimburse Salford for the transaction expenses incurred by it to date in connection with the proposed transaction in the amount of US \$1,010,000. The Company is in the process of evaluating Salford's claim for reimbursement of its expenses in order to assess whether the request is with or without merit.

In connection with the execution of the Offer Agreement, beginning on September 29, 2006 and finalizing on October 1, 2006, the Company entered into separate lock-up, support and voting agreements (the *Lock-Up and Voting Agreements*) with representatives (the *Preferred Representatives*) of holders of approximately 80 % of its 4.1 million outstanding shares of preferred stock, par value \$1.00 per share (the *Preferred Stock*). In connection with the Offer Agreement, the Preferred Representatives have agreed to support a chapter 11 plan (in a case to be filed in the United States Court for the District of Delaware (the *Wind-up*)), pursuant to which holders of the Company's Preferred Stock would receive \$68 per share from Net Distributable Cash (hereinafter defined) of \$420 million or less and one-half of any Net Distributable Cash in excess of \$420 million, allocated equally among the shares of Preferred Stock. The balance of Net Distributable Cash would be allocated equally among the outstanding common shares. Since the Preferred Representatives represent holders of more than two-thirds of the presently outstanding Preferred Stock, if such a plan is approved by the Court, the plan would be binding on all preferred stockholders. Net Distributable Cash will consist of the cash proceeds of the intended sale of the Company's business interests in Georgia plus the Company's portion of dividends received from its subsidiary Magticom Ltd. prior to the sale and all headquarters cash on hand in the Company at sale closing less: (i) any taxes arising out of the sale of assets; (ii) payments of all allowed claims in the Wind-Up; (iii) necessary reserves for the final liquidation

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of the Company and its subsidiaries; (iv) professional fees connected with the proposed sale transaction and pursuit of the Wind-Up; and (v) Board-approved bonuses or similar payments to Company directors, management and employees which in an aggregate amount are estimated to equal approximately 5% of the proposed sale transaction proceeds. By end of first half 2007, the combined face value plus accumulated unpaid dividends that would otherwise be due to the preferred stockholders would be in aggregate approximately \$325 million or \$78.50 per share of Preferred Stock outstanding.

On November 18, 2006, the Company and Preferred Representatives of holders of more than two-thirds of the Company's outstanding shares of Preferred Stock agreed to an amendment to the Lock-Up and Voting Agreements pursuant to which holders of the Company's Preferred Stock will receive \$68 per share from Net Distributable Consideration (as defined in the amendment to the Lock-Up and Voting Agreements) of \$420 million or less, plus one-half of any Net Distributable Consideration in excess of \$420 million and less than \$465 million, and plus twenty percent of any remaining Net Distributable Consideration in excess of \$465 million, allocated equally among the shares of Preferred Stock. The balance of Net Distributable Consideration would be allocated equally among the outstanding common shares.

As previously noted, the Offer Agreement was terminated on December 5, 2006 and, as a result, there is presently no transaction pending that would trigger the arrangements contemplated under the Lock-Up and Voting Agreements.

Magticom Dividend Distribution

On October 18, 2006, Magticom issued a \$33.33 million dividend to its shareholders of which \$3.33 million was paid to the Georgian government, representing the required 10% withholding tax for dividend distributions to U.S. shareholders. International TC LLC received the \$30.0 million dividend distribution and then repaid its loan obligations, principal and interest, to a wholly-owned subsidiary of MIG and Dr. Jokhtaberidze in the amount of \$14.73 million and \$14.67 million, respectively. The International TC LLC loan obligations, to its then members, originated in September 2005 when it acquired Western Wireless' indirect 14.5% economic interest in Magticom. Furthermore, International TC LLC distributed the remaining \$0.6 million to its members as a dividend, of which a wholly-owned subsidiary of MIG received \$0.3 million.

2003 Restructuring

In the first quarter of 2003, the Company embarked on an overall restructuring of its business interests and corporate operations (the "Restructuring"). Prior to that time, the Company owned interests in a diverse array of telephony, cable television and radio broadcasting businesses operating in Eastern Europe, Russia and Central Asia. Pursuant to the Restructuring, the Company focused its attentions on further development of Magticom and PeterStar; and undertook the gradual disposal of its interests in all other business ventures ("Non-Core Business Ventures"). The Company also substantially downsized its corporate support staff that worked in the U.S. and Europe. The Restructuring was prompted by and was intended to resolve the severe liquidity issues that had confronted the Company since the beginning of 2002. At the beginning of the Restructuring, the Non-Core Business Ventures included nine cable television networks, twenty radio broadcasting stations and various telephony businesses located principally in Eastern Europe and other member states of the former Soviet Union. Cash proceeds from the sale of these Non-Core Business Ventures alleviated short-term corporate liquidity concerns and thus reduced the Company's dependence upon cash distributions from Magticom and PeterStar, thereby enabling these business ventures to retain more cash for business development purposes. The concurrent substantial downsizing of corporate support personnel significantly decreased the Company's use of corporate cash.

The Restructuring of business interests and corporate operations was substantially completed by the end of the third quarter of 2004 with the sale of most of the Company's remaining radio business ventures.

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Liquidity

Internal Sources of Liquidity

The Company is a holding company; accordingly, it does not generate cash flows from operations. As a result, the Company is dependent on the earnings of its business ventures and the distribution or other payment of these earnings to it to meet its long term corporate cash outlay requirements (the Long Term Corporate Cash Outlay Requirements), in addition to making any cash distributions to its stockholders. The Company's Long Term Corporate Cash Outlay Requirements consist of cash outlays for its currently projected corporate overhead expenditure requirements and ordinary course funding of its Historic Corporate Liabilities (as defined below).

The Company has legacy liabilities as a result of the Company's prior U.S. based business operating activities, principally attributable to the business activities when the Company operated under the names of The Actava Group, Inc. and Fuqua Industries, Inc. , which include, but are not limited to, employee benefit obligations to former employees (pension obligations and provisions for medical and life insurance), current funding requirements associated with the settlement (in April 2006) of the Fuqua Industries, Inc. Shareholder Litigation (see *Item 3. Legal Proceedings* Fuqua Industries, Inc. Shareholder Litigation), self-insurance reserves attributable to product liability and workers' compensation claims and environmental claims (collectively, the Historic Corporate Liabilities).

As of December 31, 2004 and October 31, 2006, the Company had \$32.7 million and \$16.8 million, respectively, of unrestricted corporate cash. The Company's business ventures are separate legal entities that have no obligation to pay any amounts that the Company owes to third parties. With respect to certain of the Company's business ventures, the voting power and veto rights of the Company's business venture partners may limit the Company's ability to control certain of the operations, strategies and financial decisions of the business ventures in which it has an ownership interest. As a result, although cash balances exist in these business ventures, due to legal and contractual restrictions, the cash balances of these business ventures cannot be readily accessed to meet the Company's corporate liquidity needs without the distribution of dividends following formal dividend declarations (which would also require minority shareholder approval at certain of the respective business ventures) to effect transfers to the Company.

As of December 31, 2004 and July 31, 2005, PeterStar held \$3.9 million and \$9.7 million of cash, respectively, which was held in banks in the country of Russia. Pursuant to the definitive agreement that the Company executed in February 2005 associated with the PeterStar Sale, the Company agreed that it would not take actions as the majority shareholder in PeterStar to cause PeterStar to either distribute a dividend to its shareholders or repay any intercompany loans to the Company.

In addition, as of December 31, 2004, Magticom had \$28.4 million of cash, which was held in banks in Georgia. As of October 31, 2006, Magticom had \$21.3 million of cash, of which \$6.0 million was held in a U.S. bank and the remainder held in Georgian banks. As previously disclosed (see *Recent Developments Reorganization of Ownership Interest in Business Ventures in Georgia Magticom Ownership Activity February 2005* above), the Company obtained the largest effective ownership interest in Magticom and gained the ability to exert operational oversight over Magticom in February 2005, including decisions related to the distribution of shareholder dividends.

The Company projects that its current corporate cash reserves and anticipated continuing dividends from Magticom will be sufficient for the Company to meet, on a timely basis, its currently planned Long Term Corporate Cash Outlay Requirements. The Company intends to maintain minimal corporate cash balances in the future, since the Company believes that the Magticom cash reserves should be used for business development purposes in Georgia and the surrounding Central Asian region.

External Sources of Liquidity

The Company has a complicated equity capital structure. For example, the Company's Preferred Stock is trading at a substantial discount to its per share liquidation value. This condition limits the Company's ability

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to access the capital markets or is a significant deterrent for the Company using its common stock as currency for business development purposes.

During the past several years, the Company has relied upon cash receipts from the sale of certain of its noncore business ventures and, to a lesser extent, the repatriation of cash from business ventures; in the form of dividend distributions or the repayment of outstanding loans in order to meet its outstanding legal liabilities and obligations. Furthermore, during 2005 the Company relied upon a loan from its business partner in the Magticom business venture to enable the Company to meet its business development initiatives. Since the Company has monetized its interest in all but three business ventures, the Company must rely on dividends from its business ventures, cash on hand or outside financing as the principal source of funding for further business development. A material portion of projected dividends will be required to meet future corporate cash outlay requirements. Remaining funds may be insufficient to substantially expand present businesses or acquire additional businesses. This could result in eventual stagnation or erosion in the value of the Company's underlying businesses (see *Item 1A. Risk Factors The Company may face limitations or additional costs in securing funds for further business development*).

Restatement of Prior Year Financial Information

2005 Restatement Work Effort

The Company has restated its previously issued financial statements as of and for the years ended December 31, 2003 and 2002 to reflect correction of past accounting errors. In addition to the restatements reported in this Annual Report on Form 10-K, the Company has included (i) restated selected financial information for the years ended December 31, 2001 and 2000, and (ii) restated selected financial information for the quarterly periods corresponding to the quarters ended September 30, 2004 and 2003, June 30, 2004 and 2003, March 31, 2004 and 2003 and December 31, 2003. Financial information related to such periods within this Annual Report on Form 10-K also has been restated to reflect correction of the past accounting errors. The Company does not plan to file any other amendments to previously filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q. Certain of these restatements in respect of the quarterly periods ended March 31, 2004, June 30, 2004 and September 30, 2004 will also be reported in Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2005, June 30, 2005, and September 30, 2005 that have not yet been filed.

The restatement of prior period financial statements was initially the result of the Company's determination that it had historically misapplied its consolidation policy to Telcell Wireless, LLC (*Telcell*), an intermediate holding company that was formed in 1996 for the purpose of owning 49% of Magticom, which the Company had a 70.41% interest in and Western Wireless had the remaining 29.59% ownership interest, until September 2005. The Company reached this conclusion during its work effort associated with analyzing the accounting and disclosure consequences of the previously discussed February 2005 Magticom ownership restructuring (see *Recent Developments Reorganization of Ownership Interest in Business Ventures in Georgia Magticom Ownership Activity February 2005* above). In summary, the Company prepared an evaluation of various rights granted to minority shareholders at each of the holding companies through which the Company held its interest in Magticom to determine the appropriate prospective accounting treatment of its ownership interest in Magticom. Such analysis included rights granted to Dr. George Jokhtaberidze, who owned, prior to June 1, 2006, 49.9% of the outstanding shares of International TC LLC and rights granted to Western Wireless through their ownership in Telcell.

The Company concluded that the following rights granted to Western Wireless were substantive participating rights under the Consensus Guidance provided by the Financial Accounting Standards Board (*FASB*) Emerging Issues Task Force (*EITF*) as outlined in EITF Issue No. 96-16, *Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights* (*EITF No. 96-16*).

The right to approve Magticom's purchase, lease or other acquisitions of assets or properties in excess of \$0.5 million, a dollar threshold amount deemed to represent an ordinary course business transaction of Magticom; and

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The right to approve the budget of Magticom, which was Telcell's sole asset.

As the managing member of Telcell since its formation, the Company has actively managed Telcell's investment in Magticom with only very limited direct participation by Western Wireless. Specifically, since early 2002, all matters arising in the ordinary course of Magticom's business requiring Telcell's shareholder review or approval were addressed and handled solely by the Company. Since that time, Western Wireless requested only the Company's reports and assessments of Magticom plans, operations and performance; and it concurred without alteration and with very limited comment in all actions taken by the Company with respect to Magticom's ordinary course activities. No representatives of Western Wireless traveled to Georgia or engaged with Magticom operating personnel since early 2002. Despite its extremely limited involvement in the actual operational affairs of Magticom, since Western Wireless legally held certain rights in governance of Telcell and Magticom which were deemed to be participatory, the Company has concluded that its use of the consolidation method of accounting, since Telcell's formation in 1996, was not appropriate and that it should have followed equity method accounting treatment for Telcell.

In the Company's June 3, 2005 press release that announced its determination that it would need to restate its past financial results for the accounting error related to its historic accounting of its economic interest in Telcell, the Company also announced that it had determined that it had improperly accounted for the depreciation of fixed assets at certain business ventures that were treated as discontinued business components under the guidance of SFAS No. 144. As the Company indicated in its press release, the Company continued to recognize depreciation and amortization expense associated with the long-lived assets of these business ventures through the first quarter of 2004. The net effect of this error in accounting was as follows:

An understatement of Income from discontinued components, net by \$1.0 million within the Company's fourth quarter 2003 consolidated statement of operations;

An understatement of Income from discontinued components, net by \$0.2 million within the Company's first quarter 2004 consolidated statement of operations; and

An overstatement of Income from discontinued components, net by \$1.2 million within the Company's third quarter 2004 consolidated statement of operations.

Upon identifying and correcting the above identified accounting errors, the Company undertook a process to determine that no further adjustments or disclosures were required to the financial statements as of and for the three year period ended December 31, 2004. Accordingly, the following is a summary of additional procedures performed:

A detailed accounting analysis was performed to verify that the Company had correctly applied its consolidation policy to other legal entities (in excess of seventy legal entities) that it had consolidated during the five year period ended December 31, 2004. This work effort involved:

A review by the Company's General Counsel of each legal entity's organizational and governance documents (charter, by-laws, articles of incorporation, etc.) followed by a review by finance personnel of the rights afforded to minority shareholders as outlined by EITF No. 96-16 for all previously consolidated entities; and

A review by finance personnel to determine whether the Company is a primary beneficiary, as defined pursuant to FIN No. 46R, of any of its business ventures. The Company's accounting policy stipulates that, if the Company is deemed the primary beneficiary of a variable interest entity, the Company should follow consolidation method of accounting for such business venture under the guidelines of FIN No. 46R. The Company adopted FIN No. 46R as of March 31, 2004;

Management reviewed all business ventures that had been historically presented as a discontinued business component, pursuant to SFAS No. 144, to ensure that depreciation and amortization was not recorded subsequent to the time period that the respective business ventures met the criteria of SFAS No. 144; and

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Management reviewed all past unadjusted accounting differences which were not recorded in previous accounting periods, since in each case and in the aggregate, the dollar amount of those past errors were not deemed material to those past consolidated financial statements, to determine whether the respective accounting adjustment should be recorded as a part of this restatement process.

Upon completion of the above procedures, the Company concluded that the following legal entities were incorrectly accounted for following the consolidation method of accounting for one or more accounting periods: AS Trio LSL, Sun TV, Roscomm Limited, JV Technopark and Teleport TP. The following is a summary of key facts that support the Company's current accounting position with regard to the aforementioned legal entities:

1. The Company analyzed rights granted to each minority shareholder under the charter and/or other governing documents for AS Trio LSL using the consensus guidance provided by EITF No. 96-16. Upon completion of such analysis of EITF No. 96-16, the Company concluded that its historic accounting treatment for its interest in AS Trio LSL was incorrect for the period September 2001 through June 2002. Such conclusion was reached as a result of the minority shareholder's rights to:

approve the appointment of the general director of AS Trio LSL;

approve the issuance of ordinary dividends of AS Trio LSL;

approve the salaries of the general director of AS Trio LSL; and

approve the termination of council (board) members of AS Trio LSL.

Such rights were granted under the original charter; however, the Company was unable to cause AS Trio LSL to amend its original charter after the Company increased its ownership interest in AS Trio LSL to 50.24% in September 2001 until June 2002, concurrent with an additional increase in the Company's ownership interest in AS Trio LSL to an aggregate holding of 67.02%. Such amendment allowed the prospective consolidation of AS Trio LSL from June 2002 through the date of its disposal in September 2004 since the minority shareholder rights were amended to be only protective rights ;

2. The Company analyzed rights granted to each minority shareholder under the charter and/or other governing documents for Sun TV using the consensus guidance provided by EITF No. 96-16. Upon completion of such analysis of EITF No. 96-16, the Company concluded that its historic accounting treatment for its interest in Sun TV was incorrect for the period beginning January 2001 through May 2003. Such conclusion was reached as a result of the minority shareholder's rights to:

approve dividends declared by Sun TV;

approve the appointment of the general manager of Sun TV;

approve the election of the executive body of Sun TV;

approve the salaries of the administration counsel of Sun TV; and

approve the termination of employees of Sun TV.

Such rights were granted under the original charter; however, the Company was unable to cause Sun TV to amend its original charter after the Company increased its ownership interest in Sun TV to 90.93% in June 2000 until May 2003, concurrent with a reorganization of the shareholdings in Sun TV, whereby the Company's ownership interest decreased to 65%. Such amendment allowed the prospective consolidation of Sun TV from May 2003 through the date of its disposal in November 2003, since the minority shareholder rights were amended to be only protective rights ;

3. Roscomm Limited was a holding company with its sole asset being its 10% interest in Teleport TP. The Company analyzed rights granted to the minority shareholders under the charter and/or

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other governing documents for Roscomm Limited using the consensus guidance provided by EITF No. 96-16. Upon completion of such analysis of EITF No. 96-16, the Company concluded that its historic accounting treatment for its interest in Roscomm Limited was incorrect for the period September 30, 1999 through March 31, 2002. Such conclusion was reached as a result of the Company's inability during that period to control the appointment or termination of the sole director of Roscomm Limited;

4. JV Technopark was a holding company with its primary asset being its 7.5% interest in Teleport TP. The Company analyzed rights granted to the minority shareholders under the charter and/or other governing documents for JV Technopark using the consensus guidance provided by EITF No. 96-16. Upon completion of such analysis of EITF No. 96-16, the Company concluded that its historic accounting treatment for its interest in JV Technopark was incorrect for the period September 30, 1999 through March 31, 2002. Such conclusion was reached as a result of the minority shareholders' rights to:

control the election and termination of the chairman of the board, who was also the general director of JV Technopark; and

approve the dividends declared by JV Technopark; and

5. The Company had ownership rights to 49.94% of Teleport TP and had previously presumed that it had controlled voting rights to 56.0% of the shares of Teleport TP. However, as a result of the conclusions reached in items 3 and 4 above, the Company only controlled voting rights to 38.5% of the outstanding shares of Teleport TP; thus, the Company would not have had control as defined by Accounting Research Bulletin No. 51, *Consolidated Financial Statements*.

Furthermore, the Company analyzed rights granted to each minority shareholder under the original charter and/or other governing documents for Teleport TP using the consensus guidance provided by EITF No. 96-16. Upon completion of such analysis of EITF No. 96-16, the Company also concluded that it would be unable to consolidate the results of Teleport TP for the period from September 30, 1999 through March 31, 2002. The Company's analysis indicated that minority shareholders had the right to approve assets purchased by Teleport TP in excess of \$0.1 million, a dollar threshold amount deemed to represent an ordinary course business transaction of Teleport TP. Teleport TP became a subsidiary of the Company on September 30, 1999, as a result of the acquisition of PLD Telekom, Inc. (PLD) by the Company. Teleport TP was formed in 1992 and its charter was never amended with respect to minority shareholder rights. At the time of the acquisition of PLD, PLD had followed the consolidation method of accounting for its interest in Teleport TP. Further, in response to questions from the United States Securities and Exchange Commission (SEC) in 1999 associated with their review of the 1999 merger proxy statement regarding the Company's pending acquisition of PLD, the Company informed the SEC that PLD management believed that the consolidation method of accounting was appropriate for Teleport TP using the consensus guidance provided by EITF No. 96-16.

The Company ceased consolidation of Teleport TP as of March 31, 2002 as a result of the dispute with the sole director of Roscomm Limited. However, in light of the rights provided to minority shareholders at Roscomm Limited and rights granted to minority shareholders at JV Technopark and the Company's understanding of the guidance contained within EITF No. 96-16, the Company has concluded that upon the consummation of the acquisition of PLD, that it should have followed the equity method of accounting.

As stated previously, the Company identified certain errors in its consolidated financial statements prior to filing its financial statements for the year ended December 31, 2004 and determined that it would restate its previous financial results to correct such errors. Those accounting errors are grouped into the following categories:

Consolidation Adjustments and Other Accounting Adjustments, which consist of Accounting errors that had been made in its past financial statements and have been adjusted to the accumulated deficit as of January 1, 2002 and Accounting errors that had been made in its financial statements as of and for the two year period ended December 31, 2003.

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The effects of the adjustments for the accounting errors described above on the Company's Consolidated Statements of Operations and Consolidated Balance Sheets are summarized in the following financial results tables (in 000's), except per share amounts:

Year Ended December 31, 2003				
	Adjustments			
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (3)	Restated
Revenues	\$ 73,121	\$	\$ (92)	\$ 73,029
Cost of services (exclusive of depreciation and amortization)	23,621		(78)	23,543
Selling, general and administrative	46,390	(193)	(492)	45,705
Depreciation and amortization	21,093		(51)	21,042
Asset impairment charges				
Operating (loss) income	(17,983)	193	529	(17,261)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	14,298	(4,602)	(238)	9,458
Interest expense, net	(17,869)		5	(17,864)
Foreign currency (loss)	(518)			(518)
Gain on retirement of debt	24,582			24,582
Gain on disposition of equity investee business ventures, net	12,762		580	13,342
Other (expense) income, net	(194)		99	(95)
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	15,078	(4,409)	975	11,644
Income tax expense	(5,945)		(572)	(6,517)
Minority interest	(8,995)	4,409	34	(4,552)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	138		437	575
Income from discontinued components	8,306		1,960	10,266
Cumulative effect of changes in accounting principles	2,012		11	2,023
Net income	10,456		2,408	12,864
Cumulative convertible preferred stock dividend requirement	(17,487)			(17,487)

Net (loss) income attributable to common stockholders	\$ (7,031)	\$	\$	2,408	\$ (4,623)
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(Loss) income per common share attributable to common stockholders	Basic and Diluted:				
Continuing operations	\$ (0.18)	\$	\$		\$ (0.18)
Discontinued components	0.09			0.02	0.11
Cumulative effect of changes in accounting principles	0.02				0.02

Net (loss) income per common share attributable to common stockholders	\$ (0.07)	\$	\$	0.02	\$ (0.05)
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December 31, 2003				
Adjustments				
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (3)	Restated
Current assets:				
Cash and cash equivalents	\$ 26,925	\$	\$	\$ 26,925
Accounts receivable, net	5,915			5,915
Prepaid expenses and other assets	6,472		(454)	6,018
Current assets of discontinued components	5,559		21,220	26,779
Business ventures held for sale			536	536
Total current assets	44,871		21,302	66,173
Property, plant and equipment, net	86,297		(200)	86,097
Investments in and advances to business ventures	34,707	(10,295)	449	24,861
Goodwill	27,540		441	27,981
Intangible assets, net	7,853		46	7,899
Other assets	5,077		534	5,611
Noncurrent assets of discontinued components	20,085		(20,085)	
Business ventures held for sale	536		(536)	
Total assets	\$ 226,966	\$ (10,295)	\$ 1,951	\$ 218,622
Current liabilities:				
Accounts payable	\$ 4,085	\$	\$	\$ 4,085
Accrued expenses	24,917		(1,659)	23,258
Current portions of long term debt	1,376			1,376
Current liabilities of discontinued components	6,211		1,352	7,563
Total current liabilities	36,589		(307)	36,282
Long term debt, less current portion	153,383			153,383
Deferred income taxes	9,426			9,426
Other long term liabilities	7,632			7,632
Long term liabilities of discontinued components	376		(376)	
Total liabilities	207,406		(683)	206,723
Minority interest	32,715	(10,295)	(58)	22,362
Stockholders' deficiency:				
7 ¹ / ₄ % Cumulative Convertible Preferred Stock	207,000			207,000
	940			940

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Common Stock, \$0.01 par value,
authorized 400.0 million shares, issued
and outstanding 94.0 million shares

Paid in surplus	1,195,864			1,195,864
Accumulated deficit (2)	(1,403,898)	2,452		(1,401,446)
Accumulated other comprehensive loss	(13,061)	240		(12,821)
Total stockholders' deficiency	(13,155)	2,692		(10,463)
Total liabilities and stockholders' deficiency	\$ 226,966	\$ (10,295)	\$ 1,951	\$ 218,622

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Year Ended December 31, 2002				
Adjustments				
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (3)	Restated
Revenues	\$ 65,112	\$	\$ 92	\$ 65,204
Cost of services (exclusive of depreciation and amortization)	19,229		129	19,358
Selling, general and administrative	47,459		(724)	46,735
Depreciation and amortization	21,486		(1,099)	20,387
Asset impairment charges	6,728		655	7,383
Operating (loss) income	(29,790)		1,131	(28,659)
Other income (expense):				
Equity in losses of unconsolidated investees	(21,908)	(1,655)	(227)	(23,790)
Interest expense, net	(20,884)		(166)	(21,050)
Foreign currency gain	473			473
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net	5,675		198	5,873
Other (expense) income, net	(23)		370	347
(Loss) income before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	(66,457)	(1,655)	1,306	(66,806)
Income tax expense	(776)		(475)	(1,251)
Minority interest	(4,537)	1,713	24	(2,800)
(Loss) income from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	(71,770)	58	855	(70,857)
Loss from discontinued components	(35,578)	(58)	(633)	(36,269)
Cumulative effect of changes in accounting principles	(1,127)			(1,127)
Net (loss) income	(108,475)		222	(108,253)
Cumulative convertible preferred stock dividend requirement	(16,274)			(16,274)
Net (loss) income attributable to common stockholders	\$ (124,749)	\$	\$ 222	\$ (124,527)

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	(0.94)	\$	0.01
Discontinued components		(0.38)		(0.38)
Cumulative effect of changes in accounting principles		(0.01)		(0.01)
Net loss per common share attributable to common stockholders	\$	(1.33)	\$	0.01
				(1.32)

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Notes to Year Ended financial results tables:

(1) The following adjustments reflect the effects of correcting for the improper consolidation of certain legal entities (including Telcell, which held an equity interest in Magticom).

a. *Decrease of \$10,295,000 to the Company's investments in and advances to business ventures and a corresponding decrease in minority interest on the Consolidated Balance Sheet as of December 31, 2003;*

b. *Decrease in selling, general and administrative expenses of \$193,000, a decrease in equity in income of unconsolidated investees of \$4,602,000 and a decrease in minority interest expense of \$4,409,000 for the year ended December 31, 2003;*

c. *Increase of \$1,655,000 to equity in losses of unconsolidated investees, a decrease of \$1,713,000 in minority interest expense and an increase of \$58,000 in loss from discontinued components for the year ended December 31, 2002.*

(2) The following adjustments reflect the effects of correcting the accounting errors that had been made in the Company's past financial statements and have been reflected as a net adjustment of \$178,000 to increase accumulated deficit as of January 1, 2002:

a. *The Company failed to accrue interest income of \$33,000 earned on a deposit placed with a professional service provider for periods prior to December 31, 2001. The Company recognized an increase in its other assets and a corresponding decrease in accumulated deficit as of January 1, 2002;*

b. *The Company identified certain selling, general and administrative items that should not have been recognized and accrued as of December 31, 2001. Such amounts resulted in the Company recognizing a decrease in accrued expenses of \$200,000 and a corresponding decrease to its accumulated deficit as of January 1, 2002;*

c. *The Company recognized the write off of an uncollectible loan in the year ended December 31, 2002. Such loan should have been written-off to expense in the year ended December 31, 2001. Accordingly, the Company has recognized a decrease in prepaid expenses and other assets of \$146,000 and a corresponding increase to its accumulated deficit as of January 1, 2002;*

d. *The Company identified that certain of its business ventures accounted for on the equity method of accounting failed to recognize certain expenses or recognized excess expenses. Such adjustments resulted in the Company recognizing a net increase to its investments in and advances to business ventures of \$38,000, a net decrease of \$112,000 to its business ventures held for sale and a corresponding increase of \$74,000 to its accumulated deficit as of January 1, 2002;*

e. *The Company failed to recognize certain expenses and translated certain expenses improperly when translating from the functional currency into the U.S. dollar reporting currency for certain discontinued business components. Such adjustments resulted in a decrease of \$13,000 to assets of discontinued components, an increase of \$165,000 to current liabilities of discontinued components, a decrease in accumulated other comprehensive loss of \$13,000 and a corresponding increase of \$191,000 to accumulated deficit as of January 1, 2002; and*

f. *The Company identified that it had erroneously included unrecognized net actuarial losses when recognizing its liability for the Company's post retirement medical benefit plan. The Company recognized a decrease in other long-term liabilities of \$365,000 and a corresponding decrease in accumulated other comprehensive loss as of January 1, 2002.*

(3) The following adjustments reflect the effects of correcting the accounting errors that had been made in the Company's financial statements as of and for the two year period ended December 31, 2003:

a. *The Company failed to appropriately calculate its deferred revenue in accordance with the Company's revenue recognition policy for the Ayety business venture. As a result, the Company has increased revenues by*

\$92,000 for the year ended December 31, 2002 and recognized a corresponding decrease in revenues of \$92,000 for the year ended December 31, 2003;

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b. The Company did not follow its accounting policy when deferring installation costs for services performed as of December 31, 2002 for the PeterStar business venture. Such ratio was corrected during 2003. Accordingly, the Company has increased its cost of services and increased its deferred revenues by \$108,000 as of and for the year ended December 31, 2002. The Company recognized a corresponding decrease to cost of services for the year ended December 31, 2003;

c. The Company identified certain cost of service items that should have been recognized and accrued in different accounting periods for the Ayety business venture. Such amounts resulted in the Company recognizing a decrease in cost of services of \$17,000 for the year ended December 31, 2002 and a corresponding increase in cost of services of \$17,000 for the year ended December 31, 2003;

d. The Company failed to correctly accrue vacation pay for employees at its PeterStar business venture. As a result, the Company increased its cost of services and increased its accrued expenses by \$6,000 as of and for the year ended December 31, 2003;

e. The Company identified certain selling, general and administrative items that should have been recognized and accrued in different accounting periods. Such amounts resulted in the Company recognizing a decrease in selling, general and administrative expenses of \$221,000 and \$132,000 for the years ended December 31, 2002 and 2003, respectively and an increase of \$40,000 in gain on disposition of equity business ventures for the year ended December 31, 2003. The net effect of these adjustments resulted in an increase of \$38,000 to prepaid expenses and other assets and a decrease of \$355,000 to accrued expenses as of December 31, 2003. When combined with the effects of similar adjustments made prior to January 1, 2002 that have a continuing impact, the net adjustment to the balance sheet at December 31, 2003 is an increase of \$38,000 to prepaid expenses and other assets and a decrease of \$555,000 to accrued expenses ;

f. As noted previously in (2)(c.) above, the Company recognized the write off of an uncollectible loan in the year ended December 31, 2002. Such loan should have been written-off to expense in the year ended December 31, 2001. Accordingly, the Company has recognized a decrease in selling general and administrative expenses of \$146,000 for the year ended December 31, 2002;

g. The Company improperly capitalized certain repair costs as fixed asset acquisitions during the year ended December 31, 2003 for the PeterStar business venture. As a result, the Company recognized an increase in selling, general and administrative expenses of \$209,000 for the year ended December 31, 2003 and a corresponding decrease in property, plant and equipment as of December 31, 2003;

h. The Company recognized depreciation expense at its Ayety business venture in excess of the amount based upon the estimated economic lives for certain network assets. As a result, the Company recognized a reduction of depreciation expense of \$1,096,000 for the year ended December 31, 2002. For the year ended December 31, 2002, the Company recognized an impairment charge to reduce the fixed assets of Ayety to their estimated fair value. As a result of the adjustment to depreciation expense, the Company has recognized a corresponding increase to its asset impairment expense of \$1,096,000 for the year ended December 31, 2002;

i. The Company improperly amortized indefinite lived intangible assets at its PeterStar business venture. The correction of such amortization resulted in a reduction to amortization expense of \$3,000 and \$51,000 for the years ended December 31, 2002 and 2003, respectively. The Company recognized a corresponding increase to intangible assets for each affected period;

j. The Company determined that during the year ended December 31, 2002 it had improperly recognized an impairment charge of \$441,000 related to goodwill attributable to its investment in its PeterStar business venture.

The Company has corrected such expense, which resulted in a reduction of asset impairment expense of \$441,000 for the year ended December 31, 2002 and a corresponding increase in goodwill as of December 31, 2002 and all subsequent periods;

k. Certain of the Company's business ventures accounted for on the equity method of accounting failed to recognize certain expenses and/or revenues in the appropriate accounting periods. Such

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adjustments resulted in the Company recognizing a net increase to its equity in losses of unconsolidated investees of \$227,000 for the year ended December 31, 2002. In addition, such adjustments resulted in the Company recognizing a net decrease to equity in income of unconsolidated investees of \$238,000 for the year ended December 31, 2003. As a result of these adjustments, upon disposition of the relevant entities, the Company recognized an increase in gains of disposition of equity investee business ventures of \$198,000 and \$540,000 for the years ended December 31, 2002 and 2003, respectively. The net effect of these adjustments resulted in an increase of \$161,000 to investments in and advances to business ventures and an increase of \$112,000 to business ventures held for sale (noncurrent) as of December 31, 2003. When combined with the effects of similar adjustments made prior to January 1, 2002 that have a continuing impact, the net adjustment to the balance sheet at December 31, 2003 is an increase of \$199,000 to investments in and advances to business ventures ;

l. As noted previously in (2)(a.)above, the Company failed to accrue interest income of \$5,000 earned on a deposit placed with a professional service provider for the years ended December 31, 2002 and 2003. The correction of such error resulted in the Company recognizing an additional \$5,000 interest income in each of the periods and a corresponding increase in other assets as of December 31, 2002 and 2003;

m. As a result of adjustments recognized at legal entities in which there was a minority shareholder, the Company recognized a decrease in minority interest expense of \$24,000 and \$34,000 for the years ended December 31, 2002 and 2003, respectively and a corresponding decrease of \$58,000 in minority interest as of December 31, 2003;

n. As a result of net pre-tax adjustments recognized, the Company recognized a decrease in income tax expense of \$43,000 and \$89,000 for the years ended December 31, 2002 and 2003, respectively and a corresponding decrease of \$132,000 in accrued expenses as of December 31, 2003;

o. The Company failed to recognize certain expenses and failed to translate certain expenses properly when translating from their functional currency into the U.S. dollar reporting currency for certain discontinued business components. In addition, as previously noted, the Company failed to cease recognition of depreciation expense for certain of these businesses upon their classification as a discontinued business component. The recognition of such adjustments resulted in an increase in the loss from discontinued components of \$633,000 for the year ended December 31, 2002 and an increase in income from discontinued components of \$1,960,000 for the year ended December 31, 2003. The net effect of these adjustments resulted in an increase of \$31,000 to current assets of discontinued components , an increase of \$1,117,000 to noncurrent assets of discontinued components , a decrease of \$166,000 to current liabilities of discontinued components and an increase of \$13,000 to accumulated other comprehensive loss as of December 31, 2003. When combined with the effects of similar adjustments made prior to January 1, 2002 that have a continuing impact, the net adjustment to the balance sheet at December 31, 2003 is an increase of \$18,000 to current assets of discontinued components and an increase of \$1,117,000 to noncurrent assets of discontinued components ;

p. Due to adjustments recognized at business ventures previously recognized on a three-month reporting lag, the Company recognized an increase of \$11,000 in the cumulative effect of a change in accounting principle and the investments in and advances to business ventures for the year ended December 31, 2003;

q. As noted previously in (2)(f.) above, the Company identified that it had erroneously included unrecognized net actuarial losses when recognizing its liability for the Company's post retirement medical benefit plan. The Company recognized a decrease in other long-term liabilities of \$367,000 and a corresponding decrease in accumulated other comprehensive loss as of December 31, 2003.

r. In addition to the items discussed above, the Company has reclassified certain items on the Consolidated Balance Sheet, including reclassification of all assets and liabilities of discontinued components to current, to be consistent with current period presentation and recognized the foreign currency translation adjustments of the above items. Such reclassifications resulted in a decrease of \$492,000 to prepaid expenses and other assets , an increase of \$21,202,000 to current assets of discontinued components , an increase of \$536,000 to business ventures held for sale (current), an

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increase of \$9,000 to property, plant and equipment , an increase of \$240,000 to investments in and advances to business ventures , a decrease of \$9,000 to intangible assets , an increase of \$492,000 to other assets , a decrease of \$21,202,000 to long-term assets of discontinued components , a decrease of \$536,000 to business ventures held for sale (long-term), a decrease of \$977,000 to current liabilities , an increase of \$1,353,000 to current liabilities of discontinued components , a decrease of \$376,000 to long term liabilities of discontinued components , and a decrease of \$240,000 in accumulated other comprehensive loss as of December 31, 2003. In addition, the Company classified items in the Consolidated Statement of Operations to be consistent with current presentation. Such reclassifications resulted in an increase of \$7,000 to cost of services , a decrease of \$569,000 in selling, general and administrative expenses, a decrease of \$99,000 in other non-operating expense , an increase of \$661,000 in income tax expense for the year ended December 31, 2003; and

s. The Company has reclassified certain items to be consistent with current period presentation. Such reclassifications resulted in an increase of \$38,000 to cost of services , a \$357,000 decrease in selling, general and administrative expenses , a \$171,000 increase in interest expense , a \$370,000 decrease in other non-operating expenses and a \$518,000 increase to income tax expense for the year ended December 31, 2002.

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The effects of the adjustments for the accounting errors described above on the Company's Consolidated Statements of Cash Flows are summarized in the following tables (in 000's):

Year Ended December 31, 2003				
Adjustments				
	Originally Reported	Consolidation and Reclassification Adjustments(1)	Other Accounting Adjustments(2)	Restated
Operating activities:				
Net income	\$ 10,456	\$	\$ 2,408	\$ 12,864
(Income) loss from discontinued components	(8,306)	8,306		
Income from continuing operations	2,150	8,306	2,408	
Noncash and other reconciling items:				
Equity in (income) losses of unconsolidated investees	(14,298)	4,602	238	(9,458)
Dividends and interest received from unconsolidated investees		8,306		8,306
Depreciation and amortization	21,093		(51)	21,042
Depreciation and amortization of discontinued components		3,939	(1,117)	2,822
Minority interest	8,995	(4,409)	(34)	4,552
Deferred income tax benefit		(362)		(362)
Gain on retirement of debt	(24,582)			(24,582)
Gain on disposition of equity investee business ventures, net	(12,762)		(580)	(13,342)
Gain on disposition of discontinued components, net		(9,682)	(644)	(10,326)
Asset impairment charges				
Asset impairment charges of discontinued components		1,250	(119)	1,131
Accretion of debt discount				
Cumulative effect of changes in accounting principles	(2,012)		(11)	(2,023)
Cumulative effect of changes in accounting principles of discontinued components		(503)		(503)
Changes in:				
Accounts receivable	(664)		92	(572)
Prepaid expenses and other assets		5,361	(407)	4,954
Accounts payable and accrued expenses	(426)	193	(932)	(1,165)
Other long-term assets and liabilities, net	3,042	(4,999)	51	(1,906)
Net change in operating assets and liabilities of discontinued components		558	897	1,455

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Cash used in operating activities	(19,464)	12,560	(209)	(7,113)
Investing activities:				
Loan principal repayment received from unconsolidated investees	12,287	(12,287)		
Additions to property, plant and equipment	(16,447)		209	(16,238)
Additions to property, plant and equipment of discontinued components		(2,559)		(2,559)
Business acquisitions, net of cash acquired				
Proceeds from sale of business ventures, net	16,885	2,920		19,805
Proceeds from sale of discontinued components, net		14,174		14,174
Investments in discontinued components, net of distributions		(1,750)		(1,750)
Other investing activities, net	438	265		703
Cash provided by investing activities	13,163	763	209	14,135
Financing activities:				
Dividends paid to minority interests	(7,664)	3,595		(4,069)
Payments on debt and capital leases	(2,297)			(2,297)
Borrowings under debt and capital leases				
Payments on debt and capital leases of discontinued components, net				
Cash (used in) provided by financing activities	(9,961)	3,595		(6,366)
Cash provided by (used in) discontinued components, net	16,336	(16,336)		
Effect of exchange rate changes on cash	384			384
Net (increase) decrease in cash of discontinued components		(582)		(582)
Net increase in cash and cash equivalents	458			458
Cash and cash equivalents at beginning of year	26,467			26,467
Cash and cash equivalents at end of year	\$ 26,925	\$	\$	\$ 26,925

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	Adjustments			
	Originally	Consolidation and Reclassification Adjustments (1)	Other Accounting Adjustments (2)	Restated
Reported				
Operating activities:				
Net loss	\$ (108,475)	\$	\$ 222	\$ (108,253)
(Income) loss from discontinued components	35,578	(35,578)		
(Loss) income from continuing operations	(72,897)	(35,578)	222	
Noncash and other reconciling items:				
Equity in (income) losses of unconsolidated investees	21,908	1,655	227	23,790
Dividends and interest received from unconsolidated investees		2,216		2,216
Depreciation and amortization	21,486		(1,099)	20,387
Depreciation and amortization of discontinued components		11,045	135	11,180
Minority interest	4,537	(1,713)	(24)	2,800
Deferred income tax expense		411		411
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net	(5,675)		(198)	(5,873)
Loss on disposition of discontinued components, net		8,991		8,991
Asset impairment charges	6,728		655	7,383
Asset impairment charges of discontinued components		5,907		5,907
Accretion of debt discount	5,253			5,253
Cumulative effect of changes in accounting principles	1,127			1,127
Cumulative effect of changes in accounting principles of discontinued components		13,570		13,570
Changes in:				
Accounts receivable	238		(92)	146
Prepaid expenses and other assets		(3,378)	715	(2,663)
Accounts payable and accrued expenses	(8,206)	4,485	(486)	(4,207)
Other long-term assets and liabilities, net	141	2,753	(553)	2,341
Net change in operating assets and liabilities of discontinued components		13,719	498	14,217
Cash used in operating activities	(25,360)	24,083		(1,277)

Investing activities:			
Loan principal repayment received from unconsolidated investees	3,055	(2,216)	839
Additions to property, plant and equipment	(13,694)		(13,694)
Additions to property, plant and equipment of discontinued components		(6,157)	(6,157)
Business acquisitions, net of cash acquired			
Proceeds from sale of business ventures, net	11,234		11,234
Proceeds from sale of discontinued components, net		22,800	22,800
Distributions from discontinued components, net of investments		(266)	(266)
Other investing activities, net	(1,221)		(1,221)
Cash (used in) provided by investing activities	(626)	14,161	13,535
Financing activities:			
Dividends paid to minority interests	(3,392)		(3,392)
Payments on debt and capital leases	(846)		(846)
Borrowings under debt and capital leases	4,868		4,868
Payments on debt and capital leases of discontinued components, net		(11,482)	(11,482)
Cash (used in) provided by financing activities	630	(11,482)	(10,852)
Cash provided by (used in) discontinued components, net	27,764	(27,764)	
Effect of exchange rate changes on cash			
Net (increase) decrease in cash of discontinued components		1,002	1,002
Net increase in cash and cash equivalents	2,408		2,408
Cash and cash equivalents at beginning of year	24,059		24,059
Cash and cash equivalents at end of year	\$ 26,467	\$	\$ 26,467

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Notes to annual cash flows tables:

1. The adjustments included in the consolidation and reclassification adjustments reflect the effects of correcting for the erroneous consolidation of certain legal entities (principally Telcell). The Company has separately disclosed the changes in prepaid expenses and other assets, which were previously netted against other long-term assets and liabilities. In addition, the Company has in all periods restated the cash flows to include dividends and interest received from unconsolidated investees as an operating activity, which in prior periods were included with loan principal repayment received from unconsolidated investees as a combined amount of distribution from business ventures within the investing activities. Lastly, the Company has in all periods presented separately disclosed the operating, investing and financing portions of the cash flow attributable to its discontinued components, which in prior periods were reported on a combined basis as a single amount.

2. The adjustments to the previously discussed year end financial results also resulted in reclassifications of cash used within operating activities for the respective years, except for the improper capitalization of certain repair costs during the year ended December 31, 2003, which resulted in an increase in cash used in operating activities of \$209,000 and an increase in cash provided by investing activities.

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The effects of the adjustments for the accounting errors described above on the Company's Condensed Consolidated Quarterly Statements of Operations are summarized in the following financial results tables (in 000's), except per share amounts:

Three Months Ended September 30, 2004				
	Adjustments			
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 20,040	\$	\$	\$ 20,040
Cost of services (exclusive of depreciation and amortization)	6,913			6,913
Selling, general and administrative	6,471		(27)	6,444
Depreciation and amortization	5,693		(6)	5,687
Asset impairment charges				
Operating loss	963		33	996
Other income (expense):				
Equity in income (losses) of unconsolidated investees	6,811	(1,923)	(38)	4,850
Interest expense, net	(4,076)	(94)		(4,170)
Foreign currency (loss) gain	(292)			(292)
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net				
Other income (expense), net	(80)			(80)
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	3,326	(2,017)	(5)	1,304
Income tax expense	(1,164)		15	(1,149)
Minority interest	(3,192)	2,017	(10)	(1,185)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	(1,030)			(1,030)
Income (loss) from discontinued components	928		(1,287)	(359)
Cumulative effect of changes in accounting principles				
Net income (loss)	(102)		(1,287)	(1,389)
Cumulative convertible preferred stock dividend requirement	(4,739)			(4,739)

Net (loss) income attributable to common stockholders	\$ (4,841)	\$	\$	(1,287)	\$ (6,128)
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(Loss) income per common share attributable to common stockholders	Basic and Diluted:				
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Continuing operations	\$ (0.06)	\$	\$		\$ (0.06)
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Discontinued components	0.01			(0.02)	(0.01)
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Cumulative effect of changes in accounting principles					
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Net loss per common share attributable to common stockholders	\$ (0.05)	\$	\$	(0.02)	\$ (0.07)
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Three Months Ended June 30, 2004				
Adjustments				
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 19,312	\$	\$	\$ 19,312
Cost of services (exclusive of depreciation and amortization)	5,741			5,741
Selling, general and administrative	8,326		(13)	8,313
Depreciation and amortization	6,004		(6)	5,998
Asset impairment charges				
Operating loss	(759)		19	(740)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	5,804	(2,791)	(34)	2,979
Interest expense, net	(3,860)			(3,860)
Foreign currency (loss) gain	504			504
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net				
Other income (expense), net	91			91
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	1,780	(2,791)	(15)	(1,026)
Income tax expense	(3,116)	1,525	4	(1,587)
Minority interest	(2,226)	1,266	(3)	(963)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	(3,562)		(14)	(3,576)
Income (loss) from discontinued components	518		(11)	507
Cumulative effect of changes in accounting principles				
Net income (loss)	(3,044)		(25)	(3,069)
Cumulative convertible preferred stock dividend requirement	(4,654)			(4,654)
Net (loss) income attributable to common stockholders	\$ (7,698)	\$	\$ (25)	\$ (7,723)

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	(0.09)	\$	\$ (0.09)
Discontinued components		0.01		0.01
Cumulative effect of changes in accounting principles				
Net loss per common share attributable to common stockholders				
	\$	(0.08)	\$	\$ (0.08)

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Three Months Ended March 31, 2004				
	Adjustments			
	Originally Reported	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 18,563	\$	\$	\$ 18,563
Cost of services (exclusive of depreciation and amortization)	6,004		(6)	5,998
Selling, general and administrative	7,669	(381)	545	7,833
Depreciation and amortization	5,685		(33)	5,652
Asset impairment charges				
Operating loss	(795)	381	(506)	(920)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	4,170	(1,502)	193	2,861
Interest expense, net	(4,016)		4	(4,012)
Foreign currency (loss) gain	(577)			(577)
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net				
Other income (expense), net	(125)			(125)
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	(1,343)	(1,121)	(309)	(2,773)
Income tax expense	(325)		(683)	(1,008)
Minority interest	(1,916)	1,121	(33)	(828)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	(3,584)		(1,025)	(4,609)
Income (loss) from discontinued components	6,310		163	6,473
Cumulative effect of changes in accounting principles				
Net income (loss)	2,726		(862)	1,864
Cumulative convertible preferred stock dividend requirement	(4,572)			(4,572)
Net (loss) income attributable to common stockholders	\$ (1,846)	\$	\$ (862)	\$ (2,708)

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	(0.09)	\$	(0.01) \$ (0.10)
Discontinued components		0.07		0.07
Cumulative effect of changes in accounting principles				
Net loss per common share attributable to common stockholders				
	\$	(0.02)	\$	(0.01) \$ (0.03)

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Three Months Ended December 31, 2003				
Adjustments				
	Originally Reported (3)	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 20,032	\$	\$	\$ 20,032
Cost of services (exclusive of depreciation and amortization)	6,607			6,607
Selling, general and administrative	10,358	(57)	116	10,417
Depreciation and amortization	5,838			5,838
Asset impairment charges				
Operating loss	(2,771)	57	(116)	(2,830)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	3,881	(1,503)	(46)	2,332
Interest expense, net	(4,114)			(4,114)
Foreign currency (loss) gain	(52)			(52)
Gain on retirement of debt				
Gain on disposition of equity investee business ventures, net	731			731
Other income (expense), net	(199)		99	(100)
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	(2,524)	(1,446)	(63)	(4,033)
Income tax expense	(1,303)	(57)	(190)	(1,550)
Minority interest	(2,665)	1,503		(1,162)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	(6,492)		(253)	(6,745)
Income (loss) from discontinued components	55		1,302	1,357
Cumulative effect of changes in accounting principles				
Net income (loss)	(6,437)		1,049	(5,388)
Cumulative convertible preferred stock dividend requirement	(4,490)			(4,490)
	\$ (10,927)	\$	\$ 1,049	\$ (9,878)

Net (loss) income attributable to common
stockholders

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	(0.12)	\$	\$ (0.12)
Discontinued components			0.01	0.01
Cumulative effect of changes in accounting principles				
Net loss per common share attributable to common stockholders	\$	(0.12)	\$	\$ 0.01 (0.11)

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Three Months Ended September 30, 2003				
	Adjustments			
	Originally Reported(4)	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 18,633	\$	\$	\$ 18,633
Cost of services (exclusive of depreciation and amortization)	6,248			6,248
Selling, general and administrative	10,200		(320)	9,880
Depreciation and amortization	5,040			5,040
Asset impairment charges				
Operating loss	(2,855)		320	(2,535)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	3,558	(1,252)	(481)	1,825
Interest expense, net	(4,058)			(4,058)
Foreign currency (loss) gain	(62)			(62)
Gain on retirement of debt	465			465
Gain on disposition of equity investee business ventures, net	12,031		580	12,611
Other income (expense), net	66			66
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	9,145	(1,252)	419	8,312
Income tax expense	(1,766)			(1,766)
Minority interest	(2,342)	1,252		(1,090)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	5,037		419	5,456
Income (loss) from discontinued components	(1,588)		69	(1,519)
Cumulative effect of changes in accounting principles				
Net income (loss)	3,449		488	3,937
Cumulative convertible preferred stock dividend requirement	(4,410)			(4,410)
Net (loss) income attributable to common stockholders	\$ (961)	\$	\$ 488	\$ (473)

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	0.01	\$	\$ 0.01
Discontinued components		(0.02)		(0.02)
Cumulative effect of changes in accounting principles				
Net loss per common share attributable to common stockholders				
	\$	(0.01)	\$	\$ (0.01)

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Three Months Ended June 30, 2003				
Adjustments				
	Originally Reported(4)	Consolidation Adjustments (1)	Other Accounting Adjustments (2)	Restated
Revenues	\$ 17,802	\$	\$	\$ 17,802
Cost of services (exclusive of depreciation and amortization)	5,787			5,787
Selling, general and administrative	11,132		(327)	10,805
Depreciation and amortization	5,172			5,172
Asset impairment charges				
Operating loss	(4,289)		327	(3,962)
Other income (expense):				
Equity in income (losses) of unconsolidated investees	3,867	(879)	252	3,240
Interest expense, net	(4,209)			(4,209)
Foreign currency (loss) gain	10			10
Gain on retirement of debt	24,117			24,117
Gain on disposition of equity investee business ventures, net				
Other income (expense), net	463			463
Income (loss) before income tax expense, minority interest, discontinued components and the cumulative effect of changes in accounting principles	19,959	(879)	579	19,659
Income tax expense	(2,113)	193		(1,920)
Minority interest	(1,755)	686		(1,069)
Income (loss) from continuing operations before discontinued components and the cumulative effect of changes in accounting principles	16,091		579	16,670
Income (loss) from discontinued components	11,120		509	11,629
Cumulative effect of changes in accounting principles				
Net income (loss)	27,211		1,088	28,299
Cumulative convertible preferred stock dividend requirement	(4,332)			(4,332)
Net (loss) income attributable to common stockholders	\$ 22,879	\$	\$ 1,088	\$ 23,967

(Loss) income per common share attributable to common stockholders Basic and Diluted:				
Continuing operations	\$	0.13	\$	\$ 0.13
Discontinued components		0.11		0.01