

IMMEDIATE RELEASE

May 17, 2007

NEWS
OTCBB: AMGU

ADS Media Group Reports 2006 Fourth Quarter and Year End Results

Highlights:

- **\$4.0 million in new equity capital strengthens balance sheet**
- **Working capital at \$4.0 million, up from deficit of \$522,000 in 2005**
- **Cash and cash equivalents grow to \$3.4 million from \$446,000 a year ago**
- **Strongest revenue quarter of year at \$1.7 million**
- **13% year-over-year Q4 revenue growth, reduced net loss**

SAN ANTONIO, Texas – ADS Media Group, Inc., (OTCBB: AMGU) today announced results for its fourth quarter and year ended December 31, 2006.

Fourth Quarter Results

ADS Media Group reported revenue of \$1,722,000 in the fourth quarter, up 13% from revenue of \$1,522,000 in the same quarter last year. The increase in revenue was attributable to the execution of several large delivery projects with major customers.

Gross profit in the fourth quarter increased 39% to \$646,000 from \$465,000 in the same quarter last year. This increase was due to a combination of higher revenue and a focus on higher margin business opportunities. Total operating expenses increased to \$723,000 from \$542,000 due to select investments in expanding the Company's infrastructure, marketing capabilities and sales force to drive revenue growth as well as higher professional fees related to SEC reporting activities. The Company reported a reduced net loss in the fourth quarter of \$48,000, or less than one cent per basic and diluted share, versus a net loss of \$85,000, or \$0.02 per basic and diluted share, in the same quarter last year.

“We are pleased to report year-over-year growth in revenue for our fourth quarter as we began to see the results of our efforts to expand sales and marketing activities and focus on larger, more profitable corporate accounts,” said Dub Doyal, CEO. “We entered 2007 with a national sales force in place for the first time in the Company's history. With new sales offices in Dallas, Chicago, Miami, New York and Los Angeles – all regional hubs for major advertising firms and other channel partners who enlist the Company's services on behalf of their corporate and institutional clients – we are positioned to pursue and win new business throughout the United States.

“In addition to building a national sales and marketing footprint,” Doyal added, “we are preparing to roll out our La Canasta de Valores program, an innovative co-op advertising campaign targeting two million Hispanic households in Texas and California during August and November. La Canasta, which we believe is the largest direct-to-door marketing program exclusively targeting the fast-growing domestic Hispanic population, is a proprietary ADS Direct Media-owned program that has the potential to generate significant recurring revenue. While we

still may experience quarter to quarter variances in revenue due to the large size of certain contracts relative to our overall revenue, we are optimistic that we are now positioned to achieve sustainable year-over year revenue growth and improved bottom line results.”

Full Year Results

For the full year the Company reported revenue of \$4,825,000 as compared with \$5,477,000 in 2005. Gross profit decreased to \$1,824,000 from \$1,923,000 in the same period last year due primarily to the decline in year-over-year revenue. Gross profit as a percent of revenue was 38% in 2006 versus 35% in 2005, reflecting improved profit margins resulting from a focus on selling higher margin products and services.

Total operating expenses for 2006 increased to \$2,340,000 from \$1,588,000 in 2005. This increase was attributed in part to implementation of FAS 123R share-based compensation expense, which added \$269,000 in non-cash expense during 2006. The Company also made significant investments in upgrading and enhancing its business and operations infrastructure to position ADS Media for future growth. The Company reported a net loss of \$42,370, or \$0.01 per basic and diluted share, versus net income of \$298,000, or \$0.08 per basic and diluted share, a year ago. The net loss included an extraordinary gain of \$455,000 associated with the cancellation of deferred compensation and related grant of stock options. The Company generated \$122,000 in cash from operations in 2006.

About ADS Media Group, Inc.

ADS Media Group, Inc. provides direct-to-door advertising and marketing services to companies, institutions and government agencies under the trade name ADS Direct Media. The Company has a growing list of local, regional and national clients, including many Fortune 500 companies. ADS has established a highly-efficient delivery system capable of distributing advertising materials and samples direct to the front door of homes and small businesses. Using sophisticated mapping software, ADS can target specific audiences, geo-demographically, down to census block groups. This high degree of targeting is complemented by ADS’ ability to provide customers with state-of-the-art delivery tracking and verification services. ADS is headquartered in San Antonio, Texas. For more information, visit www.adsmediagroup.com.

CAUTIONARY STATEMENT

This news release contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, based on current expectations, estimates and projections that are subject to risk. Forward-looking statements are inherently uncertain, and actual events could differ materially from the Company’s predictions. Important factors that could cause actual events to vary from predictions include those discussed in the Company’s SEC filings. Specifically, statements in this news release about growth, profitability, market leadership, efficacy of products and services, effectiveness of the Company’s national sales force and La Canasta program, ability to win and support new customers and improve operations, and raising shareholder value are forward-looking statements that are subject to risks including availability of capital and personnel, customer preferences and advertising plans, and other factors. Readers should not place undue reliance on these forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect new information or developments. For a more extensive discussion of the Company’s business, please refer to the Company’s SEC filings at www.sec.gov.

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Consolidated Statements of Operations

(Unaudited)	Three months ended		Twelve months ended	
	December 31,		December 31,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues	\$ 1,721,998	\$ 1,521,931	\$ 4,824,614	\$ 5,477,086
Cost of goods sold	<u>1,076,243</u>	<u>1,057,251</u>	<u>3,000,207</u>	<u>3,554,352</u>
Gross profit	645,755	464,680	1,824,407	1,922,734
Selling, administrative and other operating expense	<u>723,156</u>	<u>541,685</u>	<u>2,339,950</u>	<u>1,587,877</u>
Income (loss) from operations	(77,401)	(77,005)	(515,543)	334,857
Other income (expense)				
Interest expense	(943)	(7,632)	(12,573)	(36,685)
Interest and other income	<u>30,550</u>	<u>-</u>	<u>31,006</u>	<u>-</u>
Total other income (expense)	<u>29,607</u>	<u>(7,632)</u>	<u>18,433</u>	<u>(36,685)</u>
Income (loss) before income taxes and extraordinary item	(47,794)	(84,637)	(497,110)	298,172
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before extraordinary item	(47,794)	(84,637)	(497,110)	298,172
Extraordinary item:				
Gain on extinguishment of liabilities	<u>-</u>	<u>-</u>	<u>454,740</u>	<u>-</u>
Net income (loss)	<u>\$ (47,794)</u>	<u>\$ (84,637)</u>	<u>\$ (42,370)</u>	<u>\$ 298,172</u>
Net income (loss) per share, basic	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
Net income (loss) per share, diluted	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
Weighted average basic shares outstanding	9,976,258	3,819,161	6,439,802	3,801,783
Weighted average diluted shares outstanding	9,976,258	3,819,161	6,439,802	3,815,568

Consolidated Balance Sheets (Unaudited)	December 31,	December 31,
	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,354,597	\$ 446,142
Accounts receivable, net	1,259,850	500,122
Prepaid expenses	128,967	57,172
Other current assets	<u>6,743</u>	<u>344</u>
Total current assets	4,750,157	1,003,780
Property and equipment		
Furniture and fixtures	36,870	24,931
Computer equipment and software	74,875	51,975
Less: accumulated depreciation	<u>(75,678)</u>	<u>(61,135)</u>
Total property and equipment, net	36,067	15,771
Goodwill	250,000	250,000
Other assets	<u>6,922</u>	<u>6,922</u>
Total assets	<u>\$ 5,043,146</u>	<u>\$ 1,276,473</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	257,717	271,751
Customer advance payments	89,804	11,050
Accrued salaries and wages	110,643	907,785
Accrued liabilities	267,887	80,855
Accrued liabilities, related party	-	24,514
Due to officer, related party	-	2,942
Notes payable	-	135,653
Notes payable, related party, net	-	84,499
Other current liabilities	8,430	1,739
Obligations under capital leases	<u>3,165</u>	<u>4,841</u>
Total current liabilities	737,646	1,525,629
Obligations under capital leases, long term	<u>887</u>	<u>4,052</u>
Total liabilities	738,533	1,529,681
Shareholders' equity (deficit):		
Preferred stock	3	3
Common stock	10,881	3,819
Additional paid-in capital	6,735,101	2,141,972
Accumulated deficit	<u>(2,441,372)</u>	<u>(2,399,002)</u>
Total shareholders' equity (deficit)	<u>4,304,613</u>	<u>(253,208)</u>
Total liabilities and shareholders' equity (deficit)	<u>\$ 5,043,146</u>	<u>\$ 1,276,473</u>