

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10QSB

ATLANTIC WINE AGENCIES INC  
Form 10QSB  
August 21, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D. C. 20549

FORM 10-QSB  
QUARTERLY REPORT UNDER SECTION 13 or 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

Commission file number 333-63432

Atlantic Wine Agencies Inc.  
(Exact name of small business issuer as specified in its charter)

Florida  
(State or other jurisdiction of  
incorporation or organization)

65-110237  
(I.R.S. Employer  
Identification No.)

Golden Cross House  
8 Duncannon Street, London, United Kingdom WC2N 4JF  
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: 011-44-207-484-5005  
(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

The number of shares of the issuer's outstanding common stock, which is the only class of its common equity, on August 18, 2006 was 86,323,880.

ITEM 1 FINANCIAL STATEMENTS

Description  
FINANCIAL INFORMATION:

Financial Statements

Consolidated Balance Sheets at June 30, 2006  
(Unaudited).....

Consolidated Statement of Operations for the Three Months Ended June 30, 2006 and 2005,  
respectively (Unaudited).....

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Consolidated Statements of Cash Flows for the Three Months Ended June 30, 2006 and 2005, respectively (Unaudited) .....

Notes to Consolidated Financial Statements (Unaudited).....

### ITEM 1. FINANCIAL STATEMENTS

#### ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES (Formerly New England Acquisitions, Inc.)

#### CONSOLIDATED BALANCE SHEETS

	June 30, 2006	March 31, 2006
	----- (Unaudited)	----- (Audited)
<b>CURRENT ASSETS</b>		
Cash	\$ 31,378	\$ 78,145
Accounts receivable	301,048	507,065
Inventory	634,218	324,492
Prepaid expenses and other	8,536	9,142
	-----	-----
Total Current Assets	975,180	918,844
<b>OTHER ASSETS</b>		
Property, plant and equipment, net	2,728,022	2,945,682
Trademark	1,209	1,426
	-----	-----
	\$ 3,704,411	\$ 3,865,952
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Due to factoring agent	\$ 1,712	\$ 99,595
Loans from principal shareholders	1,356,506	1,259,863
Accounts payable	311,439	299,004
Accrued expenses	86,552	220,967
Accrued payroll taxes	719	25,926
	-----	-----
Total Current Liabilities	1,756,928	1,905,355
<b>STOCKHOLDERS' EQUITY</b>		
Common stock authorized 150,000,000 shares; \$0.00001 par value; issued and outstanding 86,323,880 shares	868	868
Additional contributed capital	7,829,536	7,829,536
Accumulated deficit	(6,200,951)	(6,184,014)
Accumulated other comprehensive income	318,030	314,207
	-----	-----
Total Stockholders' Equity	1,947,483	1,960,597
	-----	-----

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\$ 3,704,411      \$ 3,865,952  
 =====

See accompanying notes to financial statements.

ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
 (Formerly New England Acquisitions, Inc.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended June 30,	
	2006	2005
	(Unaudited)	(Unaudited)
NET SALES	\$ 55,959	\$ 94,302
COSTS AND EXPENSES		
Cost of goods sold	13,820	111,025
Selling, general and administrative	42,185	418,995
Depreciation and amortization	26,086	18,789
Total Costs and Expenses	82,091	548,809
OTHER INCOME		
Insurance claims	9,195	
NET LOSS	(16,937)	(454,507)
NET LOSS PER SHARE, basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	86,323,880	84,838,027

See accompanying notes to financial statements.

ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
 (Formerly New England Acquisitions, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended June 30,	
	2006	2005
	(Unaudited)	(Unaudited)

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CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for period	\$ (16,937)	\$ (454,507)
Non-cash item included in net loss:		
Depreciation and amortization	26,086	18,789
Changes in operating assets and liabilities:		
Accounts receivable	206,017	(154,437)
Inventory	(309,726)	122,700
Prepaid expense and other	606	30,626
Accounts payable	12,435	111,222
Accrued expenses	(134,415)	22,985
Accrued payroll taxes	(25,207)	(65,181)
	-----	-----
Net Cash Used In Operating Activities	(241,141)	(367,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from principal shareholders	96,643	297,054
Due to factoring agent	(97,883)	
	-----	-----
Net Cash Used In Financing Activities	(1,240)	297,054
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure		(11,250)
Disposal of fixed assets	191,791	
	-----	-----
Net Cash Provided by (Used in) Investing Activities	191,791	(11,250)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3,823	32,491
	-----	-----
NET DECREASE IN CASH	(46,767)	(49,508)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,145	97,487
	-----	-----
CASH AT END OF PERIOD	\$ 31,378	\$ 47,939
	=====	=====

See accompanying notes to financial statements.

ATLANTIC WINE AGENCIES,  
INC. and SUBSIDIARIES  
(Formerly New England Acquisitions, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2006  
(Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. Results for the three months ended June 30, 2006 are not necessarily indicative of the results that may be expected for the year ending March 31, 2007. For further information, refer to the financial statements and footnotes thereto included in the Atlantic Wine

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Agencies, Inc., formerly New England Acquisitions, Inc., annual report on Form 10-KSB for the year ended March 31, 2006.

### NOTE B - GOING CONCERN

As indicated in the accompanying financial statements, the Company has an Accumulated deficit of \$6,200,951. Management's plans include the raising of capital through the equity markets to fund future operations and the generating of revenue through its business. Failure to raise adequate capital and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses and generate adequate revenues, there can be no assurances that the revenue will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

### NOTE C - DUE PRINCIPAL STOCKHOLDERS

During the quarter ended June 30, 2006, the principal stockholders continued to advance funds for working capital. The amount advanced during the quarter approximated \$96,000.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Financial results reflect securing HBJ as distributor within the UK with premium brands being focused on through the business which has resulted increasing margin back to the business. Atlantic Wine Agencies will continue to focus on securing agency agreements in Europe and South Africa providing direct route to market from Mount Rozier Estate implementing cost saving initiatives highlighted in annual report. Mount Rozier Estate has further secured exceptional results from two of the most respected International wine competitions continuing on last year's success and recent 2006 IWC results. Mount Rozier excelled in the Decanter World Wine Awards one of the world's most influential and respected wine competition. Now in its third year, the Decanter World Wine Awards is a global competition whose aim is to provide credible recommendations for today's wine consumer. The Awards reflect regional styles, celebrate diversity, promote value for money, and highlight quality.

Mount Rozier Cabernet Sauvignon Cuvee Burr 2004	GOLD
Mount Rozier Merlot Cuvee Julian 2004	SILVER
Mount Rozier Shiraz Cuvee Mauerberger 2004	SILVER

Atlantic Wine Agencies are pleased to report on success also in The International Wine and Spirit Competition founded in 1969 and is the premier competition of its kind in the world. In 2005 The Competition received approximately 5,000 entries from over 50 countries.

Mount Rozier Cabernet Sauvignon Cuvee Burr 2004	SILVER
Mount Rozier Shiraz Cuvee Mauerberger 2004	SILVER BEST IN CLASS

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Atlantic Wine Agencies profile continues to be raised by Mount Rozier and management intends to build on recent successes.

### RESULTS OF OPERATIONS

Our revenues from the previous 3-month period ending June 30, 2005 decreased from \$94,302 to \$55,959.

In furtherance of our goal of building world class wine brands from South Africa, we intend to revisit some of our earlier business development strategies of strengthening our business outside core wine model into potentially the leisure & resource industry delivering value to all shareholders. We will endeavour to keep the public promptly updated as our options clarify themselves.

We have financed our operations to date through loans made to us by our shareholders and their affiliates.

Operating costs for the three-months ended June 30, 2005 aggregated \$548,809 or \$0.01 per share as compared to \$82,091 or \$0.01 per share for the year ended June 30, 2006.

### LIQUIDITY AND CAPITAL RESOURCES

For the three-months ended June 30, 2006 net cash used to fund operating activities aggregated \$241,141 net cash provided by investing activities aggregated \$191,791 and net cash provided by financing activities aggregated \$1,240.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Instruments with Characteristics of Both Liabilities and Equity." This standard requires that certain financial instruments embodying an obligation to transfer assets or to issue equity securities be classified as liabilities. It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is generally effective July 1, 2003. This standard had no impact on the Company's financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment to FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods for transition to SFAS No. 123's

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fair value method of accounting for stock-based compensation. As amended by SFAS No. 148, SFAS No. 123 also requires additional disclosure regarding stock-based compensation in annual and condensed interim financial statements. The new disclosure requirements became effective immediately.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

### Item 3. Controls and Procedures.

(a) Our principal executive officer and principal financial officer has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) as of a date within 90 days prior to the filing date of this quarterly report and has concluded that our disclosure controls and procedures are adequate.

(b) There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

(c) Not applicable

## PART II

### Item 1. Legal Proceedings

None.

### Item 2. Changes in Securities

None

### Item 3. Defaults Upon Senior Securities

None

### Item 4. Submission of Matters to a Vote of Security Holders

None

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Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a. Exhibit Index

Exhibit 99.1 Certification of President and Principal Financial Officer

Exhibit 99.2 Certification of President and Principal Financial Officer

b. Reports on Form 8-K None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATLANTIC WINE AGENCIES INC.

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Name: Adam Mauerberger

Title: President, Chief Financial Officer and Chairman of the Board

Date: August 21, 2006