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YOUTHSTREAM MEDIA NETWORKS INC

Form 8-K/A

September 04, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1 TO CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) - AUGUST 20, 2002

YOUTHSTREAM MEDIA NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware

0-27556

(State or other jurisdiction of
Incorporation or organization)

Commission file number

13-4082185

(IRS Employer Identification No.)

28 West 23rd Street, New York, New York 10010

(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (212) 622-7300

YOUTHSTREAM MEDIA NETWORKS, INC.
FORM 8-K/A

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Item 2. Acquisition or Disposition of Assets

Item 7. Financial Statements and Exhibits

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On August, 6 2002, the Company issued a press release, a copy of which is attached hereto as Exhibit 99-1, announcing that it had completed the sale of certain assets and liabilities relating to its Media segment to Cass Communications, Inc., a subsidiary of Alloy, Inc. ("Alloy"). The disposition is reflected in the Company's unaudited pro forma financial information filed as a

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part of this report in Item 7.

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ITEM 7. FINANCIAL STATEMENTS & EXHIBITS.

The following exhibits are filed as part of this report:

- (a) Not applicable
- (b) Pro forma financial information (Section A)
- (c) Exhibits
 - 10-1 Asset Purchase Agreement by and between Alloy, Inc., Cass Communications, Inc., YouthStream Media Networks, Inc., American Passage Media, Inc. and Network Event Theater, Inc., dated August 5, 2002
 - 99-1 Press Release dated August 6, 2002

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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 hereunto duly authorized.

YOUTHSTREAM MEDIA NETWORKS, INC

Date: September 4, 2002

By: /s/ Wesley Ramjeet

Wesley Ramjeet
Acting Chief Financial Officer

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YOUTHSTREAM MEDIA NETWORKS, INC.
PRO FORMA FINANCIAL INFORMATION

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-SCHEDULE A -

On August 5, 2002, YouthStream Media Networks, Inc, (the "Company") completed the sale of certain assets and liabilities (the Media Assets) of its Media segment.

The purchase price paid by Alloy, Inc., a Delaware corporation (the "Buyer") for the Media Assets was \$7 million in cash.

Net cash proceeds of \$6.9 million from the sale, after payment of certain transaction costs, will be utilized to reduce outstanding debt, accounts payable

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and accrued liabilities.

The following pro forma condensed consolidated statements of operations for the year ended June 30, 2001 and for the nine-months ended March 31, 2002 gives effect to the sale of the Media Assets as if the transaction had occurred at the beginning of fiscal 2001 and 2002, respectively. The pro forma condensed consolidated balance sheet as of March 31, 2002 gives effect to the sale of the Media Assets as if such transaction had occurred as of that date and the discontinuance and related write-off of the media assets not sold.

The pro forma financial data presented herein is based on management's estimate of the effects of the sale of the Media Assets, based upon currently available information and certain assumptions the Company believes are reasonable. The Company does not expect the receipt of additional information regarding this transaction to have a material adverse effect on the pro forma financial data. The pro forma condensed consolidated statements of operations for the year ended June 30, 2001 and for the nine-months ended March 31, 2002 and the pro forma condensed consolidated balance sheet as of March 31, 2002 are unaudited, but in the opinion of management, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations and financial position for the periods presented.

The pro forma condensed consolidated statements of operations for the year ended June 30, 2002 and for the nine months ended March 31, 2002, and the pro forma condensed consolidated balance sheet as of March 31, 2002 are not necessarily indicative of the results of operations or financial position that actually would have been achieved had the transactions described been consummated as of the dates indicated, or that may be achieved in the future.

YouthStream Media Networks, Inc.
Unaudited Pro Forma Income Statement
For the 9 Months Ended March 31, 2002
(In Thousands)

| | (Unaudited) As Reported Per 10-Q | Proforma Adjustm ----- Disposal of Me Assets ----- |
|------------------------------|--|--|
| Net Revenue | 28,023 | (14,501) (1 |
| Operating expenses: | | |
| Cost of sales | 11,909 | (9,234) (1 |
| SG&A | 16,054 | (6,760) (1 |
| Corporate expenses | 4,465 | (2,310) (1 |
| Depreciation & Amortization | 550 | (199) (1 |
| Loss on impairment of assets | -- | -- |
| | ----- | ----- |
| Total operating expenses | 32,978 | (18,503) |
| | ----- | ----- |
| Loss from operations | (4,955) | 4,002 |
| Equity loss in investment | 0 | 0 |
| Interest income | 440 | 0 |
| Other income | 0 | 0 |

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| | | |
|--|-----------|-------|
| Interest expense | (2,284) | -- |
| | ----- | ----- |
| Loss before provision for income taxes | (6,799) | 4,002 |
| Provision for income taxes | 177 | (162) |
| | ----- | ----- |
| Loss from continuing operations | (6,976) | 4,164 |
| Per share of common stock basic and diluted | | |
| Loss from continuing operations | \$ (0.23) | |
| Weighted average basic and diluted common shares outstanding | 30,228 | |

YouthStream Media Networks, Inc.
Unaudited Pro Forma Statement of Operations
For the 12 Months Ended June 30, 2001
(In Thousands)

| | As Reported Per 10-K | Teen-DO Restatement (2) | As Rest |
|--|-------------------------|----------------------------|---------|
| | ----- | ----- | ----- |
| Net Revenue | 26,892 | 1,017 | 25,87 |
| Operating expenses: | | | |
| Cost of sales | 15,043 | 1,701 | 13,34 |
| SG&A | 21,749 | 5,872 | 15,87 |
| Corporate expenses | 8,163 | -- | 8,16 |
| Depreciation & Amortization | 3,188 | -- | 3,18 |
| Loss on impairment of assets | 10,680 | 5,319 | 5,36 |
| | ----- | ----- | ----- |
| Total operating expenses | 58,823 | 12,892 | 45,93 |
| | ----- | ----- | ----- |
| Loss from operations | (31,931) | (11,875) | (20,05 |
| Equity loss in investment | 0 | -- | -- |
| Interest income | 2,131 | -- | 2,13 |
| Other income | 0 | -- | -- |
| Interest expense | (3,169) | (13) | (3,15 |
| | ----- | ----- | ----- |
| Loss before provision for income taxes | (32,969) | (11,888) | (21,08 |
| Provision for income taxes | 275 | -- | 27 |
| | ----- | ----- | ----- |
| Loss from continuing operations | (33,244) | (11,888) | (21,35 |
| Per share of common stock basic and diluted | | | |
| Loss from continuing operations | \$ (1.14) | | \$ (0.7 |
| Weighted average basic and diluted common shares outstanding | 29,334 | | 29,33 |

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YouthStream Media Networks, Inc.
 Unaudited Pro Forma Balance Sheet
 March 31, 2002
 (In Thousands)

| | (Unaudited) As Reported Per 10-Q ----- | Proforma A ----- Disposal of |
|--|---|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 1,211 | 7,000 |
| Marketable debt securities, at amortized cost | 2,042 | |
| Accounts receivable, net | 4,113 | (1,093) |
| Inventories, net | 3,629 | |
| Other current assets | 1,340 | (1,019) |
| Restricted cash | 1,022 | |
| | ----- | ----- |
| Total current assets | 13,357 | 4,888 |
| Property and equipment, net | 6,028 | (3,183) |
| Assets from discontinued operations | 19 | (19) |
| Deferred financing costs, net | 2,799 | |
| Intangibles, net | 12,193 | (4,945) |
| Restricted cash | 306 | |
| | ----- | ----- |
| Total assets | \$34,702 | (\$3,259) |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | 2,166 | (175) |
| Accrued expenses | 3,175 | (177) |
| Current liabilities of discontinued operations | 1,817 | -- |
| Deferred revenues | 1,148 | (481) |
| Deferred purchase price | 750 | |
| Current portion capitalized lease obligations | 36 | (11) |
| Current portion of long-term debt | 360 | |
| | ----- | ----- |
| Total current liabilities | 9,452 | (844) |
| Non-current liabilities of discontinued operations | 52 | |
| Long-term capitalized lease obligations | 118 | (46) |
| Long-term debt | 17,958 | |
| Other liabilities | 370 | |
| Commitments and contingencies | 0 | |
| Stockholders' equity: | | |
| Preferred stock | 0 | |
| Common stock | 314 | |
| Additional paid-in capital | 330,546 | |
| Accumulated deficit | (323,278) | (2,369) |
| Treasury stock, 607 shares at March 31, 2002 | (830) | |
| | ----- | ----- |
| Total stockholders' equity | 6,752 | (2,369) |

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Total liabilities and stockholders' equity

\$34,702
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(\$3,259
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YouthStream Media Networks, Inc
Notes to Unaudited Pro Forma Financial Information

Following is a description of pro forma adjustments reflected in the unaudited proforma statements of income and balance sheet:

- (1) Adjustment to reflect the elimination of the operating results of the Media segment.
- (2) In December 2001, the Company discontinued its Teen.com website. The pro forma unaudited statement of operations gives effect the discontinued operations as if it had occurred at the beginning of fiscal 2001.
- (3) Adjustment to record the asset/liability sale of Media assets to Alloy, Inc.
- (4) Adjustment to write-off prepaids and deposits relating to the Media segment.
- (5) Adjustment to write-off remaining fixed assets relating to the disposal of the Media segment.
- (6) Adjustment to write-off goodwill relating to American Passage Media, Inc. The \$7.2 million remaining net goodwill balance relates to the Trent acquisition.
- (7) Adjustment to record net loss on disposal of remaining Media operations not purchased by Alloy, Inc.
- (8) Adjustment to write off residual assets of Teen.com discontinued operation.