# FORM 10QSB/A

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d) [amend]

Filing Date: **1996-12-30** | Period of Report: **1996-06-30**
**SEC Accession No.** 0000910117-96-000127

(HTML Version on secdatabase.com)

## FILER

**PHOENIX GOLD INTERNATIONAL INC**

CIK:**943032**| IRS No.: **931066325** | State of Incorp.:**OR** | Fiscal Year End: **0924**
Type: **10QSB/A** | Act: **34** | File No.: **000-25866** | Film No.: **96687665**
SIC: **3651** Household audio & video equipment

Mailing Address
*9300 N DECATUR STREET*
*PORTLAND OR 97203*

Business Address
*9300 NORTH DECATUR ST*
*PORTLAND OR 97203*
*5032882008*

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

FORM 10-QSB/A
Amendment No. 1

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1996

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to __________________

Commission File No. 0-25866

PHOENIX GOLD INTERNATIONAL, INC.
(Exact name of small business issuer as specified in its charter)

| | |
|---|---|
| Oregon | 93-1066325 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. employer identification number) |
| 9300 North Decatur Street<br>Portland, Oregon | 97203 |
| (Address of principal executive offices) | (Zip code) |

(503) 288-2008
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 [X] NO [ ]

As of July 15, 1996, there were issued and outstanding 3,454,605 shares of the Company's Common Stock.

Transitional Small Business Disclosure Format (check one): YES [ ] NO [X]

PHOENIX GOLD INTERNATIONAL, INC.
Form 10-QSB/A for the Quarter Ended June 30, 1996

INDEX



PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PHOENIX GOLD INTERNATIONAL, INC.
BALANCE SHEETS

ASSETS

| | June 30, 1996 | September 30, 1995 |
|---|---|---|
| | (Unaudited) (As restated, see Note 6) | (Audited) |

| | | |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 2,250 | $ 2,101,563 |
| Accounts receivable, net | 5,919,431 | 3,825,473 |
| Inventories | 9,993,187 | 4,482,442 |
| Prepaid expenses | 595,171 | 328,047 |
| Deferred taxes | 53,614 | 53,614 |
| Total current assets | 16,563,653 | 10,791,139 |
| Property and equipment, net | 3,943,159 | 3,363,600 |
| Goodwill, net | 306,714 | 201,396 |
| Other assets | 431,851 | 153,114 |
| Total assets | $ 21,245,377 | $ 14,509,249 |

LIABILITIES & SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| Current liabilities: | | |
| Accounts payable | $ 3,508,669 | $ 1,322,083 |
| Notes payable | 4,579,930 | - |
| Accrued expenses | 599,235 | 533,989 |
| Current portion of long-term debt and capital lease obligations | 122,100 | 113,800 |
| Total current liabilities | 8,809,934 | 1,969,872 |
| Long-term obligations, net of current portion | 193,540 | 286,189 |
| Deferred taxes | 217,970 | 240,000 |
| Shareholders' equity: | | |
| Preferred Stock; 5,000,000 shares authorized; none outstanding | - | - |
| Common stock, no par value; 20,000,000 shares authorized; 3,454,605 and 3,445,000 shares outstanding at June 30, 1996 and September 30, 1995, respectively | 7,477,939 | 7,432,987 |
| Retained earnings | 4,545,994 | 4,580,201 |
| Total shareholders' equity | 12,023,933 | 12,013,188 |
| Total liabilities and shareholders' equity | $ 21,245,377 | $ 14,509,249 |

See Notes to Financial Statements

PHOENIX GOLD INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS
(unaudited)

| | Three Months Ended June 30, 1996 (As restated, see Note 6) | Three Months Ended June 30, 1995 | Nine Months Ended June 30, 1996 (As restated, see Note 6) | Nine Months Ended June 30, 1995 |
|---|---|---|---|---|
| Net sales | $ 7,461,921 | $ 6,254,745 | $19,348,725 | $14,640,128 |
| Cost of sales | 5,092,831 | 3,949,959 | 13,769,299 | 9,349,832 |
| Gross profit | 2,369,090 | 2,304,786 | 5,579,426 | 5,290,296 |
| Operating expenses: | | | | |
| Selling | 1,082,590 | 641,932 | 2,411,069 | 1,632,261 |
| General and administrative | 815,562 | 494,142 | 3,131,147 | 1,270,738 |
| Total operating expenses | 1,898,152 | 1,136,074 | 5,542,216 | 2,902,999 |
| Income from operations | 470,938 | 1,168,712 | 37,210 | 2,387,297 |
| Other income (expense): | | | | |
| Interest expense | (72,829) | (74,722) | (112,945) | (290,872) |
| Other income, net | - | 10,805 | 19,495 | 6,168 |
| Total other expense | (72,829) | (63,917) | (93,450) | (284,704) |
| Earnings (loss) before taxes | 398,109 | 1,104,795 | (56,240) | 2,102,593 |
| Income tax expense (benefit) | 152,882 | 426,120 | (22,033) | 829,535 |
| Net earnings (loss) | $ 245,227 | $ 678,675 | $ (34,207) | $ 1,273,058 |
| Net earnings (loss) per share | $0.07 | $0.23 | $(0.00) | $0.51 |

Shares used in per share

| | | | | |
|---|---|---|---|---|
| calculation | 3,641,755 | 2,969,456 | 3,447,237 | 2,509,713 |
| | =========== | =========== | =========== | =========== |

See Notes to Financial Statements

PHOENIX GOLD INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

| | Nine Months Ended June 30, | |
|---|---|---|
| | 1996 | 1995 |
| | (As restated, see Note 6) | |
| Cash flows from operating activities: | | |
| Net earnings (loss) | $ (34,207) | $ 1,273,058 |
| Adjustments to reconcile net earnings (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 601,085 | 424,612 |
| Loss on sale of equipment | - | 4,491 |
| Deferred taxes | (22,030) | 9,081 |
| In-process research and development expenses | 1,120,500 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,093,958) | (1,171,044) |
| Inventories | (4,730,643) | (501,629) |
| Prepaid expenses | (267,124) | (207,140) |
| Other assets | (187,051) | - |
| Accounts payable | 2,186,586 | (867,162) |
| Accrued expenses | 65,242 | (1,392) |
| Net cash used in operating activities | (3,361,600) | (1,037,125) |
| Cash flows from investing activities: | | |
| Capital expenditures, net | (1,135,626) | (1,321,620) |
| Acquisition of Carver Professional Sound division | (1,792,616) | - |
| Net cash used in investing activities | (2,928,242) | (1,321,620) |
| Cash flows from financing activities: | | |
| Proceeds from long-term obligations | - | 2,092,563 |
| Repayment of long-term obligations | (84,350) | (3,753,780) |

| | | |
|---|---|---|
| Notes payable, net | 4,229,930 | (1,885,762) |
| Common stock issued | 44,949 | - |
| Proceeds from notes payable to shareholders | - | 22,865 |
| Repayments of notes payable to shareholders | - | (122,865) |
| Proceeds from initial public offering | - | 7,770,436 |
| Net cash provided by financing activities | 4,190,529 | 4,123,457 |
| Increase (decrease) in cash | (2,099,313) | 1,764,712 |
| Cash and cash equivalents, beginning of period | 2,101,563 | 18,038 |
| Cash and cash equivalents, end of period | $ 2,250 | $ 1,782,750 |
| Supplemental disclosures: | | |
| Cash paid during the period for interest | $ 111,488 | $ 310,855 |
| Cash paid during the period for income taxes | $ 101,800 | $ 1,003,000 |
| Note payable incurred via acquisition of Carver Professional | $ 350,000 | $ - |
| Acquisition of equipment via accounts payable | $ - | $ 80,405 |
| Initial public offering expenses financed via accounts payable | $ - | $ 535,003 |

See Notes to Financial Statements

PHOENIX GOLD INTERNATIONAL, INC.
Notes to Financial Statements
(Unaudited)

(1) Unaudited financial statements

Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted from these unaudited financial statements. These unaudited financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 24, 1995 filed with the Securities and Exchange Commission. The results of operations for the three and nine-month periods ended June 30, 1996 are not necessarily indicative of the operating results for the full year. In the opinion of management, all adjustments have been made to present fairly the Company's financial position at June 30, 1996 and the results of its operations and its cash flows for the three and nine-month periods ended June 30, 1996 and 1995.

(2) Reporting periods

The Company's fiscal year is the 52-week or 53-week period ending the last Sunday in September. Fiscal 1995 was a 52-week year and fiscal 1996 is a 53-week year. For presentation convenience, the Company has indicated in these financial statements that its fiscal year ends on September 30. The first quarter of fiscal 1995 was a 13-week period and the same quarter in fiscal 1996 was a 14-week period. The remaining quarters in fiscal years 1995 and 1996 are 13-week quarters.

PHOENIX GOLD INTERNATIONAL, INC.
Notes to Financial Statements
(Unaudited)

(3) Inventories

Inventories are stated at the lower of average cost or market and consist of the following:

| | June 30, 1996 | September 30, 1995 |
|---|---|---|
| Raw materials | $ 4,674,198 | $ 1,161,666 |
| Work-in-process | 1,604,979 | 346,055 |
| Finished goods | 3,542,139 | 2,874,923 |
| Supplies | 171,871 | 99,798 |
| Total inventories, net | $ 9,993,187 | $ 4,482,442 |

(4) Property and equipment

Property and equipment consist of the following:

| | June 30, 1996 | September 30, 1995 |
|---|---|---|
| Machinery, equipment and vehicles | $ 3,678,738 | $ 3,020,056 |
| Leasehold improvements | 1,424,596 | 1,324,350 |
| Construction in progress | 432,019 | 55,315 |

| | | |
|---|---|---|
| | 5,535,353 | 4,399,721 |
| Less accumulated depreciation and amortization | (1,592,194) | (1,036,121) |
| Total property and equipment, net | $ 3,943,159 | $ 3,363,600 |

(5) Subsequent Events

On July 11, 1996, the Company announced that it has hired Kurt W. Ruttum to serve as Vice President and General Counsel. Mr. Ruttum will join Phoenix Gold on October 1, 1996. Mr. Ruttum is a partner at the Portland, Oregon law firm of Tonkon, Torp, Galen, Marmaduke and Booth. He joined that firm in 1986 and became a partner in 1993. His practice has emphasized corporate finance, securities and general corporate counseling. Mr. Ruttum received a B. A. degree in economics from the University of Colorado and his J.D. degree from the University of Chicago Law School.

6) Restatement

Subsequent to the issuance of the financial statements for the nine months ended June 30, 1996, and based upon a subsequent independent valuation related to the Company's acquisition of the professional sound division of Carver Corporation, management determined that the allocation of the purchase price among the acquired assets should be revised. Accordingly, these unaudited financial statements have been restated to reflect a one-time charge related to in-process research and development costs associated with that purchase and an increase in the acquired costs and related cost of sales of certain finished goods purchased from Carver Corporation in that transaction. The effects of the restatement are as follows:

As of June 30, 1996:

| | As Previously Reported | As Restated |
|---|---|---|
| Current assets | $16,584,343 | $16,563,653 |
| Noncurrent assets | 6,024,916 | 4,681,724 |
| Current liabilities | 9,103,750 | 8,809,934 |
| Total liabilities | 9,806,215 | 9,221,444 |
| Retained earnings | 5,325,105 | 4,545,994 |

For the three months ended June 30, 1996:

| | As Previously Reported | As Restated |
|---|---|---|

| | | |
|---|---|---|
| Net income | $ 185,384 | $ 245,227 |
| Net income per share | $ 0.05 | $ 0.07 |
| Shares used in per share calculation | 3,641,755 | 3,641,755 |

For the nine months ended
June 30, 1996:

| | As Previously Reported | As Restated |
|---|---|---|
| Net income (loss) | $ 744,900 | $ ( 34,207) |
| Net income (loss) per share | $ 0.20 | $ (0.01) |
| Shares used in per share calculation | 3,638,279 | 3,447,237* |

--------------------

* Share equivalents are anti-dilutive and excluded from calculation.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis or Plan of Operation

RESULTS OF OPERATIONS

Net sales increased $1.21 million, or 19.3%, to $7.46 million for the three months ended June 30, 1996, compared to $6.25 million for the three months ended June 30, 1995. Sales of electronics products in the quarter ended June 30, 1996 increased 31.4% from the quarter ended June 30, 1995. Sales of speakers and accessories increased 17.1% and .5%, respectively, in the third quarter of fiscal 1996 compared to the same fiscal 1995 quarter. Net sales increased $4.71 million, or 32.2%, to $19.35 million for the nine months ended June 30, 1996, compared to $14.64 million for the nine months ended June 30, 1995. Sales of electronics products, speakers and accessories increased 50.5%, 22.9% and 7.4%, respectively, in the first nine months of fiscal 1996 compared to the same fiscal 1995 period. The increases in net sales for the three and nine month periods were principally due to the commencement in December 1995 of sales of the Company's new professional sound products.

International sales increased 4.2% to $2.90 million for the three months ended June 30, 1996, from $2.78 million in the comparable 1995 period. International sales increased 30.7% to $7.87 million for the nine months ended June 30, 1996, from $6.02 million in the comparable 1995 period. International sales represented 38.8% and 44.5% of net sales for the three months ended June 30, 1996 and 1995, respectively. International sales represented 40.7% and 41.1% of net sales for the nine months ended June 30, 1996 and 1995, respectively.

Gross profit decreased to 31.7% of net sales for the three months ended June 30, 1996 from 36.8% in the comparable fiscal 1995 period. Gross profit decreased to 28.8% of net sales for the nine months ended June 30, 1996 from 36.1% in the comparable fiscal 1995 period. The decrease in gross profit for the three and nine months ended June 30, 1996 was primarily due to changes in the product sales mix, which included sales of lower margin professional sound products acquired from Carver Corporation in November 1995 and start-up costs associated with manufacturing new products.

During the three and nine months ended June 30, 1996, sales of the Company's car audio electronics and accessories decreased as a percentage of total sales compared to the same fiscal 1995 periods. These decreases in percentages were the result of sales of the Company's new professional sound products.

During the three and nine months ended June 30, 1996, the Company was unable to obtain adequate supplies of components from third-party vendors for its Cyclone and XMAX speaker lines. As a result, speaker sales, and overall gross margins, were less than the Company anticipated. Speakers generally carry higher gross margins than electronics products.

Operating expenses consist of selling, general and administrative expenses. Total operating expenses increased $762,000, or 67.1% to $1.90 million for the three months ended June 30, 1996 compared to $1.14 million for the three months ended June 30, 1995. Operating expenses were 25.4% and 18.2% of net sales in the respective three-month periods. Operating expenses increased $2.64 million, or 90.9%, to $5.54 million for the nine months ended June 30, 1996 compared to $2.90 million for the nine months ended June 30, 1995. Operating expenses were 28.6% and 19.8% of net sales in the respective nine-month periods.

Selling expenses increased $441,000, or 68.6%, to $1.08 million for the three months ended June 30, 1996 compared to $642,000 for the comparable fiscal 1995 period. Selling expenses were 14.5% and 10.3% of net sales in the respective three-month periods. Selling expenses increased $779,000, or 47.7%, to $2.41 million for the nine months ended June 30, 1996 compared to $1.63 million for the comparable fiscal 1995 period. Selling expenses were 12.5% and 11.1% of net sales in the respective nine-month periods. The increased selling expenses in dollar amount for the three and nine months ended June 30, 1996 were principally due to increased marketing and advertising programs and related expenses to support sales of existing and newly introduced products and personnel related expenses.

General and administrative expenses increased $321,000, or 65.0%, to $816,000 for the three months ended June 30, 1996, compared to $494,000 for the comparable fiscal 1995 period principally due to increased bad debt expenses, increased research and development costs and higher legal, accounting and investor relations expenses. General and administrative expenses were 10.9% and 7.9% of net sales in the respective three-month periods. General and administrative expenses increased $1.86 million, or 146.5%, to $3.13 million for the nine months ended June 30, 1996 compared to $1.27 million for the comparable fiscal 1995 period principally due to a one-time charge of $1.12 million related to in-process research and development costs associated with the purchase of certain assets of the professional sound division of Carver Corporation in November 1995, and the foregoing factors. General and administrative expenses were 16.2% and 8.7% of net sales in the respective nine-month periods.

Other expenses, net of other income, increased $9,000, or 13.9%, to $73,000 for the three months ended June 30, 1996 compared to $64,000 for the comparable fiscal 1995 period. The change was due to increased interest expense on borrowings and reduced interest income from investment of initial public offering proceeds during the three-month period in fiscal 1996.

Other expenses, net of other income, decreased $192,000, or 67.2% to $93,000 for the nine months ended June 30, 1996 compared to $285,000 for the comparable fiscal 1995 period. The change was due to reduced interest expense on borrowings and interest income from investment of initial public offering proceeds.

Net earnings were $245,000, or $.07 per share, for the three months ended June 30, 1996 compared to $679,000, or $.23 per share, for the comparable prior period in fiscal 1995. Net earnings were 3.3% and 10.9% of net sales in the respective three-month periods. Net loss was $34,000, or $.01 per share, for the nine months ended June 30, 1996 compared to net earnings of $1.27 million, or $.51 per share, for the comparable fiscal 1995 period. The weighted average number of shares increased in the three and nine-month periods in fiscal 1996 due to the initial public offering of the Company's Common Stock in May 1995.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's primary needs for funds are for working capital and, to a lesser extent, for capital expenditures. The Company financed its operations during the nine months ended June 30, 1996 principally from proceeds from short-term borrowings. In May 1996, the Company negotiated with its lender an increase of $2.0 million in its operating line of credit. As of June 30, 1996, the Company had a $6.0 million revolving bank operating line of credit expiring on December 31, 1996. There was $4.23 million outstanding on the line at June 30, 1996, and the Company was eligible to borrow an additional $1.16 million under such line on that date. Interest on borrowings is equal to the bank's prime lending rate (8.25% at June 30, 1996) for the first $4.0 million in borrowings and an additional .25% for borrowings above $4.0 million. Borrowings under the line of credit are secured by substantially all of the Company's assets. Net cash used in operating activities was $3.36 million for the nine months ended June 30, 1996. Cash and cash equivalents decreased $2.1 million and working capital decreased $1.07 million during the nine months ended June 30, 1996, primarily due to increased short-term borrowings and cash used for the acquisition of the Carver Professional Sound division in November 1995.

Accounts receivable increased $2.09 million during the nine months ended June 30, 1996, principally due to increased sales volume during the latter part of the third quarter ended June 30, 1996.

Inventories increased $5.51 million, or 123.0%, to $9.99 million during the nine months ended June 30, 1996. This increase is due primarily to the acquisition of raw material components necessary for the manufacture of the Company's new professional sound products, its newly introduced car audio electronics and Cyclone speaker products.

A significant quantity of these raw materials was purchased from Carver Corporation and its outside vendors in order to support production of professional sound products while the Company establishes alternative sources for all parts, many of which have long lead-times for procurement. The remaining increases in inventory were due to higher levels of work-in-process and other finished goods. Increases in inventory were partially funded by increases in accounts payable of $2.19 million. The remaining amount was financed with short-term borrowings.

Prepaid expenses increased $267,000 during the nine months ended June 30, 1996, primarily due to insurance costs incurred in the Company's third fiscal quarter and trade show expenses incurred during the nine months ended June 30, 1996 that will be amortized over the remainder of fiscal 1996.

The Company made capital expenditures of $1.14 million during the nine months ended June 30, 1996. These expenditures related primarily to the continued automation of certain manufacturing operations, tooling costs associated with the manufacturing of new speaker products and the upgrade and expansion of the Company's existing information system. Management anticipates that capital expenditures for the remainder of fiscal 1996 will be approximately $200,000. These anticipated expenditures will be financed from proceeds of long-term debt.

FORWARD-LOOKING STATEMENTS
--------------------------

This Report contains "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995, including, without limitation, statements as to expectations, beliefs and future financial performance, that are based on current expectations and are subject to certain risks, trends and uncertainties that could cause actual results to vary from those projected, which variances may have a material adverse effect on the Company. Among the factors that could cause actual results to differ materially are the following: business conditions and growth in the car audio, professional sound and custom audio/video and home theater markets and the general economy; competitive factors such as rival products and price pressures; the failure of new products to compete successfully in existing or new markets; the failure to achieve timely improvement in the manufacturing ramp with respect to new products; changes in product mix; availability and price of components, subassemblies and products supplied by third party vendors; and cost and yield issues associated with production at the Company's factory.

PART II. OTHER INFORMATION

| | | |
|---|---|---|
| Item 1. | Legal Proceedings | NONE |
| Item 2. | Changes in Securities | NONE |
| Item 3. | Defaults Upon Senior Securities | NONE |
| Item 4. | Submission of Matters to a Vote of Security Holders | NONE |
| Item 5. | Other Information | NONE |

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

(27) Financial Data Schedule

B. Reports on Form 8-K

NONE

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to be signed on its behalf by the undersigned, thereunto duly authorized.

PHOENIX GOLD INTERNATIONAL, INC.

\s\ David D. Bills
--------------------------------
David D. Bills
Vice President - Finance
(Principal Financial and Accounting Officer)

Dated: December 30, 1996

FORM 10-QSB

PHOENIX GOLD INTERNATIONAL, INC.

Exhibit Index

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM PHOENIX GOLD INTERNATIONAL, INC.'S FINANCIAL STATEMENTS CONTAINED IN ITS QUARTERLY REPORT ON FORM 10-QSB/A FOR THE PERIOD ENDING JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS
</LEGEND>
<MULTIPLIER> 1

| | |
|---|---|
| <S> | <C> |
| <PERIOD-TYPE> | 9-MOS |
| <FISCAL-YEAR-END> | SEP-29-1996 |
| <PERIOD-END> | JUN-30-1996 |
| <CASH> | 2,250 |
| <SECURITIES> | 0 |
| <RECEIVABLES> | 5,919,431 |
| <ALLOWANCES> | 0 |
| <INVENTORY> | 9,993,187 |
| <CURRENT-ASSETS> | 16,563,653 |
| <PP&E> | 5,535,353 |
| <DEPRECIATION> | 1,592,194 |
| <TOTAL-ASSETS> | 21,245,377 |
| <CURRENT-LIABILITIES> | 8,809,934 |
| <BONDS> | 193,540 |
| <PREFERRED-MANDATORY> | 0 |
| <PREFERRED> | 0 |
| <COMMON> | 7,477,939 |
| <OTHER-SE> | 4,545,994 |
| <TOTAL-LIABILITY-AND-EQUITY> | 21,245,377 |
| <SALES> | 19,348,725 |
| <TOTAL-REVENUES> | 19,348,725 |
| <CGS> | 13,769,299 |
| <TOTAL-COSTS> | 19,311,515 |
| <OTHER-EXPENSES> | 0 |
| <LOSS-PROVISION> | 0 |
| <INTEREST-EXPENSE> | 112,945 |
| <INCOME-PRETAX> | (56,240) |
| <INCOME-TAX> | (22,033) |
| <INCOME-CONTINUING> | (34,207) |
| <DISCONTINUED> | 0 |
| <EXTRAORDINARY> | 0 |
| <CHANGES> | 0 |
| <NET-INCOME> | (34,207) |
| <EPS-PRIMARY> | (.01) |
| <EPS-DILUTED> | (.01) |

</TABLE>