

ADVANTAGE TECHNOLOGIES GROUP INC  
Form 10-Q  
August 14, 2006

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

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006,**

**OR**

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

**FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_**

Commission File number 1-10799

**ADDvantage Technologies Group, Inc.**  
(Exact name of registrant as specified in its charter)

**Oklahoma** (State or other jurisdiction of incorporation or organization)  
**73-1351610** (I.R.S. Employer Identification No.)

**1221 E. Houston**  
**Broken Arrow, Oklahoma 74012**  
**(918) 251-9121**  
(Address of principal executive offices, zip code and telephone number, including area code)

Indicate by check mark whether the issuer (1) has 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 much 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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer \_\_\_\_\_ Accelerated filer \_\_\_\_\_ Non-accelerated filer  
\_\_\_\_\_ X \_\_\_\_\_

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-2 of the Exchange Act). Yes  
\_\_\_\_\_ No X \_\_\_\_\_

Shares outstanding of the issuer's \$.01 par value common stock as of July 28, 2006 were 10,252,428.

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**ADVANTAGE TECHNOLOGIES GROUP, INC.**  
**Form 10-Q**  
**For the Period Ended June 30, 2006**

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**ADVANTAGE TECHNOLOGIES GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	June 30, 2006 (Unaudited)	September 30, 2005 (Audited)
<b>Assets</b>		
Current assets:		
Cash	\$ 173,232	\$ 449,219
Accounts receivable, net allowance of \$391,000 and \$92,000, respectively	6,388,893	7,671,549
Inventories, net of allowance for excess and obsolete inventory of \$1,626,000 and \$1,575,000, respectively	26,966,067	25,321,149
Deferred income taxes	1,229,000	968,000
<b>Total current assets</b>	<b>34,757,192</b>	<b>34,409,917</b>
Property and equipment, at cost:		
Machinery and equipment	2,501,852	2,357,182
Land and buildings	1,607,648	1,591,413
Leasehold improvements	525,006	565,945
	4,634,506	4,514,540
Less accumulated depreciation and amortization	(1,972,897)	(1,811,784)
<b>Net property and equipment</b>	<b>2,661,609</b>	<b>2,702,756</b>
Other assets:		
Deferred income taxes	658,715	786,000
Goodwill	1,560,183	1,150,060
Other assets	273,598	220,275
<b>Total other assets</b>	<b>2,492,496</b>	<b>2,156,335</b>
<b>Total assets</b>	<b>\$ 39,911,297</b>	<b>\$ 39,269,008</b>

See notes to unaudited consolidated financial statements.

**ADVANTAGE TECHNOLOGIES GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	June 30, 2006, (Unaudited)	September 30, 2005 (Audited)
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,147,014	\$ 4,958,834
Accrued expenses	1,353,030	1,876,523
Accrued income taxes	109,416	110,691
Bank revolving line of credit	1,776,221	2,234,680
Notes payable - current portion	1,240,783	1,239,071
Dividends payable	210,000	210,000
<b>Total current liabilities</b>	<b>7,836,464</b>	<b>10,629,799</b>
Notes payable	4,977,266	5,908,199
<b>Stockholders' equity:</b>		
Preferred stock, 5,000,000 shares authorized, \$1.00 par value, at stated value;		
Series B, 7% cumulative; 300,000 shares issued and outstanding with a stated value of \$40 per share	12,000,000	12,000,000
Common stock, \$.01 par value; 30,000,000 shares authorized;		
10,251,428 and 10,093,147 shares issued and outstanding, respectively	102,514	100,931
Paid-in capital	(6,481,917)	(7,265,930)
Retained earnings	21,392,058	17,860,967
Accumulated other comprehensive income:		
Unrealized gain on interest rate swap, net of tax	139,076	89,206
	27,151,731	22,785,174
Less: Treasury stock, 21,100 shares at cost	(54,164)	(54,164)
<b>Total stockholders' equity</b>	<b>27,097,567</b>	<b>22,731,010</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 39,911,297</b>	<b>\$ 39,269,008</b>

See notes to unaudited consolidated financial statements.

**ADVANTAGE TECHNOLOGIES GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**(UNAUDITED)**

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Net sales income	\$ 11,926,117	\$ 11,129,027	\$ 36,665,636	\$ 30,927,842
Net service income	1,273,342	964,864	3,706,591	