

Edgar Filing: ATLANTIC WINE AGENCIES INC - Form 10QSB/A

ATLANTIC WINE AGENCIES INC  
Form 10QSB/A  
August 09, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D. C. 20549  
FORM 10-QSB/A  
QUARTERLY REPORT UNDER SECTION 13 or 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September  
30, 2004  
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  
WC2N 4JF  
(Address of principal executive offices)

011-44-797-905-7708  
(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 November 18, 2004 was 104,063,027.

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ITEM 1 FINANCIAL STATEMENTS

Description

FINANCIAL INFORMATION:

Financial Statements

Consolidated Balance Sheets at September 30, 2004 (Unaudited).....	
Consolidated Statement of Operations for the Three and Six Months Ended September 30, 2004, respec for the Period from March 1, 2004 to September 30, 2004 (Unaudited).....	
Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2004 and for the Per March 1, 2004 to September 30, 2004 (Unaudited) .....	
Notes to Consolidated Financial Statements (Unaudited).....	

## ITEM 1. FINANCIAL STATEMENTS

ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
 (Formerly New England Acquisitions, Inc.)  
 (A Development Stage Company)

CONSOLIDATED BALANCE SHEET  
 SEPTEMBER 30, 2004

CURRENT ASSETS	
Cash	\$ 156,109
Accounts receivable	30,000
Inventory	1,145,949
	-----
Total Current Assets	1,332,058
OTHER ASSETS	
Property, plant and equipment, net	2,547,076
Trademarks	47,521
	-----
	\$ 3,926,655
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 659,423
Accrued expenses	32,197
	-----
Total Current Liabilities	691,620
LONG-TERM DEBT	
Due to principal stockholders	895,152
STOCKHOLDERS' EQUITY	
Common stock authorized 150,000,000 shares; \$0.00001 par value; issued and outstanding 104,063,027 shares	1,041
Additional contributed capital	3,861,839
Deficit accumulated during Development Stage	(1,522,997)
	-----
Total Stockholders' Equity	2,339,883
	-----
	\$ 3,926,665
	=====

See accompanying notes to financial statements.

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ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
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CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30, 2004	For the Six Months Ended September 30, 2004	Period March 1, 2004 (Inception) to September 30, 2004
	-----	-----	-----
NET SALES	\$ 63,893	\$ 120,036	\$ 120,036
COSTS AND EXPENSES			
Cost of goods sold	(27,659)	100,448	100,448
Selling, general and administrative	231,786	380,635	410,635
Stock based compensation	999,000	1,139,000	
Depreciation and amortization	2,335	7,878	7,878
	-----	-----	-----
Total Costs and Expenses	206,462	1,487,961	1,657,961
	-----	-----	-----
NET OPERATING LOSS	(142,569)	(1,367,925)	(1,537,925)
OTHER EXPENSE			
Currency exchange gain	14,937	14,937	14,937
Interest expense	(9)	(9)	
	-----	-----	-----
	14,937	14,928	14,928
	-----	-----	-----
NET LOSS \$(127,632)	\$ (1,352,997)	\$ (1,522,997)	
	=====	=====	=====
NET LOSS PER SHARE, basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.02)
	=====	=====	=====
Weighted average number of common shares outstanding	85,830,887	85,830,887	85,830,557
	=====	=====	=====

Note: The Company had no operating abilities for the comparable period ending September 30, 2003.

See accompanying notes to financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended September 30, 2004	Period March 1, 2004 (Inception) to September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES	-----	-----
Net loss for period	\$(1,352,997)	\$(1,522,997)
Non-cash items included in net loss:		
Stock based compensation	999,000	1,139,000
Depreciation and amortization	7,878	7,878
Changes in operating assets and liabilities:		
Accounts receivable	(30,000)	(30,000)
Inventory	(1,145,949)	(1,145,949)
Accounts payable	659,423	659,423
Accrued expenses	2,197	32,197
Increase in due to principal stockholders	895,152	895,152
	-----	-----
Net Cash Provided by Operating Activities	34,704	34,704
CASH FLOWS FROM INVESTING ACTIVITIES	(2,602,475)	(2,602,475)
	-----	-----
Net Cash Used in Investing Activities	(2,602,475)	(2,602,475)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	2,723,880	2,723,880
	-----	-----
Net Cash Provided by Financing Activities	2,723,880	2,723,880
	-----	-----
NET INCREASE IN CASH	156,109	156,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	-----	-----
CASH AT END OF PERIOD	\$ 156,109	\$ 156,109
	=====	=====

See accompanying notes to financial statements.

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ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
(Formerly New England Acquisitions, Inc.)  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2004

NOTE A - BASIS OF PRESENTATION

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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 six months ended September 30, 2004 are not necessarily indicative of the results that may be expected for the year ending March 31, 2005. For further information, refer to the financial statements and footnotes thereto included in the Atlantic Wine Agencies, Inc., formerly New England Acquisitions, Inc., annual report on Form 10-KSB for the year ended March 31, 2004 and the Form 8-K filed in September 2004.

### NOTE B - REVERSE MERGER

On May 4, 2004, the stockholders of New Heights 560 Holdings, LLC a Cayman Island Limited Liability Company, acquired 100,000,000 shares of Atlantic Wine Agencies, Inc. common stock in an exchange of shares, thereby obtaining control of the company. Subsequent to the acquisition, New Heights 560 Holdings, LLC controlled 99% of the outstanding common stock of the company. In this connection, New Heights 560 Holdings, LLC became a wholly owned subsidiary of Atlantic Wine Agencies, Inc. and its officers and directors replaced New Heights 560 Holdings', LLC officers and directors. Prior to the acquisition, Atlantic Wine Agencies, Inc. was a non-operating public shell corporation. Pursuant to Securities and Exchange Commission rules, the merger or acquisition of a private operating company into a non-operating public shell corporation with nominal net assets is considered a capital transaction. Accordingly, for accounting purposes, the acquisition has been treated as an acquisition of New Heights 560 Holdings, LLC by the Company and a recapitalization of Atlantic Wine Agencies, Inc. Since the merger is a recapitalization of Atlantic Wine Agencies, Inc. and not a business combination, pro-forma information is not presented.

### NOTE C - GOING CONCERN

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of \$1,522,997 since inception and is considered a company in the development stage. 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.

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ATLANTIC WINE AGENCIES, INC. and SUBSIDIARIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 September 30, 2004

NOTE D- DUE TO PRINCIPAL STOCKHOLDERS

At September 30, 2004, principal stockholders have advanced the Company \$895,152 for working capital. Such loans are non-interest bearing and have no specific maturity date for repayment.

NOTE E - ACQUISITION OF AUSTRALIAN WINERY AND VINEYARD

On September 13, 2004, Atlantic Wine Agencies, Inc. ("Company") entered into an agreement to issue 20,000,000 shares of its common stock to the stockholders of Dominion Wines, Ltd. and Dominion Estates Pty., Ltd. in exchange for all of the issued and outstanding shares of each of those entities. Additionally, the Company will make a payment of \$3,136,202.87 Australian dollars to National Australian Bank to settle a loan facility held by Dominion Wines, Ltd., advance Dominion wines \$223,797.13 Australian dollars for working capital and assume a \$4,081,387.11 Australian dollar loan held by the commonwealth Bank of Australia. The Company also canceled 20,000,000 shares of its common stock which were held by certain stockholders.

Since the Company is currently in the process of completing its acquisition audit and obtaining asset valuations, the effect of this transaction has not been included in the Company's balance sheet as at September 30, 2004 nor has it been included in the statement of operations for the three and six months ended September 30, 2004. Preliminary and unaudited financial data is presented below:

Balance Sheet:	
Current assets	\$ 4,714,506
Fixed assets, net	14,528,830
Trademarks	46,958
	-----
Total Assets	19,290,294
Less: current liabilities	
Bank debt	7,441,387
Other liabilities	2,380,307
	-----
Net Assets	\$ 9,468,600
	=====

Preliminary and unaudited operating data for the year ended June 30, 2004 is as follows:

Total revenue	\$ 4,660,705
Cash and expenses:	
Cost of goods sold	3,024,348
General and administrative expense	1,600,599
	-----
Total Expense	4,624,947

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Net Income	\$ 35,758
	=====

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following should be read in conjunction with our financial statements and the related notes that appear elsewhere in this Annual Report. The discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below.

On December 16, 2003, the Company had a change in control of its issued and outstanding common stock. On this date, Rosehill Investments Limited acquired 11,937,200 shares of the Company's common stock pursuant to a Stock Purchase Agreement among Rosehill Investments Limited and the Company, Mr. Jonathan Reisman and Mr. Gary Cella. The agreement provided for the shares to be sold as follows: 9,234,520 shares from the Company; 1,379,600 shares from Mr. Reisman and 1,323,100 shares from Mr. Cella ("Stock Sale").

As a result of the Stock Sale: (i) the directors of the Company resigned and new directors were appointed; (ii) obligations to the Company's auditors, lawyers and service providers were satisfied; and (iii) the Company spun off its two subsidiaries to its shareholders of record immediately prior to the Stock Sale.

On May 4, 2004, the stockholders of New Heights 560 Holdings, LLC a Cayman Island Limited Liability Company, acquired 100,000,000 shares of Atlantic Wine Agencies, Inc. common stock in an exchange of shares, thereby obtaining control of the company. Subsequent to the acquisition, New Heights 560 Holdings, LLC controlled 99% of the outstanding common stock of the company. In this connection, New Heights 560 Holdings, LLC became a wholly owned subsidiary of Atlantic Wine Agencies, Inc. and its officers and directors replaced New Heights 560 Holdings', LLC officers and directors. Prior to the acquisition, Atlantic Wine Agencies, Inc. was a non-operating public shell corporation. Pursuant to Securities and Exchange Commission rules, the merger or acquisition of a private operating company into a non-operating public shell corporation with nominal net assets is considered a capital transaction. Accordingly, for accounting purposes, the acquisition has been treated as an acquisition of New Heights 560 Holdings, LLC by Atlantic Wine Agencies, Inc. and a recapitalization of such.

On September 13, 2004, Atlantic Wine Agencies, Inc. ("Company") entered into an agreement to issue 20,000,000 shares of its common stock to the stockholders of Dominion Wines, Ltd. and Dominion Estates Pty., Ltd. in exchange for all of the issued and outstanding shares of each of those entities. Additionally, the Company agreed to make payments of \$3,136,202.87 Australian dollars to National Australian Bank to settle a loan facility held by Dominion Wines, Ltd., advance Dominion wines \$223,797.13 Australian dollars for working capital and assume a \$4,081,387.11 Australian dollar loan held by the commonwealth Bank of Australia. The Company also proposed canceling 20,000,000 shares of its common stock held by certain stockholders. The Company anticipates closing that transaction in the near future.

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS

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We are currently in the development stage and have generated \$120,036 from sales of our wines for the six months ending September 30, 2004. We have financed our operations to date through capital contributions from our key shareholders.

Operating costs for the period from inception to September 30, 2004 aggregated \$658,691. The majority of these costs were maintenance and marketing expenses related to our South African vineyard operation. As a result of the above we realized a cumulative loss of \$523,997 or .006 per share.

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Operating costs for the six-month period ended September 30, 2004 aggregated \$488,691. Again, the majority of these costs were due to maintaining the South African winery operation. As a result of the above we realized a loss of \$368,925 for the six-month period ended September 30, 2004 or \$.004 per share.

Atlantic's Board of Directors consists of Messrs. Adam Mauerberger and Andrew Bayley.

### LIQUIDITY AND CAPITAL RESOURCES

From inception through September 30, 2004, net cash used to fund operating activities totaled \$2,723,880, net cash utilized by investing activities totaled \$(2,602,475). For the six-month period ended September 30, 2004, net cash used to fund operating activities totaled \$2,723,880.

The Company has generated minimal revenues and has financed its operations to date primarily through the capital contributions of certain stockholders and the assumption of debt from certain stockholders. To date the company owes \$895,152 to stockholders in the form of a demand promissory note, the specific terms of which remain open. As a result, cash on hand was \$156,109 as of September 30, 2004.

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### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon the 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.

### Development and Integration of Business Model

It is the Company's current intention to continue developing its South African wine-growing and wine distribution business as well as its newly acquired Australian wine-growing and wine distribution business. Presently, the Company is investigating potential acquisitions of assets and is in discussions with



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possible joint venture candidates in South Africa, Australia and elsewhere.

### 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

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## 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

Item 5. Other Information  
None

Item 6. Exhibits and Reports on Form 8-K

### a. Exhibit Index

Exhibit 31.1 Certification of President and Principal Financial Officer

Exhibit 32.1 Certification of President and Principal Financial Officer

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### b. Reports on Form 8-K

On September 16, 2004, the Company filed an 8-K with the Securities and Exchange Commission with respect to the entry into a material definitive agreement which occurred on September 13, 2004. On such date, the Company agreed to issue 20,000,000 shares of its common stock to the shareholders of Dominion Wines Ltd and Dominion Estates Pty Ltd in exchange for all of the issued and outstanding ordinary shares of each of those entities. Dominion Wines and Dominion Estates are Australian based winery operations with potential leisure development. As a result of the Exchange Transaction, the Company anticipates acquiring all of the assets and liabilities of both Dominion Wines and Dominion Estates in the near future.

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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.

/s/ Adam Mauerberger

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Name: Adam Mauerberger

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

Date: August 9, 2005