

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1996-12-30** | Period of Report: **1996-12-02**
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FILER

ADVANTAGE MEDIA GROUP INC /OK

CIK: **874292** | IRS No.: **731351610** | State of Incorpor.: **OK** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-10799** | Film No.: **96687947**
SIC: **5040** Professional & commercial equipment & supplies

Mailing Address

*5100 EAST SKELLY DRIVE
MERIDIAN TOWER SUITE
1080
TULSA OK 74135*

Business Address

*5100 E SKELLY DR
MERIDIAN TOWER SUITE
1080
TULSA OK 74135-6552
9186658414*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): December 2, 1996

ADVANTAGE MEDIA GROUP, INC.
(Exact name of Registrant as specified in its charter)

Oklahoma ----- (State or other jurisdiction of incorporation)	1-10799 ----- (Commission File Number)	73-1351610 ----- (I.R.S. Employer Identification No.)
---	---	--

5100 East Skelly Drive
Meridian Tower, Suite 2800
Tulsa, Oklahoma 74135
(918) 665-8414

(Address, including Zip Code, and telephone number,
including area code, of Registrant's principal executive offices)

ITEM 5 Other Events.

On December 2, 1996 (the "Redemption Date"), ADDvantage Media Group, Inc. (the "Company") completed its redemption of the Company's 600,000 outstanding Common Stock Purchase Warrants (the "Warrants"). Each Warrant entitled the holder thereof to purchase one share of the Company's Common Stock at a price of \$4.00 per share. A total of 582,907 Warrants were exercised prior to the Redemption Date, resulting in gross proceeds to the Company of \$2,331,628 and the issuance of 582,907 shares of the Company's Common Stock. Set forth below are certain

unaudited financial statements of the Company as of and for the eleven-month period ending November 30, 1996, which give effect to the exercise and redemption of the Warrants.

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ADVANTAGE MEDIA GROUP, INC.

BALANCE SHEET

(UNAUDITED)

<TABLE>
<CAPTION>

	November 30, 1996

<S>	<C>
ASSETS	
Current assets:	
Cash	\$ 925,143
Accounts receivable	143,191
Warrant proceeds receivable	2,310,628
Deferred income taxes	2,197,219
Other current assets	43,753

Total current assets	5,619,934
Property and equipment, at cost:	
Calculators	2,086,692
Office and production equipment	467,356
Furniture and fixtures	79,609

	2,633,657
Accumulated depreciation	433,473

	2,200,184
Deferred income taxes	799,806
Patent, net of accumulated amortization of \$528,781 at November 30, 1996	379,329
Deferred charges	36,827

Total assets	\$9,036,080
	=====

</TABLE>

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ADVANTAGE MEDIA GROUP, INC.

BALANCE SHEET

(UNAUDITED)

<TABLE>
<CAPTION>

	November 30,
	1996

<S>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Notes payable to shareholders and directors	\$ 39,614
Current portion of long-term debt	3,406,656
Accounts payable	644,693
Accrued interest	213,185
Other accrued liabilities	895,219
Accrued preferred stock dividends	425,133
Unearned advertising revenue	31,147

Total current liabilities	5,655,647

Long-term obligations 662,735

Stockholders' equity:

Preferred stock, \$1.00 par value, 1,000,000
shares authorized; Series A preferred stock,
227,750 shares issued and outstanding at
November 30, 1996; liquidation preference,
\$911,000 760,260

Common stock, \$0.01 par value, 10,000,000 shares
authorized, 5,721,039 issued and outstanding
at November 30, 1996 57,211

Capital in excess of par value 8,762,396

Accumulated deficit (6,862,169)

Total stockholders' equity 2,717,698

Total liabilities and stockholders' equity \$ 9,036,080

</TABLE>

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ADVANTAGE MEDIA GROUP, INC.

STATEMENT OF OPERATIONS

(UNAUDITED)

<TABLE>

<CAPTION>

	Eleven Months Ended November 30, 1996

<S>	<C>
Revenues:	
Advertising	\$6,035,948
Sales of calculators	20,633
Other	6,523

	6,063,104
Costs and expenses:	
Cost of advertising services	1,710,334
Cost of sales of calculators	10,484
Selling expenses	191,943

General and administrative expenses	1,274,362	-----
	3,187,123	-----
Operating income	2,875,981	
Interest expense	473,635	-----
Income before provision for income taxes	2,402,346	
Provision for income taxes	912,975	-----
Net income	1,489,371	
Preferred stock dividends	(93,329)	-----
Net income applicable to common stock	\$1,396,042	=====
Net income per common share:		
Primary	\$.25	=====
Fully diluted	\$.23	=====

</TABLE>

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ADVANTAGE MEDIA GROUP, INC.

STATEMENT OF CASH FLOWS

(UNAUDITED)

<TABLE>

<CAPTION>

Eleven Months
Ended
November 30, 1996

<S> <C>

OPERATING ACTIVITIES

Net income	\$ 1,489,371
Adjustments to reconcile net income to net cash provided by operating activities:	

Depreciation and amortization	312,373
Deferred income taxes	912,975
Amortization of discount on shareholders' notes and long-term obligation	48,022
Deferred retirement plan obligation	99,950
Changes in operating assets and liabilities:	
Accounts receivable	(136,266)
Other current assets	(35,239)
Deferred charges	(24,763)
Accounts payable	85,945
Accrued interest	(22,269)
Other accrued liabilities	(29,704)
Unearned advertising revenue	31,148

Net cash provided by operating activities	2,731,143
INVESTING ACTIVITIES	
Purchases of property and equipment	(1,605,594)

Net cash used in investing activities	(1,605,594)

</TABLE>

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ADVANTAGE MEDIA GROUP, INC.

STATEMENT OF CASH FLOWS (Continued)

(UNAUDITED)

<TABLE>

<CAPTION>

Eleven Months
Ended
November 30, 1996

<S>

<C>

FINANCING ACTIVITIES

Proceeds from issuance of bank notes	\$ 180,032
Exercise of underwriter warrants	432,000
Exercise of stock options	4,312
Payment on bank notes	(700,000)
Payment on shareholders and directors notes	(137,194)

Net cash used in financing activities	(220,850)

Increase in cash	904,699
Cash, beginning of period	20,444

Cash, end of period	\$ 925,143
	=====
Supplemental disclosures of cash information:	
Interest paid	\$ 394,710
	=====

</TABLE>

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NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, the information furnished reflects all adjustments, consisting only of normal recurring adjustments which are, in the opinion of management, necessary in order to make the financial statements not misleading.

NOTE 2 - DESCRIPTION OF BUSINESS

The Company markets and sells in-store advertising to national advertisers. The advertising is positioned on the Company's solar powered calculators attached to the handles of mass merchants' shopping carts. The calculators are patented and registered under the trademark "Shoppers Calculators." The Company also sells Shoppers Calculators(R) to third parties, including independent retailers and international licensees.

The Company entered into separate agreements with Wal-Mart Stores, Inc. ("Wal-Mart") in July 1993 and June 1994 which provided for the installation of the Company's calculators in certain Wal-Mart stores. These contracts were never implemented, and in January 1995, the Company filed a suit against Wal-Mart for the alleged breach of the terms of those contracts. On September 1, 1995, the Company and Wal-Mart entered into a new contract in settlement of the lawsuit.

Under the terms of a new four-year contract, the Company will install and maintain Shoppers Calculators(R) in all of Wal-Mart's Supercenters in the continental United States and Wal-Mart is responsible for selling the advertising for the calculators during the initial phase of the contract. During the term of the contract in which Wal-Mart is responsible for selling the advertising, Wal-Mart has agreed to guarantee advertising revenues to the Company in excess of \$23.5 million, subject to the Company's obligation to install and service the Shoppers Calculators(R) during the revenue guaranty period. After the Company has received payment of the total guaranteed advertising revenues, the Company has the option to continue the contract and assume the advertising sales responsibilities for the program. If the Company elects to continue the contract, the program will then continue on this basis for a fixed period of time, and upon conclusion of the term of the contract, the program will be subject to re-evaluation by both parties. Through November 30, 1996, cumulative advertising revenues have totaled \$6,165,653, reducing the guaranteed advertising revenues to be received in future periods to \$17,328,877.

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Certain terms of the contract were determined based on the following assumed schedule with respect to the number of Supercenter stores to be participating in the Company's program. The following table sets forth the assumed schedule of Supercenter installations pursuant to the Wal-Mart contract's operating plan and the actual installations in Supercenters to date.

<TABLE>

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Year	Stores to be Added	Shopping Carts to be Added	Stores Installed	Shopping Carts Installed
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1995	33	39,600	41	31,925
1996	200	240,000	286	229,757/(1)/
1997	100	120,000	N/A	N/A
1998	100	120,000	N/A	N/A
	433	519,600		

</TABLE>

/(1)/ Through November 30, 1996. The Company currently has completed its installation program for 1996.

In July 1996, the chief executive officer of Wal-Mart expressed concern over certain aspects of the current Wal-Mart contract. Since that time, the Company and Wal-Mart have maintained communications in an effort to address the concerns

while continuing the installation of the Company's Shoppers Calculator(R) program in the Supercenter stores under the terms of such contract. The Company and Wal-Mart are currently negotiating an amendment to the existing contract and Wal-Mart recently issued a press release stating that it remained committed to honoring its contractual obligations to the Company.

The cost of Shoppers Calculator components and installation hardware not yet installed was \$101,991 at November 30, 1996, and is included in the balance sheet under property and equipment.

On November 22, 1996, the Company completed the redemption of its 600,000 outstanding Common Stock Purchase Warrants that were set to expire on December 31, 1996. A total of 582,907 Warrants, or 97%, were exercised with gross proceeds aggregating \$2,331,628. This amount, net of commissions and offering expenses of approximately \$260,000 is committed to repayment of the Company's bank debt. A payment of \$2,000,000 was made to the bank on December 6, 1996.

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ITEM 7 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
-----	-----
27.....	Financial Data Schedule

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADVANTAGE MEDIA GROUP, INC.

December 30, 1996

By: /s/ CHARLES H. HOOD

Charles H. Hood
President

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EXHIBIT INDEX

Exhibit Number	Description
-----	-----
27.....	Financial Data Schedule

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