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ADVANT E CORP
Form 8-K
November 04, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the
Securities and Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2003

ADVANT-E CORPORATION

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Delaware | 0-30983 | 88-0339012 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | |
|--|------------|
| 2680 Indian Ripple Rd., Dayton, OH | 45440 |
| ----- | ----- |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: 937-429-4288

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

On November 4, 2003, Advant-e Corporation issued a press release announcing its financial results for the quarter ending September 30, 2003 and for the nine months ending September 30, 2003. The text of the release is attached as an exhibit hereto.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.
(c) EXHIBITS.

| Exhibit Number | Description | Method of Filing |
|-------------------|-----------------------|---------------------|
| ----- | ----- | ----- |
| 99.1 | Company Press Release | Filed Herewith |

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

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undersigned hereunto duly authorized.

Advant-e Corporation

(Registrant)

November 4, 2003

By: /s/ Jason K. Wadzinski

Jason K. Wadzinski
Chief Executive Officer

EXHIBIT 99.1 - COMPANY PRESS RELEASE

Tuesday November 4, 2003

Advant-e Corporation Announces Third Quarter 2003 Results

Company Reports 39% Increase in Revenue and 18% Pre-Tax Profitability

DAYTON, Ohio, November 4, 2003 -- Advant-e Corporation (OTC Bulletin Board: AVEE), a provider of Internet-based business-to-business electronic commerce services, today announced financial and operating results for the quarter ending September 30, 2003.

For the third quarter of 2003 the Company reported revenues of \$759,865, a 39% increase over revenues of \$546,410 in the third quarter in 2002 and a 6% increase over revenues of \$715,108 in the second quarter of 2003. The increase in revenue was the result of continued growth and market acceptance of the Company's internet-based electronic commerce subscription services.

Operating expenses in the quarter were \$624,238 compared to \$608,586 in the same period in 2002 and \$717,135 in the second quarter of 2003.

Net profit for the quarter was \$108,142, or \$.02 per share, compared to a net loss of \$63,376, or (\$.01) per share for the same period in 2002 and a net loss of \$5,979, or (\$.00) per share for the second quarter of 2003.

For the nine months ending September 30, 2003, revenue was \$2,124,351, a 47% increase over revenue of \$1,441,097 for the same period in 2002. Net profit for the first nine months of 2003 was \$32,339 compared to a net loss of \$146,233 in the first nine months of 2002.

Jason K. Wadzinski, President and CEO of Advant-e, stated, "We are pleased with our third quarter results as our primary goal for the quarter was improving cash flow and achieving profitability. Going forward, we are focusing on our sales and marketing activities and will be expanding our product and service offerings to increase our ability to further assist our customers with connecting, integrating, managing, and expanding their eBusiness trading communities."

During the third quarter, the Company paid accrued interest to holders of its convertible debt in the amount of \$129,094 and retired \$25,000 of the convertible notes. An additional \$24,187 of accrued interest was paid in early October.

About Advant-e Corporation

Advant-e, via its wholly owned and sole operating subsidiary Edict Systems, Inc., is a provider of Business-to-Business electronic commerce software and Internet-based applications specializing in Electronic Data Interchange (EDI)

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and XML-based solutions for recurring transactions. Advant-e specializes in horizontal transaction services via EnterpriseEC(r), an Internet-based Electronic Business Transaction Network, and within specific vertical industries via web-based "vortals" including www.GroceryEC.com, www.RetailEC.com, www.CPGSupplier.com, www.LogisticsEC.com, and www.MfgEC.com. In addition to Internet and web-based e-commerce solutions, Edict Systems also provides e-commerce integration and bar coding applications via its FORMULA_ONE(r) translation software and Bar Code Label Modules. Additional information about Advant-e Corporation can be found at www.Advant-e.com and www.edictsystems.com or by contacting investor relations at (937) 429-4288. The Company's email is info@edictsystems.com.

ADVANT-E CORPORATION AND SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-----------|-------------------|------------|
| | September 30, | | September 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| | ---- | ---- | ---- | ---- |
| REVENUES | | | | |
| Internet products and services | \$722,411 | 478,361 | 1,987,852 | 1,205,877 |
| Software and license fees | 37,454 | 68,049 | 136,499 | 235,220 |
| | ----- | ----- | ----- | ----- |
| Total revenues | 759,865 | 546,410 | 2,124,351 | 1,441,097 |
| | ----- | ----- | ----- | ----- |
| OPERATING EXPENSES | | | | |
| Production | 27,191 | 38,658 | 86,910 | 107,543 |
| Salaries and benefits | 338,667 | 281,346 | 1,108,673 | 757,057 |
| General and administrative | 136,502 | 132,089 | 486,032 | 325,533 |
| Depreciation | 13,814 | 5,889 | 36,660 | 20,691 |
| Amortization of software development costs | 75,061 | 53,282 | 214,942 | 111,594 |
| Interest | 33,003 | 97,322 | 139,365 | 256,302 |
| | ----- | ----- | ----- | ----- |
| Total operating expenses | 624,238 | 608,586 | 2,072,582 | 1,578,720 |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) BEFORE TAXES | 135,627 | (62,176) | 51,769 | (137,623) |
| INCOME TAXES | 27,485 | 1,200 | 19,430 | 8,610 |
| | ----- | ----- | ----- | ----- |
| NET INCOME (LOSS) | \$ 108,142 | (63,376) | 32,339 | (146,233) |
| | ===== | ===== | ===== | ===== |
| EARNINGS (LOSS) PER SHARE | | | | |
| Basic | \$ 0.02 | (0.01) | 0.01 | (0.03) |
| | ===== | ===== | ===== | ===== |
| Diluted | 0.02 | (0.01) | 0.01 | (0.03) |
| | ===== | ===== | ===== | ===== |
| AVERAGE SHARES OUTSTANDING | | | | |
| Basic | 5,661,002 | 5,661,002 | 5,661,002 | 5,661,002 |
| | ===== | ===== | ===== | ===== |
| Diluted | 5,908,532 | 5,661,002 | 5,745,797 | 5,661,002 |
| | ===== | ===== | ===== | ===== |

ADVANT-E CORPORATION AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

| | |
|-----------|----------|
| September | December |
| 30, | 31, |
| 2003 | 2002 |

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| | ----- | ----- |
|---|--------------|-----------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 184,256 | 98,740 |
| Accounts receivable, net | 194,855 | 157,655 |
| Prepaid expenses | 20,362 | 46,817 |
| Deferred income taxes | 21,170 | 40,600 |
| | ----- | ----- |
| Total current assets | 420,643 | 343,812 |
| | ----- | ----- |
| SOFTWARE DEVELOPMENT COSTS, net of accumulated amortization of \$509,708 at September 30, 2003 and \$294,767 at December 31, 2002 | | |
| | 530,771 | 634,956 |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$140,120 at September 30, 2003 and \$103,460 at December 31, 2002 | | |
| | 163,110 | 171,589 |
| OTHER ASSETS | | |
| Deferred income taxes | 79,046 | 79,046 |
| Deposits | 6,583 | 6,583 |
| | ----- | ----- |
| | 85,629 | 85,629 |
| | ----- | ----- |
| Total assets | \$ 1,200,153 | 1,235,986 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 59,963 | 158,320 |
| Accrued interest | 74,206 | 118,025 |
| Other accrued expenses | 93,255 | 49,600 |
| Deferred revenue | 114,236 | 93,893 |
| Bank note payable | 8,521 | 14,097 |
| Convertible subordinated notes payable, net | 750,000 | 729,621 |
| 8% demand notes payable to shareholder | 45,000 | 45,000 |
| | ----- | ----- |
| Total current liabilities | 1,145,181 | 1,208,556 |
| | ----- | ----- |
| LONG-TERM LIABILITIES | | |
| Bank note payable, less current maturities | - | 4,797 |
| | ----- | ----- |
| Total liabilities | 1,145,181 | 1,213,353 |
| | ----- | ----- |
| SHAREHOLDERS' EQUITY | | |
| Common stock, \$.001 par value; 20,000,000 shares authorized; 5,661,002 issued and outstanding | 5,661 | 5,661 |
| Paid-in capital | 850,459 | 850,459 |
| Accumulated deficit | (801,148) | (833,487) |
| | ----- | ----- |
| Total shareholders' equity | 54,972 | 22,633 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 1,200,153 | 1,235,986 |
| | ===== | ===== |

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ADVANT-E CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Nine Months Ended | |
|---|-------------------|-----------|
| | September 30, | |
| | 2003 | 2002 |
| | ---- | ---- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 32,339 | (146,233) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation | 36,660 | 20,691 |
| Amortization of software development costs | 214,942 | 111,594 |
| Deferred income taxes | 19,430 | 8,610 |
| Amortization of note discount resulting from valuation of warrants and beneficial conversion features | 45,379 | 180,680 |
| Increase (decrease) in cash arising from changes in assets and liabilities: | | |
| Accounts receivable | (37,200) | (73,682) |
| Prepaid expenses | 26,455 | 18,256 |
| Accounts payable | (98,357) | 12,415 |
| Accrued interest | (43,819) | 62,708 |
| Other accrued expenses | 43,655 | 43,982 |
| Deferred revenue | 20,343 | (15,677) |
| Deposits | - | (6,584) |
| | ----- | ----- |
| Net cash provided by operating activities | 259,827 | 216,760 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of equipment | (28,181) | (69,742) |
| Software development costs | (110,757) | (276,901) |
| | ----- | ----- |
| Net cash used in investing activities | (138,938) | (346,643) |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from convertible subordinated notes | - | 250,000 |
| Payments on convertible subordinated notes | (25,000) | - |
| Payments on bank loans | (10,373) | (58,115) |
| | ----- | ----- |
| Net cash provided by (used in) financing activities | (35,373) | 191,885 |
| | ----- | ----- |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 85,516 | 62,002 |
| Cash and cash equivalents, beginning of period | 98,740 | 180,679 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 184,256 | 242,681 |
| | ===== | ===== |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW ITEMS | | |
| Interest paid | \$ 137,804 | 12,759 |
| Non-cash transactions | | |
| Fair value of warrants issued with convertible subordinated notes | - | 27,500 |
| Value of beneficial conversion feature of convertible subordinated notes | - | 52,000 |

The information in this news release includes certain forward looking statements that are based upon assumptions that in the future may prove not to

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have been accurate and are subject to significant risks and uncertainties, including statements to the future financial performance of the company. Although the company believes that the expectations reflected in its forward looking statements are reasonable, it can give no assurance that such expectations or any of its forward-looking statements will prove to be correct. Factors that could cause results to differ include, but are not limited to, successful performance of internal plans, product development and acceptance, the impact of competitive services and pricing, or general economic risks and uncertainties.