

ADVANTAGE TECHNOLOGIES GROUP INC
Form 10-Q
August 14, 2007

**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, 2007

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)

1-10799
(Commission file Number)

73-1351610
(IRS Employer Identification No.)

1221 E. Houston, Broken Arrow Oklahoma
(Address of Principal Executive Offices)

74012
(Zip 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 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 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):

Large Accelerated Filer
Filer

Accelerated
Non-accelerated filer

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

Shares outstanding of the issuer's \$.01 par value common stock as of July 30,
2007 were 10,243,756.

ADVANTAGE TECHNOLOGIES GROUP, INC.
Form 10-Q
For the Period Ended June 30, 2007

PART I. FINANCIAL INFORMATION

	Page
Item 1. Financial Statements.	
Consolidated Balance Sheets	3
June 30, 2007 (unaudited) and September 30, 2006 (audited)	
Consolidated Statements of Income and Comprehensive	5
Income (unaudited)	
Three and Nine Months Ended June 30, 2007 and 2006	
Consolidated Statements of Cash Flows (unaudited)	6
Nine Months Ended June 30, 2007 and 2006	
Notes to unaudited consolidated financial statements	7
Item 2. Management's Discussion and Analysis of Financial	10
Condition and Results of Operations.	
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	15
Item 4. Controls and Procedures.	15
PART II - OTHER	
INFORMATION	16
Item 6. Exhibits.	16
SIGNATURES	16

ADVANTAGE TECHNOLOGIES GROUP, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2007 (Unaudited)	September 30, 2006 (Audited)
Assets		
Current assets:		
Cash	\$ 34,280	\$ 98,898
Accounts receivable, net allowance of \$218,000 and \$554,000, respectively	7,202,662	5,318,127
Income tax receivable	-	307,299
Inventories, net of allowance for excess and obsolete inventory of \$1,481,000 and \$1,178,000, respectively	30,485,317	28,990,696
Deferred income taxes	1,043,000	1,074,000
Total current assets	38,765,259	35,789,020
Property and equipment, at cost:		
Machinery and equipment	3,146,741	2,697,476
Land and buildings	4,994,661	1,668,511
Leasehold improvements	205,797	205,797
	8,347,199	4,571,784
Less accumulated depreciation and amortization	(2,254,021)	(2,033,679)
Net property and equipment	6,093,178	2,538,105
Other assets:		
Deferred income taxes	682,000	702,000
Goodwill	1,592,039	1,560,183
Other assets	209,254	335,566
Total other assets	2,483,293	2,597,749
Total assets	\$ 47,341,730	\$ 40,924,874

See notes to unaudited consolidated financial statements.

ADVANTAGE TECHNOLOGIES GROUP, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2007, (Unaudited)	September 30, 2006 (Audited)
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,337,101	\$ 2,618,490
Accrued expenses	1,451,646	1,181,139
Income taxes payable	889,197	-
Bank revolving line of credit	2,239,303	3,476,622
Notes payable – current portion	1,427,097	1,241,348
Dividends payable	210,000	210,000
Total current liabilities	8,554,344	8,727,599
Notes payable	6,202,819	4,666,738
Stockholders' equity:		
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; 10,264,856 and 10,252,856 shares issued, respectively	102,649	102,528
Paid-in capital	(6,391,268)	(6,474,018)
Retained earnings	26,853,629	21,863,685
Accumulated other comprehensive income:		
Unrealized gain on interest rate swap, net of tax	73,721	92,506
	32,638,731	27,584,701
Less: Treasury stock, 21,100 shares at cost	(54,164)	(54,164)
Total stockholders' equity	32,584,567	27,530,537
Total liabilities and stockholders' equity	\$ 47,341,730	\$ 40,924,874

See notes to unaudited consolidated financial statements.

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

	Three Months Ended June30,		Nine Months Ended June 30,	
	2007	2006	2007	2006
Net sales income	\$ 16,100,746	\$ 11,926,117	\$ 44,389,169	\$ 36,665,636
Net service income				