BALLANTYNE OF OMAHA INC
Form S-1
June 14, 2004

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As filed with the Securities and Exchange Commission on June 14, 2004

Registration No.

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Ballantyne of Omaha, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**3968**	**47-0587703**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

**4350 McKinley Street
Omaha, Nebraska 68112
Telephone: (402) 453-4444**

(Address, including zip code and telephone number, including area code of registrant's principal executive offices)

**Brad J. French
Chief Financial Officer
Ballantyne of Omaha, Inc.
4350 McKinley Street
Omaha, Nebraska 68112
Telephone: (402) 453-4444**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock	3,917,027 Shares	$3.16*	$12,377,805.00*	$1,568.27*

* Computed pursuant to Rule 457(c) using $3.16 per share as the average high and low prices of the common stock on June 4, 2004.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Subject to completion, dated , 2004

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such state.

Prospectus

3,917,027 Shares

Ballantyne of Omaha, Inc.

Common Stock

This prospectus relates to the possible future sale of 3,917,027 shares of common stock of Ballantyne of Omaha, Inc., a Delaware corporation, by BalCo Holdings, L.L.C., a Delaware limited liability company. BalCo is the record owner of 3,593,142 of the shares offered. McCarthy Group, Inc., a Nebraska corporation, is BalCo's manager and exercises sole voting and dispositive power over these shares. McCarthy Group also exercises sole voting rights and certain rights regarding the disposition of the remaining 323,885 shares offered, which are owned of record by Dana C. Bradford, Dennis M. O'Brien and Scott A. Schmidt, all of whom are affiliated with McCarthy Group. The shares offered may be sold from time to time in one or more transactions in the open market or in private transactions.

Ballantyne's common stock is traded on the OTC Bulletin Board under the symbol "BTNE". On June 1, 2004, the last reported sale price of the common stock as quoted on the OTC Bulletin Board was $3.08 per share.

Each share of Ballantyne's common stock has one vote, and a par value of $0.01.

All expenses of the registration of securities covered by this prospectus are to be borne by BalCo.

Investing in Ballantyne's common stock involves risks. See "Risk Factors" beginning on page 7.

	Per Share	Total
Public offering price	Current Market Price	Current Market Price
Proceeds to Ballantyne, before expenses	$0.00	$0.00

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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You should rely only on the information contained in this prospectus. Ballantyne has not authorized anyone to provide you with information different from that contained in this prospectus. Offers and sales of common stock are only sought in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

The product and service names and logos used in this prospectus are service marks/trademarks or registered service marks/trademarks of Ballantyne or its affiliates. Other products, services and company names mentioned in this prospectus are the service marks/trademarks of their respective owners.

PROSPECTUS SUMMARY

In this prospectus, unless the context requires otherwise, "Ballantyne," "we," "us" and "our" refer to Ballantyne of Omaha, Inc., a Delaware corporation, and its subsidiaries. "Selling stockholders" refers collectively to BalCo Holdings, L.L.C., Mr. Dana C. Bradford, Mr. Dennis M. O'Brien and Mr. Scott A. Schmidt.

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in shares of Ballantyne's common stock. You should read this entire prospectus carefully, including "Risk Factors" and Ballantyne's financial statements and the related notes, before making an investment decision.

Ballantyne of Omaha, Inc.

Ballantyne is a leading manufacturer of commercial motion picture projection equipment and long-range follow spotlights in the U.S. Ballantyne also manufactures other specialty lighting equipment. Ballantyne's products are distributed to theatre exhibition companies, sports arenas, auditoriums, theme parks, and special venues.

During the fourth quarter of 2003, Ballantyne made the decision to phase out its restaurant equipment product line comprised of smokers, ventilation hoods and pressure fryers, which accounted for approximately $0.8 million of sales or 47% of total restaurant sales in 2003. Going forward, Ballantyne will continue to supply parts and provide service to its installed equipment customer base. Ballantyne will also continue to distribute its "Flavor Crisp" marinade and breading products, as well as support its "Chicken-On-The-Run" and "BBQ-On-The-Run" programs.

Ballantyne's broad range of motion picture projection equipment, which can fully outfit and automate a motion picture projection booth, is used by major motion picture exhibitors such as AMC Entertainment, Inc., Regal Cinemas, Inc. and Loews Cineplex. Sales are made through a network of dealers and direct orders from the exhibitors.

Ballantyne also manufactures customized motion picture projection equipment for use in special venues, such as motion simulation rides, large screen format presentations and other forms of motion picture-based entertainment requiring visual and multimedia special effects. Ballantyne helped pioneer the special venue market more than 20 years ago by working with its customers to design and build customized projection systems. Ballantyne currently licenses the large format trademarks and projection system technology of MegaSystems, Inc., a wholly-owned subsidiary of Pacific Title and Art Studio, Inc. Pursuant to an exclusive two-year license agreement expiring December 2004, Ballantyne manufactures most of MegaSystem's product line at its Omaha, Nebraska, facility and markets the projection systems worldwide. Prior to this license agreement, Ballantyne had been manufacturing the projection system portion before shipping the product to MegaSystem's St. Augustine, Florida, facility for final engineering and delivery.

Ballantyne, under the trademark Strong®, is a supplier of long-range follow spotlights which are used for both permanent and touring applications. Under the trademark Xenotech®, Ballantyne supplies high intensity searchlights and computer-based lighting systems for the motion picture production, television, live entertainment, theme park and architectural industries. Ballantyne also sells high intensity searchlights under the trademark Sky-Tracker®.

Ballantyne completed the discontinuance of its audiovisual segment on December 31, 2002 through the sale of certain assets and the entire operations. Ballantyne has restated the consolidated financial statements for all comparative years presented.

Ballantyne was originally incorporated in the state of Nebraska in 1976. In connection with its Initial Public Offering in 1995, Ballantyne reincorporated in Delaware. Ballantyne's principal executive offices and manufacturing facility are located at 4350 McKinley Street, Omaha, Nebraska, 68112, its telephone number is (402) 453-4444, and its website is "www.ballantyne-omaha.com". Information contained on the website is not a part of this prospectus.

Summary Risk Factors

You should consider the risks that Ballantyne faces in evaluating an investment in the common stock. Among these risks are:

- Ballantyne's financial results and growth depend largely on the health of the theatre exhibition industry.
- Ballantyne is substantially dependent upon significant customers who could cease purchasing its products at any time.
- Ballantyne's business is subject to the economic and political risks of selling products in foreign countries.
- The market for Ballantyne's products is highly competitive and if Ballantyne fails to invest in product development and productivity improvements, its business could be materially adversely impacted.
- Advancing technologies, such as digital cinema could materially adversely impact business.
- If Ballantyne fails to retain key members of management, its business may be materially harmed.
- Growth through acquisition is a part of Ballantyne's business plan and it may not be able to successfully identify, finance or integrate acquisitions.
- Legal liabilities associated with environmental hazards could have a material adverse affect on Ballantyne's financial results.
- Interruptions of, or higher prices of components from, certain suppliers may affect Ballantyne's results of operations and financial performance.
- Ballantyne's stock price is vulnerable to significant fluctuations.
- BalCo is a significant stockholder with sufficient ownership to exercise significant control over all of Ballantyne's corporate decisions.
- Certain anti-takeover provisions in Ballantyne's governing documents could make it more difficult for a third party to acquire Ballantyne.
- Shares eligible for future sale could materially and adversely impact the market price.

For additional information regarding risks, see "Risk Factors."

The Offering

Common stock of Ballantyne being offered by the selling stockholders in this offering	3,917,027 shares
Common stock to be outstanding after this offering:	12,833,211 shares
Use of proceeds	Ballantyne will not receive any proceeds from the sale of the common stock being offered for sale by the selling stockholders. See "Use of Proceeds."
Voting rights	Each share of common stock has one vote on all matters to be voted upon by stockholders. See "Description of Capital Stock."
Dividend policy	Ballantyne does not anticipate paying any cash dividends on its common stock in the foreseeable future. See "Market Price of the Common Stock, Dividend Policy and Related Stockholder Matters."
OTC Bulletin Board Symbol	"BTNE"

Summary Consolidated Financial Data

You should read the summary consolidated financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes included elsewhere in this prospectus. We derived the financial data as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001, from our audited consolidated financial statements included elsewhere in this prospectus. We derived the financial data as of December 31, 2001, 2000 and 1999, and for the years ended December 31, 2000 and 1999, from our audited consolidated financial statements not included in this prospectus. We derived the financial data as of March 31, 2004, and for the three months ended March 31, 2004 and 2003, from our unaudited consolidated financial statements included in our Form 10-Q for the quarter ended March 31, 2004, which is not included in this prospectus but which was filed with the Securities and Exchange Commission on May 12, 2004.

	Three Months Ended March 31, (unaudited)		Years Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
Statement of operations data(1)(2)							
Net revenue	$ 11,297	$ 7,530	$ 37,433	$ 33,785	$ 38,379	$ 43,566	$ 83,405
Gross profit	3,158	1,375	8,616	5,620	3,895	5,952	24,035
Net income (loss) from continuing operations	855	(384)	579	(2,582)	(3,376)	(3,759)	7,821
Net income (loss) per share from continuing operations							
Basic	$ 0.07	$ (0.03)	$ 0.05	$ (0.21)	$ (0.27)	$ (0.30)	$ 0.62
Diluted	$ 0.06	$ (0.03)	$ 0.04	$ (0.21)	$ (0.27)	$ (0.30)	$ 0.59

	As of March 31, 2004 (unaudited)	As of December 31,				
		2003	2002	2001	2000	1999
Balance sheet data(1)(3)						
Working capital	$ 21,556	$ 20,806	$ 19,195	$ 21,150	$ 21,637	$ 34,401
Total assets	39,730	37,235	35,009	41,698	52,690	61,415
Total debt	87	93	111	1,750	8,870	10,438
Stockholders' equity	29,947	29,089	28,391	31,972	36,009	39,863

(1) All amounts in thousands (000's) except per share data.

(2) Excludes discontinued operations.

(3) Includes discontinued operations.

RISK FACTORS

You should carefully consider the following risk factors and other information contained in this prospectus before investing in shares of Ballantyne's common stock. Investing in Ballantyne's common stock involves a high degree of risk. If any of the following risk factors actually occurs, Ballantyne's business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of Ballantyne's common stock could decline and you may lose part or all of your investment.

Ballantyne's financial results and growth depend largely on the health of the theatre exhibition industry.

During the year ended December 31, 2003, approximately 87% of Ballantyne's revenues resulted from sales to the theatre exhibition industry. From fiscal years 2000 to 2002, this industry experienced an unprecedented three-year decline as overly aggressive building of megaplexes led to increased competition, significant declines in revenues per screen and, eventually, to a lack of operating capital by exhibition companies. Several exhibition companies filed for federal bankruptcy protection. This resulted in Ballantyne's revenues from continuing operations declining from $83.4 million in fiscal 1999 to $33.8 million in fiscal 2002. However, during 2003, industry conditions began to improve and sales to the industry increased. While the health of the theatre exhibition industry is improving, there are still risks in the industry which result in continued exposure to Ballantyne. This exposure is in the form of receivables from independent dealers who resell Ballantyne's products and Ballantyne's dependence on new theatre construction and screen growth.

In many instances, Ballantyne sells theatre products through independent dealers who resell to the exhibitor. These dealers were negatively impacted by the recent downturn in the industry and, while the exhibitors are recovering, the dealer network's recovery has been slower.

Because Ballantyne's commercial motion picture projectors have an estimated useful life of approximately 20 years, Ballantyne's net sales and profitability are primarily dependent upon growth in the number of motion picture screens and the renovation and replacement of commercial motion picture projection equipment in existing theatres. For the fiscal years ended 2003, 2002 and 2001, approximately 87%, 83% and 82%, respectively, of Ballantyne's total net sales were derived from sales of its theatre segment. Although industry analysts foresee growth in the number of motion picture screens as a result of the industry turnaround, there can be no assurance that this expectation will prove accurate. In addition, growth in the number of new motion picture screens may be adversely affected by the economy as a whole and recent trends toward industry consolidation. Both of these factors may also have an adverse effect on Ballantyne's customer base. A lack of motion picture screen growth would have a material adverse effect on Ballantyne's business, financial condition and results of operations. For further details, see the following subsections in the section of this prospectus: Ballantyne's Business: "Theatre," "Theatre Exhibition Industry Overview" and "Ballantyne's Business Strategy."

Ballantyne is substantially dependent upon significant customers who could cease purchasing its products at any time.

Ballantyne's top ten customers accounted for approximately 39% of consolidated net revenues for the year ended December 31, 2003. These customers were all from the theatre segment. Trade accounts receivable from these customers represented approximately 51% of net consolidated receivables at December 31, 2003. Additionally, receivables from two customers (Vari International and NCS Corporation) each represented over 10% of net consolidated receivables at December 31, 2003. While Ballantyne believes its relationships with such customers are stable, most arrangements are made by purchase order and are terminable at will by either party. A significant decrease or interruption in business from Ballantyne's significant customers could have a material adverse effect on Ballantyne's business, financial condition and results of operations.

Ballantyne's business is subject to the economic and political risks of selling products in foreign countries.

Sales outside the United States (mainly theatre sales) continue to be significant, accounting for 39% of consolidated sales in fiscal 2003 compared to 44% in fiscal 2002. Ballantyne is seeking to expand its share of foreign sales, which it expects will continue to account for a significant portion of its revenues. Foreign sales are subject to political and economic risks, including political instability, currency controls, fluctuating exchange rates with respect to sales not denominated in U.S. dollars, changes in import/export regulations, tariffs and freight rates. To date, all of Ballantyne's foreign sales have been denominated in U.S. dollars, exclusive of sales resulting from its subsidiary in Hong Kong ($2.5 million in fiscal 2003), which are denominated in Hong Kong dollars. A weakening in the value of foreign currencies relative to the U.S. dollar could have a material adverse impact on Ballantyne by increasing the effective price of Ballantyne's products in international markets. In addition, there can be no assurance that Ballantyne's international customers will continue to accept orders denominated in U.S. dollars. To the extent that orders are denominated in foreign currencies, Ballantyne's reported sales and earnings are more directly subject to foreign exchange fluctuations. Certain areas of the world are also more cost conscious than the U.S. market and there are instances where Ballantyne's products are priced higher than local manufacturers. Ballantyne cannot assure that these factors will not adversely affect its foreign sales in the future. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Ballantyne's Business Ballantyne's Business Strategy" sections of this prospectus.

The market for Ballantyne's products is highly competitive and if Ballantyne fails to invest in product development and productivity improvements, its business could be materially adversely impacted.

The domestic and international markets for Ballantyne's product lines are highly competitive. Certain of Ballantyne's competitors for its equipment have significantly greater resources. In the theatre segment, Ballantyne is experiencing new competition in the film motion picture industry as well as from the development of new technology for alternative means of motion picture presentation. Ballantyne cannot assure that its equipment will not become obsolete as technology advances. If Ballantyne loses market share due to these issues, Ballantyne may be unable to lower its cost structure quickly enough to offset the lost revenue. To counter these risks, Ballantyne has initiated a cost reduction program, continues to streamline its manufacturing processes and is formulating a strategy to respond to the digital marketplace. Ballantyne also is focusing on a growth and diversification strategy to find alternative product lines to become less dependent on the theatre exhibition industry. However, Ballantyne cannot assure that this strategy will succeed or that it will be able to obtain adequate financing to take advantage of potential opportunities.

Advancing technologies, such as digital cinema could materially adversely impact business.

The motion picture industry remains based on the use of film technology to deliver motion picture images to the public, despite the anticipated shift to digital images (digital cinema). The widespread adoption and use of digital cinema foreseen by many has still not occurred, with a worldwide market penetration of only approximately 160 digital systems currently installed. In addition to the companies who have installed these systems, there are several other companies using various types of digital technology actively involved in attempting to bring a complete digital solution to the market.

Ballantyne believes it is in a position to participate in the digital cinema marketplace. However, Ballantyne cannot assure that it will successfully or competitively advance its technology as might be required. If Ballantyne is unable to take advantage of future digital cinema opportunities or respond to the new competitive pressures, the result could have a material adverse impact on Ballantyne's business, financial condition and operating results.

If Ballantyne fails to retain key members of management, its business may be materially harmed.

Ballantyne's success depends, in substantial part, on the efforts and abilities of its current management team. Many of these individuals have acquired specialized knowledge and skills with respect to Ballantyne and its operations. If certain of these individuals were to leave unexpectedly, Ballantyne could face difficulty in hiring qualified successors and could experience a loss in productivity while any successor obtains the necessary training and experience. See "Ballantyne's Management Employment Contracts" for further discussion.

Growth through acquisition is a part of Ballantyne's business plan and it may not be able to successfully identify, finance or integrate acquisitions.

As discussed in further detail in the "Ballantyne's Business Ballantyne's Business Strategy" section, Ballantyne's strategy is to pursue complementary strategic acquisitions both within the theatre and lighting segments and also in other markets that would fit in Ballantyne's business plans. Although Ballantyne presently has no specific acquisitions under consideration, it expects to make acquisitions in the future. However, Ballantyne cannot assure that it will be able to locate appropriate acquisition candidates, that any identified candidates will be acquired or that acquired operations will be effectively integrated or prove profitable. Additionally, Ballantyne's credit facility with First National Bank of Omaha currently prohibits Ballantyne from making acquisitions over $7 million without the bank's consent.

Legal liabilities associated with environmental hazards could have a material adverse impact on Ballantyne's financial results.

Ballantyne's operations involve the handling and use of substances that are subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the soil, air and water and establish standards for their storage and disposal. Thus, risk of environmental liabilities is inherent in Ballantyne's manufacturing activities. Health, safety and environmental considerations are a priority in Ballantyne's planning for all new and existing products. Although Ballantyne's policy is to operate its plants and facilities in a manner that protects the environment and the health and safety of its employees and the public. Ballantyne cannot assure that new claims will not arise. During 2001, Ballantyne was informed by a neighboring company of likely contaminated soil on certain parcels of land adjacent to Ballantyne's main manufacturing facility in Omaha, Nebraska. The Environmental Protection Agency and the Nebraska Health and Human Services System subsequently determined that certain parcels of Ballantyne property had various levels of contaminated soil relating to a pesticide company that formerly owned the property and which burned down in 1965. Based on discussions with the above agencies, it is likely that some degree of environmental remediation will be required since Ballantyne is a potentially responsible party due to its ownership of the property. Estimates of Ballantyne's liability are subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, the extent of collective actions and the financial condition of other potentially responsible parties, as well as the extent of their responsibility for the remediation. Ballantyne is also a party to various legal actions including certain asbestos related matters. There can be no assurance that additional environmental or legal matters will not arise in the future, that existing or future matters will not have a material adverse effect on Ballantyne. Likewise, new laws and regulations, or more stringent interpretations of existing laws or regulations may have a material adverse impact on Ballantyne's business in the form of increased compliance costs. For more details, see the "Legal Proceedings" and "Environmental Matters" subsections in the "Ballantyne's Business" section of this prospectus.

Interruptions of, or higher prices of components from, certain suppliers may affect Ballantyne's results of operations and financial performance.

Ballantyne utilizes a single contract manufacturer for each of its intermittent movement components, lenses and xenon lamps. Although Ballantyne has not, to date, experienced a significant difficulty in obtaining these components, it cannot assure that shortages will not arise in the future. The loss of any one or more of the contract manufacturers could have a short-term adverse effect on Ballantyne until alternative manufacturing arrangements are secured. Ballantyne is not dependent upon any one contract manufacturer or supplier for the balance of its raw materials and components. Ballantyne believes that there are adequate alternative sources of such raw materials and components of sufficient quantity and quality, but cannot assure that this will continue to be the case.

In addition, volatility in the price for certain raw materials and components such as steel, fuel and lenses could adversely affect Ballantyne's financial results. In particular, the strengthening of the Euro has resulted in increased costs for lens purchases from our German supplier. Based on forecasted purchases during 2004, an average 10% devaluation of the dollar compared to the Euro would cost Ballantyne $100,000.

Ballantyne's stock price is vulnerable to significant fluctuations.

The trading price of Ballantyne's common stock has been highly volatile in the past and could be subject to significant fluctuations in response to variations in quarterly operating results, general conditions in the industries in which Ballantyne operates and other factors. In addition, the stock market is subject to price and volume fluctuations affecting the market price for the stock of many companies generally, which fluctuations often are unrelated to operating performance. Ballantyne is also quoted on the Over-The-Counter Bulletin Board and, as such, daily volume of the common stock is more limited than if the common stock was traded on a listed exchange. Accordingly, the trading price is more vulnerable to significant fluctuations.

BalCo is a significant stockholder with sufficient ownership to exercise significant control over all of Ballantyne's corporate decisions.

As a result of its beneficial ownership of a 31% stake in Ballantyne's common stock, unless or until it sells the common stock in this offering, BalCo, through McCarthy Group, is in a position to exercise substantial influence over all corporate matters requiring stockholder approval, including the election of directors and merger and consolidation proposals. In addition, one member of the Board of Directors, Mr. Bradford, is an employee of McCarthy Group and is also one of the selling stockholders. See "Ballantyne's Management Board of Directors" and "Selling Stockholders" in this prospectus for further details.

Certain anti-takeover provisions in Ballantyne's governing documents could make it more difficult for a third party to acquire Ballantyne.

The Board of Directors has adopted a Stockholder Rights Plan. Under the terms of the rights plan, which expires June 9, 2010, Ballantyne declared a distribution of one right for each outstanding share of common stock. The rights become exercisable only if a person or group (other than certain exempt persons), acquires 15% or more of Ballantyne's common stock or announces a tender offer for 15% or more of Ballantyne's common stock. Under certain circumstances, the rights plan allows stockholders, other than the acquiring person or group, to purchase Ballantyne's common stock at a price that is one-half the market price.

Ballantyne's Certificate of Incorporation also provides for, among other things, the issuance of 1,000,000 shares of preferred stock, par value $0.01 per share. The Board of Directors is authorized, without stockholder approval, to cause Ballantyne to issue preferred stock in one or more series and to fix the voting powers and the designations, preferences and relative, participating, optional or other rights and restrictions of the preferred stock. Accordingly, Ballantyne may issue a series of preferred stock in the future that will have preference over the common stock with respect to the payment of dividends and upon Ballantyne's liquidation, dissolution or winding up or have voting or conversion rights that could adversely affect the voting power and ownership percentages of the holders of common stock. Ballantyne's Certificate of Incorporation also provides for the affirmative vote of at least $66^{2}/_{3}$% of all outstanding shares of capital stock entitled to vote generally in the election of directors, voting as a single class, to change certain provisions of the Certificate of Incorporation and Bylaws, and to change the authority of the Board of Directors, without further action by stockholders, to cause Ballantyne to issue shares of preferred stock. Ballantyne's Certificate of Incorporation further provides for the division of the Board into three classes. One class of directors is elected at each annual meeting of stockholders for three-year terms. Ballantyne's Bylaws contain certain advance notice requirements relating to stockholder proposals and stockholder nomination of directors. These provisions may have the effect of making it more difficult or discouraging transactions that could give stockholders of Ballantyne the opportunity to realize a premium over the then prevailing market price for their shares of common stock. For further details see "Description of Capital Stock Preferred Stock" and "Certain Provisions of Ballantyne's Certificate of Incorporation and Bylaws" in this prospectus.

Shares eligible for future sale could have a possible adverse effect on the market price.

Future sales of common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of the common stock or Ballantyne's ability to raise additional capital through sales of its equity securities. As of the date of this prospectus, all the shares owned by selling stockholders are immediately eligible for resale in the public market without restriction.

As of April 30, 2004, Ballantyne has: i) 3,917,027 shares owned by the selling stockholders, ii) 8,916,184 shares owned by all other stockholders, iii) 3,339,415 shares of common stock reserved for issuance under stock option plans and contracts, of which 1,516,192 shares are issuable pursuant to currently outstanding options, and 393,729 shares of common stock are reserved for issuance pursuant to Ballantyne's employee stock purchase plan. Of the shares outstanding as of the date of this prospectus, subject to outstanding options and reserved for issuance under the employee stock purchase plan, 14,054,570 shares are immediately eligible for resale in the public market without restriction, subject to the applicable provisions of Rule 144 under the Securities Act.

Ballantyne is unable to predict the effect that the sales of these shares, including the shares owned by the selling stockholders, may have on the prevailing market price of the common stock.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements based on Ballantyne's current expectations, assumptions, estimates and projections about its business and its industry that involve risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "intend," "potential" or the negative of such terms or other similar expressions. Given these risks and uncertainties, you should not place undue reliance on the forward-looking statements. Ballantyne undertakes no obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, unless Ballantyne has an obligation to do so under the federal securities laws.

USE OF PROCEEDS

Since all of the shares being offered in this prospectus are owned by the selling stockholders, Ballantyne will not realize any proceeds from the sales of the shares.

MARKET PRICE OF THE COMMON STOCK
DIVIDEND POLICY AND RELATED STOCKHOLDER MATTERS

Market Price of the Common Stock

Ballantyne's common stock is listed and traded on the OTC Bulletin Board under the symbol "BTNE". The following table sets forth the high and low per share sale price for the common stock as reported by the OTC Bulletin Board.

		High	Low
2004	First Quarter	$ 3.12	$ 2.46
	Second Quarter (through April 30, 2004)	3.07	2.48
2003	First Quarter	$ 0.87	$ 0.61
	Second Quarter	1.35	0.80
	Third Quarter	1.83	1.25
	Fourth Quarter	2.95	1.70
2002	First Quarter	$ 0.84	$ 0.53
	Second Quarter	1.00	0.61
	Third Quarter	0.90	0.44
	Fourth Quarter	0.76	0.44
2001	First Quarter	$ 0.81	$ 0.36
	Second Quarter	0.90	0.30
	Third Quarter	0.90	0.42
	Fourth Quarter	0.65	0.42

On April 30, 2004, the last reported per share sale price for the common stock was $2.99. On April 30, 2004, there were approximately 241 holders of record of Ballantyne's common stock and an estimated 2,638 owners of Ballantyne's common stock held in the name of nominees. On April 30, 2004, Ballantyne had 12,833,211 shares of common stock outstanding. As a result of trading on the OTC Bulletin Board, the trading market and prices for Ballantyne's common stock may be adversely affected.

Ballantyne did not make any unregistered sales of common stock during the first quarter of 2004.

Dividend Policy

Ballantyne intends to retain its earnings to assist in financing its business and does not anticipate paying cash dividends on its common stock in the foreseeable future. The declaration and payment of dividends by Ballantyne are also subject to the discretion of the Board of Directors, and Ballantyne's credit facility contains certain prohibitions on the payment of cash dividends. Any determination by the Board of Directors as to the payment of dividends in the future will depend upon, among other things, business conditions and Ballantyne's financial condition and capital requirements, as well as any other factors deemed relevant by the Board.

Equity Compensation Plan Information

The following table sets forth information regarding Ballantyne's Stock Option Plans and Contractual Stock Option Agreements as of December 31, 2003.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,177,400	$ 2.99	731,566(1)
Equity compensation plans not approved by security holders	435,204	$ 1.21	1,111,657(2)
Total	1,612,604	$ 2.51	1,843,223

(1) Includes 393,729 securities for the 2000 Stock Purchase Plan and 337,837 securities for the 1995 Employee Stock Option Plan.

(2) All securities relate to the 1995 Non-Employee Directors, Non-Incentive Stock Option Plan and the 2001 Non-Employee Director's Stock Option Plan.

CAPITALIZATION

The following table sets forth Ballantyne's capitalization as of March 31, 2004:

		As of March 31, 2004
		(unaudited)
Cash and cash equivalents	$	11,536,271
Long-term debt	$	86,647
Stockholders' equity:		
Preferred stock, par value $.01 per share; Authorized 1,000,000 shares, none outstanding		
Common stock, par value $.01 per share; Authorized 25,000,000 shares; issued 14,821,604 shares		148,216
Additional paid-in capital		31,894,080
Retained earnings		13,219,762
Less 2,097,805 common shares in treasury, at cost		(15,315,454)
Total stockholders' equity		29,946,604
Total capitalization	$	30,033,251

The number of shares of common stock to be outstanding after this offering is based on 12,723,799 shares outstanding as of March 31, 2004 and excludes:

1,475,604 shares of common stock underlying outstanding stock options issued under our stock option plans.

150,000 shares of common stock underlying outstanding stock options issued outside of our stock option plans.

1,429,494 shares available for future issuance as of March 31, 2004 under our stock option plans.

393,729 shares available for future issuance as of March 31, 2004 under our employee stock purchase plan.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the selected financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Ballantyne derived the financial data as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001, from its audited consolidated financial statements included elsewhere in this prospectus. Ballantyne derived the financial data as of December 31, 2001, 2000 and 1999, and for the years ended December 31, 2000 and 1999, from its audited consolidated financial statements not included in this prospectus. Ballantyne derived the financial data as of March 31, 2004, and for the periods ended March 31, 2004 and 2003, from unaudited consolidated financial statements included in its Form 10-Q not included in this prospectus but which was filed with the Securities & Exchange Commission on May 12, 2004.

	Three Months Ended March 31,		Years Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(unaudited)						
Statement of Income Data(1)							
Net sales	$ 11,297	$ 7,530	$ 37,433	$ 33,785	$ 38,379	$ 43,566	$ 83,405
Cost of sales	8,139	6,155	28,817	28,165	34,484	37,614	59,370
Gross profit	3,158	1,375	8,616	5,620	3,895	5,952	24,035
Selling, general and administrative	1,775	1,906	7,639	7,604	8,119	10,832	11,303
Operating income (expense)	1,383	(531)	977	(1,984)	(4,224)	(4,880)	12,732
Net interest income (loss)	1	10	48	(51)	(304)	(935)	(838)
Other income (expense)	(40)	139	50	281	(493)	(113)	(1)
Income (loss) from continuing operations before income taxes	1,344	(382)	1,075	(1,754)	(5,021)	(5,928)	11,893
Income tax benefit (expense)	(489)	(2)	(496)	(828)	1,645	2,169	(4,072)
Income (loss) from continuing operations	855	(384)	579	(2,582)	(3,376)	(3,759)	7,821
Loss from discontinued operations(2)				(1,023)	(677)	(167)	(62)
Net income (loss)	$ 855	$ (384)	$ 579	$ (3,605)	$ (4,053)	$ (3,926)	$ 7,759
Basic net income (loss) per share:							
Net income (loss) per share from continuing operations	$ 0.07	$ (0.03)	$ 0.05	$ (0.21)	$ (0.27)	$ (0.30)	$ 0.62
Net income (loss) per share from discontinued operations				(0.08)	(0.05)	(0.01)	
Basic net income (loss) per share	$ 0.07	$ (0.03)	$ 0.05	$ (0.29)	$ (0.32)	$ (0.31)	$ 0.62