

YOUTHSTREAM MEDIA NETWORKS INC
Form 10QSB
February 18, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the Quarterly Period Ended December 31, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from to

Commission file number: 0-27556

YOUTHSTREAM MEDIA NETWORKS, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation of organization)
244 Madison Avenue, PMB #358,
New York, New York
(Address of principal executive offices)

13-4082185
(I.R.S. Employer
Identification Number)

10016
(Zip Code)

(212) 883-0083
(Issuer's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

As of January 31, 2005, the issuer had 39,242,251 shares of common stock, \$0.01 par value, issued and outstanding.

Transitional Small Business Disclosure Format. Yes No

Documents incorporated by reference: None.

YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES

The Company has elected to file a Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2004, as the Company qualifies as a Small Business Issuer in accordance with Regulation S-B. The Company intends to file subsequent periodic reports under Regulation S-B.

This Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2004 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended December 31, 2004 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein. The Company undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

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YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2004 (Unaudited)	September 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 558,958	\$ 674,880
Current portion of note receivable, including accrued interest	204,343	242,189
Prepaid expenses	27,805	16,624
Total current assets	791,106	933,693
Property and equipment, net	—	25,410
Note receivable, including accrued interest	47,732	245,465
Deferred costs related to KES transaction	335,146	175,144
Investment in KES Holdings	125,000	125,000
Total assets	\$ 1,298,984	\$ 1,504,712
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 949,773	\$ 910,074
Accrued employee compensation	225,948	225,948
Accrued expenses	722,135	752,043
Current liabilities of discontinued operations	2,490,993	2,498,468
Total current liabilities	4,388,849	4,386,533
Long-term debt	4,914,783	4,914,211
Preferred stock subject to mandatory redemption; issued and outstanding at December 31, 2004 and September 30, 2004 – 1,000,000 shares of Series A 4% cumulative, non-convertible, redeemable preferred stock, mandatory redemption and liquidation value of \$4.00 per share, plus cumulative dividends, or \$5,269,333	5,269,333	5,269,333
Total liabilities	14,572,965	14,570,077
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock, \$0.01 par value, authorized – 5,000,000 shares; issued and outstanding at December 31, 2004 and September 30, 2004 – 1,000,000 shares of Series A preferred stock (classified in long-term liabilities as preferred stock subject to mandatory redemption)	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized, 39,849,751 shares issued and 39,242,251 shares outstanding at December 31, 2004 and September 30, 2004	398,486	398,486
Additional paid-in capital	331,200,561	331,200,561
Accumulated deficit	(344,043,452)	(343,834,836)
Treasury stock, 607,500 shares, at cost	(829,576)	(829,576)
Total stockholders' deficiency	(13,273,981)	(13,065,365)
Total liabilities and stockholders' deficiency	\$ 1,298,984	\$ 1,504,712

See accompanying notes to condensed consolidated financial statements.

YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended December 31,	
	2004	2003
REVENUES	\$	— \$
EXPENSES		
General and administrative expenses – corporate	189,691	328,563
Write-off of fixed assets	20,429	—
Depreciation and amortization	4,980	4,980
	215,100	333,543
Loss from operations	(215,100)	(333,543)
Interest income	14,365	299
Interest expense	(10,572)	(10,260)
Loss before provision for income taxes	(211,307)	(343,504)
Provision for income taxes	—	60
LOSS FROM CONTINUING OPERATIONS	(211,307)	(343,564)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS	2,691	(321,108)
NET LOSS	\$ (208,616)	\$ (664,672)
NET INCOME (LOSS) PER COMMON SHARE – BASIC AND DILUTED		
Loss from continuing operations	\$ (0.01)	\$ (0.01)
Gain (loss) from discontinued operations	0.00	(0.01)
NET LOSS PER COMMON SHARE – BASIC AND DILUTED	\$ (0.01)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	39,242,251	39,242,251

See accompanying notes to condensed consolidated financial statements.

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YOUTHSTREAM MEDIA NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY (UNAUDITED)
THREE MONTHS ENDED DECEMBER 31, 2004

Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total
Shares	Amount				

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Balances at October 1, 2004 39,849,751 \$ 398,486 \$331,200,561