

PRIMEDIA INC
Form 8-K/A
January 31, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 31, 2006 (November 15, 2005)**

PRIMEDIA INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

1-11106
(Commission file number)

13-3647573
(I.R.S Employer
Identification No.)

745 FIFTH AVENUE, NEW YORK, NEW YORK

(Address of principal executive offices)

10151
(Zip code)

(212) 745-0100

(Registrant's telephone number, including area code)

This report amends the Current Report on Form 8-K filed by PRIMEDIA Inc. (PRIMEDIA) with the Securities and Exchange Commission on November 21, 2005.

Item 2.01 Completion of Acquisition or Disposition of Assets

On November 21, 2005, PRIMEDIA filed a Current Report on Form 8-K (Date of Report: November 15, 2005) to report its acquisition of a majority stake in Automotive.com, Inc. (Automotive.com). In such Form 8-K, PRIMEDIA indicated that it would file the historical and pro forma financial information required under Item 9.01 with respect to such acquisition no later than 71 days after the date that such Form 8-K was required to be filed. This amendment is filed to provide the required financial information.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

- (i) Audited Financial Statements of Automotive.com as of and for the years ended December 31, 2004 and 2003
- (ii) Unaudited Financial Statements of Automotive.com as of September 30, 2005 and for the nine months ended September 30, 2005 and 2004

(b) Pro Forma Financial Information

- (i) Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2005
- (ii) Unaudited Pro Forma Statements of Consolidated Operations for the nine months ended September 30, 2005
- (iii) Unaudited Pro Forma Statements of Consolidated Operations for the year ended December 31, 2004
- (iv) Notes to Unaudited Pro Forma Consolidated Financial Statements

(c) Exhibits

23.1 Consent of Conrad & Associates, L.L.P.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

Financial Statements

Automotive.com, Inc.

As of December 31, 2004 and 2003
and for the Years Ended December 31, 2004 and 2003
with Independent Auditors Report

Board of Directors

Automotive.com, Inc.

Irvine, CA

INDEPENDENT AUDITORS REPORT

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We have audited the balance sheets of Automotive.com, Inc. as of December 31, 2004 and 2003, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the management of Automotive.com. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Automotive.com, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Conrad and Associates, L.L.P.

March 4, 2005, except for notes 3, 5 and 10,
as to which the date is December 29, 2005

AUTOMOTIVE.COM, INC.

Balance Sheets

December 31, 2004 and 2003

	2004	2003
Current assets:		
Cash and cash equivalents	\$ 2,221,879	\$ 1,464,746
Accounts receivable, net of allowance of \$6,475 for 2004 and \$0 for 2003	5,547,002	2,067,061
Prepaid income taxes	219,521	
Total current assets	7,988,402	3,531,807
Property and equipment:		
Equipment	583,954	275,501
Furniture and fixtures	63,294	13,041
Building leasehold improvements	19,118	
Automobiles	122,644	
Less: accumulated depreciation	(206,211)	(108,652)
Net property and equipment	582,799	179,890
Intangible assets:		
Patents	16,708	16,708
Domain names	82,825	80,825
Database development costs	100,000	100,000
Software development costs	1,010,261	440,227
Less: accumulated amortization	(432,530)	(151,694)
Net intangible assets	777,264	486,066
Other assets:		
Deposits	20,552	6,424
Total noncurrent assets	20,552	6,424
Total assets	\$ 9,369,017	\$ 4,204,187

(continued)

(continued)

	2004	2003
Current liabilities:		
Accounts payable	\$ 1,253,454	\$ 391,711
Income taxes payable		85,131
Current deferred income tax liability (note 3)	156,954	72,431
Accrued interest		96,135
Accrued expenses	120,710	90,924
Performance bonus payable	1,220,985	194,000
Current portion of long-term debt		351,246
Total current liabilities	2,752,103	1,281,578
Long-term liabilities:		
Noncurrent deferred income tax liability (note 3)	156,438	120,996
Notes payable - long term (note 9)		1,075,000
Less: current portion of long-term debt		(351,246)
Total long-term liabilities	156,438	844,750
Total liabilities	2,908,541	2,126,328
Commitments and contingencies (note 8)		
Stockholders equity:		
Series A preferred stock (note 4)		1,714
Common stock (note 4)	13,439	8,557
Additional paid-in capital	1,591,834	768,868
Retained earnings	4,855,203	1,298,720
Total stockholders equity	6,460,476	2,077,859
Total liabilities and stockholders equity	\$ 9,369,017	\$ 4,204,187

See accompanying notes to financial statements.

AUTOMOTIVE.COM, INC.

Income Statements

For the Years Ended December 31, 2004 and 2003

	2004	2003
Income	\$ 26,050,987	\$ 11,598,209
Cost of goods sold	15,605,998	7,672,133
Gross profit	10,444,989	3,926,076
Selling, general and administrative expenses	4,304,482	1,779,145
Operating income	6,140,507	2,146,931
Other income:		
Interest income	9,799	3,832
Gain on sale of asset		25
	9,799	3,857
Other expenses:		
Interest expense	64,492	70,268
Income before income taxes	6,085,814	2,080,520
Provision for income taxes (note 3)	2,415,743	879,671
Net income	\$ 3,670,071	\$ 1,200,849

See accompanying notes to financial statements.

AUTOMOTIVE.COM, INC.

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2004 and 2003

	Series A Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2002	1,714,284	\$ 1,714	8,557,359	\$ 8,557	\$ 768,868	\$ 97,871	\$ 877,010
Net income						1,200,849	1,200,849
Balance at December 31, 2003	1,714,284	1,714	8,557,359	8,557	768,868	1,298,720	2,077,859
Redemption of stock			(352,860)	(352)	(344,648)	(113,588)	(458,588)
Issuance of stock			3,520,151	3,520	1,167,614		1,171,134
Conversion of stock	(1,714,284)	(1,714)	1,714,284	1,714			
Net income						3,670,071	3,670,071
Balance at December 31, 2004		\$	13,438,934	\$ 13,439	\$ 1,591,834	\$ 4,855,203	\$ 6,460,476

See accompanying notes to financial statements.

AUTOMOTIVE.COM, INC.

Statements of Cash Flows

For the Years Ended December 31, 2004 and 2003

	2004	2003
Operating activities:		
Net income	\$ 3,670,071	\$ 1,200,849
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	378,395	155,260
Gain on sale of asset		(25)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(3,479,941)	(413,702)
Prepaid income taxes	(219,521)	
Deposits	(14,128)	99,400
Increase (decrease) in:		
Accounts payable	861,742	195,058
Accrued expenses	29,786	34,758
Performance bonus payable	1,026,985	(26,000)
Income taxes payable	(85,131)	(70,590)
Deferred income taxes payable	119,965	193,427
Net cash provided by operating activities	2,288,223	1,368,435
Investing activities:		
Purchases of property and equipment	(500,468)	(95,231)
Purchases of domain name	(2,000)	(57,000)
Capitalization of software costs	(570,034)	(437,584)
Net cash used in investing activities	(1,072,502)	(589,815)
Financing activities:		
Redemption of stock	(458,588)	
Net cash used in financing activities	(458,588)	