AGENT155 MEDIA CORP.
Form 8-K
October 20, 2011
UNITED STATES SECURITIES AND
EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 14, 2011

AGENT155 MEDIA CORP.
(Formerly Freshwater Technologies Inc.)
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

000-53871
(Commission File Number)

98-0508360
(IRS Employer Identification No.)

1555 California Street, Suite 309, Denver, CO, 80202
(Address of principal executive offices and Zip Code)

(646) 770-5518
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.02 Unregistered Sales of Equity Securities

Pursuant to consulting agreements with six consultants 2,750,000 shares of S-8 free trading common stock were issued by the Company for compensation for their consulting services.

Pursuant to a marketing consulting agreement a total of 2.300,000 shares of restricted common stock were issued by the Company for compensation for her consulting services.

These issuances brought the total number of issued and outstanding shares of the company to 114,688,839.

These issuances of our shares were made pursuant to the exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "Act"), provided by Section 4(2) of the Act.

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.

AGENT155 MEDIA CORP.
(Formerly FRESHWATER TECHNOLOGIES, INC.)

/s/ Christopher J. Martinez
Christopher J. Martinez
President, CEO, CFO, Secretary, Treasurer and Director

Date: October 20, 2011

; LINE-HEIGHT: 1; MARGIN-RIGHT: 0px">(2,000
)
Net assets/(liabilities)

21,016
)

(3,005
)

—

5,895

—

—

(217
)

23,689

Capital and Reserves

Called up share capital

2,895

—

311

(7,189

)

—

—

3,206

Treasury shares

—

—

—

—

—

(217

)

(217

)

Capital redemption reserve

27,634

—

—

—

—

—

27,634

Share premium account

84,557

—

3,469

(8,987

)

—

—

88,026

Profit and loss reserves/(deficit)

(94,070

)

—

—

18,291

—

—

(94,960

)

Equity shareholders' funds

21,016

(3,005

)

—

3,780

2,115

—

(217
)

23,689

Notes to Unaudited pro forma combined condensed consolidated UK GAAP balance sheet at 30 June 2004

The Amarin and Laxdale balance sheet dates at the reference dates of 30 June 2004 and 30 September 2004, respectively as adjusted for material post balance sheet date adjustments, per Table 1, Note 1 and Table 2, Note 4 respectively, are further adjusted by the following UK GAAP adjustments, as described by the following notes —

6. The reference date for Amarin is 30 June 2004, while for Laxdale it is 30 September. Amarin funded Laxdale's working capital during this period and this adjustment reflects the non-coterminus nature of these reference dates and the amount of additional funding provided by Amarin to fund Laxdale's operations.

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7. This adjustment reflects the purchase of the intangible asset, tangible fixed assets and working capital items as financed by shares issued at a premium. The following analyses the fair value accounting under UK GAAP (FRS 6, FRS 7, FRS 10).

	October 8, 2004 Laxdale $'000	Fair value adjustment $'000	UK GAAP Acquisition Accounting $'000
Intangible fixed assets	—	6,858	6,858
Tangible fixed assets	218	—	218
Investments	282	(65)	217
Net current liabilities	(2,700)	—	(2,700)
Net liabilities acquired	(2,200)	6,793	4,593
Consideration	No. of Shares ('000)	$	
— shares issued at fair value (market value)	3,500	1.08	3,780
— Other costs of acquisition			813
Goodwill			—

Fair value adjustments have been considered for all assets/liabilities present on Laxdale's balance sheet at the date of acquisition (8 October 2004). For asset classes other than intangible fixed assets and investments, no fair value adjustment has been proposed due to materiality and specifically, the ongoing use of certain items such as tangible fixed assets and the proximity to settlement for the other current assets and liabilities. Other pre-acquisition additional liabilities have been considered but none have been noted as they do not meet the FRS 7 definitions in that there were no demonstrable commitments that would happen irrespective of the acquisition being consummated or not. As the acquisition accounting was performed as at 8 October 2004 whereas the rest of the pro-formas have been prepared as at 30 September 2004, minor differences arise due to the actual exchange rates at 8 October 2004 being applied to assets and liabilities acquired, as opposed to the rates at 30 September 2004.

The most significant fair value adjustment is the recognition of the intangible, representing intellectual property rights. Per FRS 7, (para 1 and 2), the recognition criteria for intangible assets of separability (can be disposed of separately from the company as a whole) and control (either via custody or legal/contractual rights) are met, as is the FRS 5 definition of an asset, being the right to future exconomic benefits. Per FRS 10, reliable measurement of the intangible is achieved by discounted cashflow analysis resulting in a valuation which is capped by FRS 10 para 10 such that negative goodwill does not arise. This gives rise to the recognition of an intangible asset, representing intellectual property rights of $6,858,000.

Laxdale has a shareholding in Amarin (see note 10). The fair value adjustment to investments, of $65,000, writes down the value of these shares from that held within Laxdale's financial statements to the fair value at 8 October 2004. This value was $1.08 per share.

The increase in creditors of $893,000 reflects the costs of the transaction together with a $80,000 adjustment reflecting the working capital movement for Laxdale for the 8 days of October 2004.

The movement on share capital represents the nominal value of the shares issued, being 3,500,000 shares of £0.05 each (or approximately $0.09, at the acquisition date) giving $311,000. The movement on share premium represents the difference between the market value and the nominal value, being $1.08 less $0.09 ($0.99), of the shares issued. So $0.99 multiplied by 3,500,000 gives $3,469,000 of share premium.

8. This shows the removal of Laxdale's pre-acquisition capital and reserves.

9. This reflects the removal of loan balances between Amarin and Laxdale which eliminate on consolidation.

10. Laxdale has a shareholding in Amarin dating back to November 2000. Under UITF37 these shares are classed as “treasury shares” and this adjustment reflects the reclassification of these shares from investments, as recorded in Laxdale’s single entity financial statements to treasury shares within the combined balance sheet.

11. This represents the unaudited pro forma combined condensed consolidated balance sheet for Amarin’s acquisition of Laxdale under UK GAAP and this forms the starting point for the following table of adjustments which shows the further adjustments required to arrive at the combined US GAAP balance. See Table 4, below.

Table 4 — Unaudited pro forma combined condensed consolidated balance sheet at 30 June 2004 (US GAAP)

	Combined UK GAAP $'000	Combination Adjustments between UK and US GAAP $'000	Combination Adjustments between UK and US GAAP $'000	Combination Adjustments between UK and US GAAP $'000	Combination Adjustments between UK and US GAAP $'000	Amarin Adjustments between UK and US GAAP $'000	Amarin Adjustments between UK and US GAAP $'000	Amarin Adjustments between UK and US GAAP $'000	Combined US GAAP $'000
	Table 3, Note 11	Table 2, Note 12	Note 13	Note 14	Note 15	Note 9	Note 10	Note 11	Note 19
Unaudited pro forma combined condensed consolidated Balance sheet									
Goodwill/negative goodwill	—	(41,354)	41,354	—	—	—	—	—	—
Intangible fixed assets	10,613	41,377	(41,168)	(7,067)	—	(3,755)	—	—	—
Tangible fixed assets	479	—	(186)	—	—	—	—	—	293
Fixed assets	11,092	23	—	(7,067)	—	(3,755)	—	—	293
Debtors	3,430	—	—	—	—	—	—	—	3,430
Investments	—	—	—	—	—	14	—	—	14
Cash at bank and in hand	17,792	—	—	—	—	—	—	—	17,792
Current assets	21,222	—	—	—	—	14	—	—	21,236
Creditors: Amounts due within one year	(6,625)	(23)	—	—	—	(71)	—	—	(6,719)
Net current assets/(liabilities)	14,597	(23)	—	—	—	(57)	—	—	14,517
Total assets less current liabilities	25,689	—	—	(7,067)	—	(3,812)	—	—	14,810
Deferred tax liability	—	—	(3,029)	—	3,029	—	—	—	—
Creditors: Amounts due outside one year	(2,000)	—	—	—	—	432	(432)	389	(1,611)
Net assets/(liabilities)	23,689	—	(3,029)	(7,067)	3,029	(3,380)	(432)	389	13,199
Capital and Reserves									
Called up share capital	3,206	—	—	—	—	—	—	—	3,206
Treasury shares	(217)	—	—	—	—	—	—	—	(217)
Capital redemption reserve	27,634	—	—	—	—	—	—	—	27,634
Share premium account	88,026	—	—	—	—	457	(457)	389	88,415
Profit and loss reserves	(94,960)	—	(3,029)	(7,067)	3,029	(3,837)	25	—	(105,839)
Equity shareholders' funds	23,689	—	(3,029)	(7,067)	3,029	(3,380)	(432)	389	13,199

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Notes to Unaudited pro forma combined condensed consolidated US GAAP balance sheet at 30 June 2004

The above takes the combined UK GAAP balance sheet and makes the following adjustments in arriving at the US GAAP combined balance sheet, as shown by the following notes —

12. This shows the negative goodwill arising on the acquisition due to the fair value of the separate net assets exceeding the fair value of the consideration. The additional value assigned under US GAAP to the intangible asset is shown (representing the difference between the value under UK GAAP and US GAAP) together with the impact of Laxdale's US GAAP revenue recognition difference under SAB104 leading to the deferral of revenue. Below is the US GAAP fair value accounting in accordance with FAS 141 — Business Combinations.

	October 8, 2004 Laxdale $'000	Fair value Adjustment $'000	US GAAP Acquisition ccounting $'000	UK GAAP Acquisition Accounting $'000	Difference between US and UK GAAP $'000
Intangible fixed assets	—	48,235	48,235	6,858	41,377
Tangible fixed assets	218	—	218	218	—
Investments	282	(65)	217	217	—
Net current liabilities	(2,700)	—	(2,700)	(2,700)	—
US GAAP differences — see below	(4,280)	4,257	(23)	—	(23)
Net liabilities acquired	(6,480))	52,427	45,947	4,593	41,354
No. of Shares ('000)				$	
— shares issued at fair value (market value)	3,500	1.08	3,780	3,780	
— Other costs of acquisition			813	813	
Negative goodwill			(41,354)	—	

Investments have been reclassified from net current liabilities for the table above.

Laxdale's US GAAP differences are in respect of the following —

Under UK GAAP, non-refundable licensing revenue in the form of milestone payments is recognised upon transfer or licensing of intellectual property rights. Where licensing agreements stipulate payment on a milestone basis, revenue is recognised upon achievement of those milestones. Revenues are stated net of value added tax and similar taxes. No revenue is recognised for consideration, the receipt of which is dependent on future events, future performance or refund obligations.

Under US GAAP and in accordance with Staff Accounting Bulletin 101 "Revenue Recognition in Financial Statements", as updated by Staff Accounting Bulletin 104 "Revenue Recognition" and Emerging Issues Task Force or EITF00-21 "Revenue Arrangements with Multiple Deliverables", revenue from licensing agreements would be recognised based upon the performance requirements of the agreement. Non-refundable fees where the company has an ongoing involvement or performance obligation, would be recorded as deferred revenue in the balance sheet and amortized into license fees in the profit and loss account over the estimated term of the performance obligation. The effect of these adjustments is to increase turnover by $307,000 in the 6 months ended 30 September 2004. As at 30 September 2004, Laxdale held a total of $4,257,000 of deferred revenue on its balance sheet under US GAAP, analysed as $608,000 due to be released to income within one year and $3,649,000 representing the fair value of the deferred revenue for phased release after more than one year. Under

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EITF01-03, the future milestone fees associated with future performance obligations of existing license agreements are at market rates relative to the future work being performed. Therefore, the deferred revenue is written off as part of the purchase price allocation and has been shown within the fair value adjustments above.

The company received non-refundable milestone income under license agreements with its licensing partners. Under the terms of the license agreements it is the company’s responsibility to obtain approval of the licensed product and in certain cases to supply the product to the licensee once the product is approved. Under the terms of SABs 101 and 104 and EITF00-21, these milestone fees would be deferred and amortized on a straight-line basis over the estimated life of the patent. This is considered by the company to be the term of the performance obligations under each license agreement. Under UK GAAP Laxdale does not fully provide for vacation expense. To comply with US GAAP this expense would be fully provided for. At 30 September the vacation provision was $23,000.

13. Under US GAAP, FAS 141 para 44, negative goodwill must be applied on a pro-rata basis to certain non-current assets (excluding investments), this is shown in below table. The majority of the negative goodwill is applied against the intangible asset. Additionally, per FAS 141 para 38, and FAS 109 para 30, Accounting for Income Taxes, business combinations are required to account for deferred tax assets and liabilities arising on the difference between book value and fair value. The intangible fixed asset arising on consolidation gives rise to a deferred tax liability, as shown below.

	October 8, 2004 Laxdale $’000	Fair value Adjustment $’000	US GAAP Acquisition Accounting $’000	Pro-rata negative goodwill application $’000	Remaining after pro-rata negative goodwill application ’000	Deferred tax iability $’000	After pro-rata of negative goodwill and deferred tax liability $’000
Intangible fixed assets	—	48,235	48,235	(41,168)	7,067	—	7,067
Deferred tax liability	—	—	—	—	—	(3,029)	(3,029)
Tangible fixed assets	218	—	218	(186)	32	—	32
Investments	282	(65)	217		217	—	217
Net current liabilities	(2,700)	—	(2,700)		(2,700)	—	(2,700)
US GAAP differences — see below	(4,280)	4,257	(23)		(23)	—	(23)
Net liabilities)acquired	(6,480)	52,427	45,947		4,593	(3,029)	1,564
No. of shares (‘000)							$
— shares issued at fair value (market value)	3,500	1.08	3,780				
— Other costs of acquisition			813				
Negative goodwill			(41,354)	(41,354)			

14. This shows the write-off, in accordance with US GAAP, of the remaining intangible asset that was created by the acquisition, as shown in the above table to Note 13, of $7,067,000. This write-off is not recorded as an adjustment in the income statement as it is a non-recurring charge attributable to the acquisition of Laxdale that will be included in the income statement of the registrant within the 12 months following the acquisition. Also shown is the write-off of the remaining deferred tax liability, arising from the recognition of the intangible asset on acquisition, remaining after the pro rata of negative goodwill.

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15. This shows the write-off, in accordance with US GAAP, of the related deferred tax liability following the write-off of the intangible asset (Note 14) that was created by the acquisition, as shown in the table above (Note 13).
16. The final adjustment shows all the US GAAP adjustments associated with Amarin as reflected in its interim financial statements for the six months ended 30 June 2004.

Below are the details regarding Amarin's US GAAP adjustments

		$'000
Intangible fixed assets	Adjustment for treatment of intangible fixed asset	(3,755)
Investments	Adjustment for gain on securities held for trading	14
Creditors: Amounts due within one year	Adjustment for revenue recognition	(617)
	Adjustment for preferred dividend	546
		(71)
Creditors: Amounts due outside one year	Unamortized discount on loan note	432

Adjustment for treatment of intangible fixed asset

Under UK GAAP the value of acquired rights to pharmaceutical products which are in the clinical trials phase of development can be capitalised and amortized where there is a sufficient likelihood of future economic benefit. Under US GAAP specific guidance relating to pharmaceutical products in the development phase requires such amounts to be expensed unless they have attained certain regulatory milestones.

Under UK GAAP the Company has capitalised $3,755,000 at June 30, 2004 relating to Miraxion (formerly known as Lax-101). This is expensed under US GAAP.

Adjustment for gain on securities held for trading

Under UK GAAP investments (including listed investments) held on current and long-term basis are stated at the lower of cost or estimated fair value, less any permanent diminution in value. Under US GAAP the carrying value of our marketable equity securities is adjusted to reflect unrealized gains and losses resulting from movements in the prevailing market value. The market value of the securities at 30 June 2004 was $14,000, this had not been recogonised under UK GAAP.

Adjustment for revenue recognition

Under UK GAAP milestone payments have been recognized when achieved. Under US GAAP, the Company's adoption of SAB 101 (which has now been updated by SAB 104) resulted in a $617,000 cumulative adjustment in respect of its accounting for certain up-front payments and refundable milestone payments. No deferred revenue was released to income in the 6 month period to 30 June 2004.

Adjustment for preferred dividend

Under UK GAAP cumulative preferred dividends are accrued whether paid or not. Under US GAAP, preferred dividends are not accounted for until declared. The Company's issued preference shares have now been converted into ordinary shares.

Unamortized discount on loan note

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Under US GAAP the loan note and the warrants issued to Elan (see note 6) have been accounted for under APB 14, so that the proceeds of the loan note have been allocated between the debt and the warrants based on their relative fair values. The debt is being accreted up to its face value over the term of the loan note, with a corresponding charge to interest expense. The fair value of the warrants is being retained in additional paid in capital until such times as they are exercised, lapse, or are otherwise dealt with. Under UK GAAP the warrants are regarded as not having affected the finance cost of the loan note. See Note 17 below.

17. This represents the redemption write-off of the discount on the loan note following the redemption in the loan note of $5,000,000 and reissue of the new $2,000,000 loan note, following the conversion of $3,000,000 of the loan note into equity, as detailed in Table 1 note 1c. See Note 18 for the impact of the new loan note. Details of the unamortized discount on the loan are discussed above in note 16.

18. Under US GAAP the new $2,000,000 loan note and the 500,000 warrants have been accounted for under APB14, so that the proceeds of the loan note have been allocated between debt and the warrants based on their relative fair values. The debt is being accreted up to its face value over the term of the loan note, with a corresponding charge to interest expense. The fair value of the warrants is being retained in additional paid in capital until such time as they are exercised, lapse, or are otherwise dealt with. Under UK GAAP the warrants are regarded as not having affected the finance cost of the loan note.

19. This represents the culmination of all adjustments in arriving at the unaudited pro forma combined condensed consolidated US GAAP balance sheet.