

Edgar Filing: NEW MILLENNIUM MEDIA INTERNATIONAL INC - Form 10QSB/A

NEW MILLENNIUM MEDIA INTERNATIONAL INC  
Form 10QSB/A  
October 26, 2001

As filed with the Securities and Exchange Commission on October 24, 2001  
Registration No. \_\_\_\_\_

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

FORM 10-QSB  
Amended

QUARTERLY REPORT UNDER SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

-----  
For quarter ended June 30, 2001  
Commission File Number 0-29195

NEW MILLENNIUM MEDIA INTERNATIONAL, INC.  
(Name of Small Business Issuer in Its Charter)

Colorado (7310) 84-1463284

-----  
(State or jurisdiction of incorporation or organization) (Primary Standard Industrial Classification Code Number) (I.R.S. Employer Identification No.)

200 9th Avenue North, Suite 210  
Safety Harbor, Florida 34695  
(727) 797-6664

-----  
(Address and Telephone Number of Principal Executive Offices and Principal Place of Business)

John D. Thatch, President  
New Millennium Media International, Inc.  
200 9th Avenue North, Suite 210  
Safety Harbor, Florida 34695  
(Name, Address and Telephone Number of Agent for Service)

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 X No  
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As of June 30, 2001 there were 7,116,863 shares of the Company's common stock issued and outstanding.

NEW MILLENNIUM MEDIA INTERNATIONAL, INC.

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NEW MILLENNIUM MEDIA INTERNATIONAL, INC.

CONDENSED BALANCE SHEET

	June 30, 2001 (Unaudited) (Restated)
	-----
ASSETS	
Current Assets	
Cash	\$ 18,288
Accounts Receivable	131,575
Inventories	3,255
Prepaid Assets	10,972
	-----
Total Current Assets	164,090
	-----
Furniture and Equipment-Net	887,279
	-----
Other Assets	
Other Assets	--
Goodwill, net of accumulated amortization	
of \$90,389 and \$67,793, respectively, 2001 and 2000	587,705
	-----
Total Other Assets	587,705
	-----
	\$ 1,639,074
	=====

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses		\$ 186,148
Notes payable		250,000
Related payables		753,996
		-----
Total Current Liabilities		1,190,144
		-----
Long-term Liabilities		--
Stockholders' Equity		
Common stock, par value \$.001; 15,000,000 (restated - see note 3)		
shares authorized; 7,116,863 and 5,688,123 (restated - see note 3)		
shares issued and outstanding, respectively, 2001 and 2000		7,117
Common stock warrants (200,000 issued and outstanding; exercisable		
at \$1.50 expiring March 21, 2005) (restated - see note 3)		57,200
Preferred stock, par value \$.001; shares authorized, 10,000,000		
no shares issued and outstanding		--
Additional paid in capital		3,782,703
Accumulated Deficit		(2,523,090)
		-----
		1,323,930
Less common stock subscribed		(875,000)
		-----
Total Stockholders' Equity		448,930
		-----
		\$ 1,639,074
		=====

NEW MILLENNIUM MEDIA INTERNATIONAL, INC.

CONDENSED STATEMENT OF OPERATIONS  
(Unaudited)

	For the Quarter Ended 6/30/01 (Restated)	For the Quarter Ended 6/30/00 (Restated)	For the Six Months Ended 6/30/01 (Restated)
	-----	-----	-----
Income	\$ 74,991	\$ 1,044	\$ 218,741
Costs and Expenses:			
General and administrative	\$ 309,091	\$ 256,712	\$ 562,729
Interest expense	15,559	16,000	26,743
Depreciation and amortization	35,116	6,068	70,232
	-----	-----	-----
Total costs and expenses	359,766	278,780	659,704
	-----	-----	-----
Loss from Operations	(284,775)	(277,736)	(440,963)
	-----	-----	-----
Net Loss	\$ (284,775)	\$ (277,736)	\$ (440,963)

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	=====	=====	=====
Basic and Fully Diluted Loss Per Common Share	\$ (0.043)	\$ (0.060)	\$ (0.069)
Weighted Average Number of Shares Outstanding	6,556,863	4,615,892	6,403,493
	=====	=====	=====

NEW MILLENNIUM MEDIA INTERNATIONAL, INC.

CONDENSED STATEMENT OF CASH FLOWS  
(Unaudited)

	For the Quarter Ended 6/30/01 (Restated) -----	For the Quarter Ended 6/30/00 (Restated) -----	For the Quarter Ended 6/30/99 (Restated) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ (284,775)	\$ (277,736)	\$ (277,736)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	35,116	6,068	
Fair value of shares issued for services	25,000	--	
Fair value of warrants issued to investment bankers	--	57,200	
(Increase) decrease in accounts receivable	(38,706)	--	
(Increase) decrease in inventories	--	--	
(Increase) decrease in prepaid expenses	(1,876)	(1,215)	
Increase (decrease) in accounts payable and accrued expenses	36,464	42,772	
Increase (decrease) in related party payables	--	--	
Net cash provided by (used in) operating activities	(228,777)	(172,911)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(6,062)	(1,626)	
Net provided by (used in) investing activities	(6,062)	(1,626)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from notes payable - Related	250,000	--	
Proceeds from common stock transactions	--	19,000	
Net cash provided by (used in) financing activities	250,000	19,000	
Increase (Decrease) in cash and cash equivalents	\$ 15,161	\$ (155,537)	\$ (155,537)
Cash and cash equivalents at beginning of period	3,127	285,081	440,618
Cash and cash equivalents at end of period	\$ 18,288	\$ 129,544	\$ 285,081

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## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest	--	--		
Cash paid during the year for income taxes	--	--		
Supplemental schedule of noncash investing and financing activities:				
Fair value of shares issued (500,000 shares) for goodwill of Scovel Management, Inc.	\$	--	\$	--
Fair value of shares issued (20,000 shares) for amounts previously owed to secretary/treasurer		13,000		--

NEW MILLENNIUM MEDIA INTERNATIONAL, INC.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

### 1. Organization and Basis of Presentation

-----  
The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information in accordance with rules and regulations of the Securities and Exchange Commission, including Rule 301(b) of Regulation SB and instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the Company's Annual Report (Form 10-KSB) for the year ended December 31, 2000. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the six months ended June 30, 2001 are not necessarily indicative of the operating results for the full fiscal year or any future period.

### 2. Going Concern Uncertainty

-----  
The financial statements are presented assuming the Company will continue as a going concern. The Company has incurred recurring operating losses and negative cash flows and has negative working capital. The Company has financed itself primarily through the sale of its stock and related party borrowings. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that the Company will be successful in implementing its plans, or if such plans are implemented, that the Company will achieve its goals.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

### 3. Equity Transactions

-----  
As approved at a Special Meeting of Stockholders on May 7, 2001, the Company reverse split its common stock on a basis of 1 for 5 with a resulting decrease in the number of common stock authorized to 15,000,000

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shares. The Company has restated its financial statements to reflect this common stock reverse split.

On June 4, 2001, the Company issued and held stock for consulting services to be rendered to the Company (500,000 shares at \$1.00 and 500,000 shares at \$.75).

#### 4. Restatement information

Fair value of shares issued as indicated in accordance with FASB No. 123 as restated consists of:

DESCRIPTION	NO. OF SHARES	AMOUNT - RESTATED			
		QUARTER ENDED		SIX MONTHS	
		6/30/01	6/30/00	6/30/01	6/30/00
Shares issued to John D. Thatch for \$.005 per share in consideration of accepting officer/stockholder employment - net of rescission	500,000	\$ --	\$ --	\$ --	\$ --
Shares issued to San Rafael Consulting Group for \$.25 per share for consulting services	600	--	--	150	--
Shares issued to E-Vision LED Inc. for \$.25 per share for consulting services	6,140	--	--	1,535	--
Shares issued to Tim Daley for \$.25 per share for consulting services	200,000	--	--	50,000	--
Shares issued to Ray Oliver for \$.25 per share for consulting services	100,000	25,000	--	25,000	--
	-----	-----	-----	-----	-----
	806,740	\$ 25,000	\$ --	\$ 76,685	\$ --
	=====	=====	=====	=====	=====

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

##### GENERAL

Management's discussion and analysis contains various "forward looking statements." Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," or "continue" or use of negative or other variations or comparable terminology.

We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those contained in the forward-looking statements, that these forward-looking statements are necessarily speculative, and there are certain risks and uncertainties that

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could cause actual events or results to differ materially from those referred to in such forward-looking statements.

### OVERVIEW

The Company is no longer a development stage company as defined in Statement of Financial Accounting Standards No. 7, "Accounting and Reporting by Development Stage Enterprises." We have generated our cash needs through equity financings and loans from officers and stockholders. As an operational stage company, we have devoted substantially all of our efforts in securing and establishing new businesses. We have engaged in limited activities in the advertising business, but no significant revenues have been generated to date. The primary activity of the Company currently involves several types of visual advertising: The Illumisign-Eyecatcher front-lit movable display board, "EyeCatcher Powered by Insight" back-lit movable display boards, plasma screens and LED display boards. We retain ownership of all types of the machines and sell the advertising space on a monthly basis. The Company is continuing to devote substantially all of its present efforts to implementing its operational and marketing plans designed to establish new business accounts for its mobile LED boards and the motion display boards. Through much of the first quarter of 2001 the Company has been negotiating with Carson Jensen Anderson Enterprises, Inc. d/b/a EyeCatcherPlus, the Company's marketing affiliate, to take over in-house all future marketing activity. As a result, the Company will conduct all marketing in-house, but will continue to use the EyeCatcherPlus logo, marketing material and website. We feel that this decision will have the net effect of "cutting out the middle man" and increasing Company revenues.

### LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have funded our operations and investments in equipment through cash from operations, equity financings and borrowing from related parties that are not necessarily isolated transactions; however, there is no assurance that there will be proceeds from such transactions in the future.

Our cash and cash equivalents were \$129,544 at the six months ending June 30, 2000 compared to \$18,288 for the same period in 2001, a decrease of \$111,256. Generally, the Company has been funded by proceeds from common stock transactions that are not necessarily isolated transactions; however, there is no assurance that there will be proceeds from common stock transfers in the future.

On May 19, 2000 the Company entered into an investment agreement with Swartz Private Equity, LLC to raise up to \$25 million through a series of sales of common stock. The dollar

amount of each sale is limited by the trading volume and a minimum period of time must occur between sales. In order to sell shares to Swartz, there must be an effective registration statement on file with the SEC covering the resale of the shares by Swartz and we must meet certain other conditions. The agreement is for a three-year period ending May 2003. A detailed description of the Swartz equity line agreements can be found in the SB-2 Registration Statement filed September 13, 2000.

Our net loss has not changed dramatically from the first six months of 2000 (\$401,611) to the same period of 2001 (\$440,963), an increase of 9.8%. These same two comparative terms show a 3.36% decrease in Net Cash Used in Operating Activities, from \$342,436 to \$330,945. Management feels that this is the result of a increase in net operating loss with an increase in accounts receivable of \$114,939 net of an increase in payables of \$78,040 in 2001. It is further felt that these two contributing factors are a direct consequence of a steady increase in business activity, i. e., as the business increases so do the receivables and payables. The increased business activity are the result of a

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steady increase in the number of events for which the mobile LED display unit is being booked as well as the increase in the number of display boards being placed which, in turn, increases the amount of artwork being produced by the Company graphic arts department. These three units of the Company, display boards, LED screens and graphic arts, are the revenue producing elements. Although this is an apparent positive trend, there is uncertainty as to the longevity of this trend. Maintaining this trend is necessary for the Company's short-term as well as long-term internal liquidity. Management feels that the receivables are collectable, it is anticipated that the receivables will "roll-over" monthly or bi-monthly. Some leniency has been afforded new advertising accounts to boost the initial advertising sales. By the same token, management feels that the increase in accounts payable are too the direct result of additional business and that the payables will continue to "roll-over" monthly or bi-monthly.

We have incurred recurring operating losses and negative cash flows from operating activities and have little working capital. Presently, there is no outstanding material commitment for capital expenditures. We believe that our available equity financing arrangement with Swartz will be sufficient to meet our working capital and capital expenditure liquidity requirements for at least the next two years. However, there can be no assurance that we will receive financing from Swartz, that we will not require additional financing within this time frame or that such additional financing, if needed, will be available on terms acceptable to us, if at all. See section entitled "Swartz Investment Agreement", above, for further detail on this equity transaction.

### RESULTS OF OPERATIONS

#### Income

The comparative revenue for the first six months of 2001 compared to the same period for 2000 shows an increase of \$217,697. This increase is due primarily to receipt of additional revenues from the mobile LED truck unit that has been booked throughout these first six months nearly every weekend. Also, as the Company installs additional EyeCatcher display boards, additional advertisements are sold. Generally, this is cumulative, i. e., as the display boards are placed, the advertisements are sold for a term of several months or a yearly. Even though the advertisement contracts expire, many are renewed with a minimal amount of sales effort and the display board continues to produce revenue with no

additional effort necessary to place the display board because it remains in place at the host venue so long as it continues to produce revenue for the host venue.

#### General and Administrative Costs and Expenses

There was an increase in the General and Administrative Costs and Expenses of \$52,379 for the second quarter comparison of 2000 and 2001 and an increase of \$204,140 for the first six months of these two years. This increase is due primarily to the Company being operational.

#### Interest Expense

Interest Expense decreased by \$5,257 for the first six months of 2001 compared to the same period of 2000. This interest expense decreased primarily as a result of the Company negotiating equity financing for debt transactions.

#### Depreciation and Amortization

Depreciation and amortization increased by \$58,166 primarily as a result of advertising boards being available for lease. Previously, these boards were to be sold and not leased and included in inventory.

#### Total Costs and Expenses

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The Total Costs and Expenses have increased by \$80,986, an increase of 29.2% in the second quarter of 2001 when compared to the second quarter of 2000 and for the first six months of the two years compared, the increase was \$257,049, a 63.8% increase. This is the effect of the Company depreciation and amortization increasing \$29,048 and \$58,166 primarily as a result of the boards and general and administrative expenses increasing \$52,379 and \$204,140 primarily because of being operational in comparative quarters and the six months ended, respectively.

### Loss From Operations and Net Loss

The \$39,352 increase in Loss from Operations for the first six months term of 2001 compared to 2000 is the effect of an increase in the total costs and expenses and the income. The total costs and expenses increased as did the income, only to a lesser extent (63.8%).

### Basic and Fully Diluted Loss Per Common Share

The Basic Loss Per Common Share for the same comparative two quarters has decreased from \$(0.060) to \$(0.043), a comparative Basic Loss Per Common Share decrease of 28.3%. This loss per common share is a function of the Costs and Expenses versus Income. As stated above, a major portion of the Costs and Expenses are non-reoccurring start-up costs. Compared to a year ago, we are now fully staffed and beginning to produce income. We are continuing to concentrate on establishing new business and increasing sales relating to the IllumiSign Eyecatcher, the "EyeCatcher Powered by Insight" backlit display board and the LED display sign truck.

### TRENDS AND EVENTS

Over the past approximately three months we have been engaged in a slight change in our operations model primarily in that we have regained the marketing role in-house. Management feels that this is a positive change in that the Company now has total control of all marketing activities. The Company continues to allocate geographical areas to distributors who, in turn, focus on their respective areas.

The Company out grew it its leased office and warehouse space and has moved to new quarters that has sufficient space for growth. The new expanded warehouse area now has sufficient space to handily store the various type and size display boards as well as work area for refurbishing and repairs. When the mobile LED screen truck is not in use, it is placed in a specially built truck bay within the new warehouse area. An order has been placed for an additional LED mobile unit.

In the opinion of management, the cumulative effect of these events is a positive trend. Although there is no real assurance that this positive trend will continue; this trend is further reinforced by the 21% decrease in the Basic and Fully Diluted Loss Per Common Share.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Registrant is a Small business issuer as defined by these Regulations and need not provide the information required by this Item 3.

## PART II - OTHER INFORMATION

### LEGAL PROCEEDINGS.

The Company is a defendant in a lawsuit filed on November 5, 1999 in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, Case Number 99-26073 CA 10. The plaintiff, Joseph Maenza, is seeking to collect payment of a promissory note in the principal amount of \$50,000 plus interest

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from February 1999 and attorney fees. January 24, 2001 the parties agreed to a settlement by making periodic payments. There is presently owed on this settlement account a principal balance of \$42,700. This settlement is recognized as a liability of the Company.

### CHANGES IN SECURITIES AND USE OF PROCEEDS.

#### COMMON STOCK, REVERSE STOCK SPLIT

May 7, 2001 the shareholders voted to amend the Articles of Incorporation to decrease the number of authorized shares of common stock from 75,000,000 to 15,000,000, the 5:1 split (the Reverse Split). This amendment to the Articles of Incorporation became effective May 18, 2001 and the Company trading symbol was changed from NMMI to NMMG. See the Definitive Proxy Statement filed April 18, 2001 for additional information. The Company has no plans for the cancellation or purchase of shares of Common Stock from holders of a nominal number of shares following the Reverse Split and has no present intention to take the Company private through Reverse Split or otherwise. Preferred shares, none of which are issued at the present time, are not affected by this split.

#### REGISTRATION STATEMENT ON FORM S-8

June 4, 2001 the Company filed a Registration Statement on Form S-8 under the Securities Act with respect to Common Stock. For further information with respect to the Company and its Common Stock, reference is made to the Registration Statement and the exhibits and schedules thereto.

#### SALE OF SECURITIES NOT REGISTERED

June 5, 2001 100,000 shares of non-registered common stock were conveyed to Ray Oliver in consideration for corporate and financial strategic consulting services and analysis.

June 5, 2001 20,000 shares of non-registered common stock were conveyed to Natalie Stavakis in consideration for services rendered as corporate secretary over the past two years.

July 6, 2001 100,000 shares of non-registered common stock were conveyed to Russell Wahl in consideration for a financial obligation owed to him and for further consideration for current consulting services being rendered in the nature of corporate operational and bookkeeping practices.

#### DEFAULTS UPON SENIOR SECURITIES.

None.

#### SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

See above, Item 2, Common Stock, Reverse Split. May 7, 2001 the shareholders voted to amend the Articles of Incorporation to decrease the number of authorized shares of common stock from 75,000,000 to 15,000,000, the 5:1 split (the Reverse Split). On the date of the May 7, 2001 Shareholders Meeting there were 28,902,462 shares qualified to vote. 18,935,611 votes were cast in favor of the Reverse Split and 318,914 votes were cast against the proposed Reverse Split; there were no abstentions. The resolution passed by 65.5% of the issued and outstanding shares voting in favor of the Reverse Split.

#### OTHER INFORMATION.

On July 30, 2001 the Company filed a Post Effective Amendment to Form SB-2 Registration Statement for Small Business Issuers that was filed September 13, 2000.

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EXHIBITS AND REPORTS ON FORM 8-K (SECT. 249.308 OF THIS CHAPTER).

Financial Statements are incorporated in the body of this report.

No reports on Form 8-K have been filed during the quarter for which this report is filed.

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.

Signed and submitted this 24 day of October 2001.

New Millennium Media International, Inc.  
(Registrant)

by: /s/

-----  
John Thatch as President/CEO