Aftermarket Enterprises, Inc.
Form 10-Q
May 17, 2010

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

# FORM 10 Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from __________ to __________

Commission File Number 333-141676

Aftermarket Enterprises, Inc.
(Exact name of registrant as specified in its charter)

| Nevada | 20-5354797 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

933 S. 4th Street, Unit A, Grover Beach, CA 93433
(Address of principal executive offices) (Zip Code)

(805) 457-6999
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act
Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act
Yes [X] No [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [ ] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item

405 of Regulation S B is not contained herein, and not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10 KSB or any amendment to this Form 10 KSB. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large Accelerated filer [ ] | Accelerated filer [ ] |
| Non-accelerated filer [ ] (Do not check if a smaller reporting company) | Smaller reporting company [X] |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]   No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: The Registrant's shares trade on the OTCBB with no bid or ask price. The shares trade very sporadically and the bid price on any given day may not be indicative of the actual price a stockholder could receive for their shares.

As of May 12, 2010, the Registrant had 2,776,996 shares of common stock issued and outstanding.

## Part I - FINANCIAL INFORMATION

### Item 1. Financial Statements

Aftermarket Enterprises, Inc.
FINANCIAL STATEMENTS
(UNAUDITED)
March 31, 2010

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. However, in the opinion of management, all adjustments (which include only normal recurring accruals) necessary to present fairly the financial position and results of operations for the periods presented have been made. These financial statements should be read in conjunction with the accompanying notes, and with the historical financial information of the Company.

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AFTERMARKET ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS

| | March 31, 2010 | December 31, 2009 |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash | 6,612 | 6,771 |
| Accounts Receivable | 894 | - |
| Total Current Assets | 6,612 | 6,771 |
| TOTAL ASSETS | 7,506 | 6,771 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 9,120 | 2,319 |
| Accrued Liabilities | 2,518 | 3,005 |
| Loan Payable, Related Party | 13,000 | 13,000 |
| Sales tax payable | 714 | - |
| Deferred Revenue | - | 225 |
| Total Current Liabilities | 25,352 | 18,549 |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Preferred Stock: ($0.001 par value, | | |

| | | |
|---|---|---|
| 10,000,000 shares authorized; no shares issued and outstanding) | | |
| Common Stock: ($0.001 par value, 90,000,000 shares authorized; 2,776,996 issued and outstanding) | 2,777 | 2,777 |
| Additional Paid-in Capital | 187,853 | 187,853 |
| Accumulated Deficit | (208,476) | (202,408) |
| Total Stockholder's Equity (Deficit) | (17,846) | (11,778) |
| Total Liabilities and Stockholders' Equity (Deficit) | 7,506 | 6,771 |

The accompanying notes are an integral part of these financial statements.

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AFTERMARKET ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Revenues | | |
| Sales (net of returns) | 26,720 | 24,597 |
| Cost of Goods Sold | 18,945 | 15,099 |
| Gross Profit | 7,775 | 9,498 |
| Expenses | | |
| Amortization Expense | | 2,968 |
| Credit Card Discount | 1,215 | 1,088 |
| Payroll Expense | - | - |
| Other General & Administrative | 12,628 | 21,176 |
| | 13,843 | 25,232 |
| Loss from Operations | (6,068) | (15,734) |
| Other income/expense: | - | - |
| Interest Income | - | - |
| Interest Expense | - | - |
| Provision for State Taxes | - | - |
| Net (loss) | (6,068) | (15,734) |
| Net (loss) per common share | (0.00) | (0.01) |
| Weighted average number of common shares outstanding | 2,776,996 | 2,776,996 |

The accompanying notes are an integral part of these financial statements.

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AFTERMARKET ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Operating Activities | | |
| Net loss | $ (6,068) | $ (15,734) |
| Prior period loss adjustment restated | | |
| Adjustment for items not involving cash: | | |
| Amortization expense | 0 | 2,968 |
| Deferred Revenue | (225) | 0 |
| Shares for service | 0 | 0 |
| Change in non-cash working capital items: | (6,293) | (12,766) |
| (Increase) decrease in other current assets | (894) | 1042 |
| Increase (decrease) in accounts payable | 6,801 | (5,559) |
| Increase (decrease) in accrued liabilities | (487) | 63 |
| Increase (decrease) in sales tax payable | 714 | |
| Cash provided by (used in) operating activities | (159) | (17,220) |
| Investing Activities | | |
| None | - | - |
| Cash used in investing activities | - | - |
| Financing Activities | | |
| Proceeds from loan(s) payable - related party | 0 | 0 |
| Proceeds from sale of common stock | | |
| Payment of loan(s) payable - related party | | |
| Cash provided by financing activities | 0 | 0 |
| Increase (decrease) in cash position | (159) | (17,220) |
| Cash position at beginning of period | 6,771 | 22,974 |
| Cash position at end of period | $ 6,612 | $ 5,754 |

The accompanying notes are an integral part of these financial statements



Aftermarket Enterprises, Inc.
Notes to Consolidated Financial Statements
March 31, 2010

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Aftermarket Enterprises, Inc. (the Company) is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the accompanying consolidated financial statements.

Business Activity
Aftermarket Enterprises, Inc. (the Company) is a Nevada corporation organized on August 4, 2006 to market and sell aftermarket automotive products through the Internet. On May 12, 2004, Everything SUV, LLC was organized to sell aftermarket automotive products for SUV's through the Internet. On July 24, 2006, all rights, titles and interests to any and all memberships and ownership interests in Everything SUV, LLC were transferred to Aftermarket Express, Inc. The Company acquired all the outstanding shares of common stock of Aftermarket Express, Inc. on September 1, 2006 in a business combination. The Company has elected a fiscal year end of December 31st. All intercompany balances have been eliminated on consolidation.

Cash and Cash Equivalents
The Company considers all highly-liquid instruments with a maturity of three months or less to be cash equivalents. The Company had $6,612 in cash and cash equivalents at March 31, 2010.

Use of Estimates in the preparation of the financial statements
The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition
The Company recognizes revenue from product sales when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectability is reasonably assured. Product sales and shipping revenues are recorded when the products are shipped and title passes to customers. The customer's credit card is authorized at the time the order is placed, thereby providing reasonable assurance of collectability. The credit card is then charged for the amount of the sale when the product is shipped from the supplier. Our suppliers notify us via email when orders have been shipped and, with rare exceptions, all orders for merchandise that is in stock are shipped within 48 hours of the time of the order. Delivery to the customer is deemed to have occurred when the product is shipped from the supplier.

Return/Refund Policy
Customers may return/exchange their merchandise within 30 days of the sale unless the item is embroidered or otherwise customized, in which case all sales are final. Return shipping charges are the responsibility of the customer unless an error has been made on our part. The return of certain items may incur a restocking fee. If so, the customer is made aware at the time of the sale. Refunds for returned merchandise are processed promptly upon confirmation of receipt of the returned merchandise in like-new condition, less any applicable restocking and/or shipping charges. Our revenues and costs of goods sold are reported without making an allowance for returned merchandise due to the fact that our return rate is less than one half of one percent of gross revenue.

Advertising
The Company expenses advertising costs as incurred. There were no advertising costs incurred during the fiscal quarter ending March 31, 2010.

Shipping and Handling Costs
Shipping and handling costs are included in cost of sales.

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Aftermarket Enterprises, Inc.
Notes to Consolidated Financial Statements
March 31, 2010

Earnings per share
The Company follows ASC Topic 260 to account for the earnings per share. Basic earning per common share ("EPS") calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earning per common share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding. During periods when common stock equivalents, if any, are anti-dilutive they are not considered in the computation.

NOTE 2 BUSINESS ACQUISITIONS

On September 1, 2006, we acquired Aftermarket Express, Inc. which is now our wholly owned subsidiary. We purchased Aftermarket Express, Inc. from its stockholders for $31,300 paid in the form of $21,300 in cash and $10,000, interest free Promissory Note with a maturity date of November 29, 2006. The Promissory Note was paid in full on November 2, 2006.

NOTE 3 COMMITMENTS

None.

NOTE 4 RELATED PARTY TRANSACTIONS

As of March 31, 2010, the Company had received loans totaling $13,000 from the Company's President, Adam Anthony. These loans are non-interest bearing and are due upon demand.

NOTE 5 WEBSITE

We receive all of our revenues through our website. Once the order is received from the website, the customer's credit card is authorized for the total cost of the sale, including shipping and handling. Upon successful authorization of the credit card, the order is sent to the appropriate supplier via email. Upon confirmation that the order has been shipped by the supplier, the customer's credit card is charged for the full value of the sale. If the item is not available for immediate shipment, electronic communication is sent to the customer informing them of any delays.

The value of our website has been fully ammortized over time. The ammortization schedule is as follows:

| Year | Initial Value | Accumulated Ammortization |
|---|---|---|
| | $ 35,610 | |
| 2006 | | $ 3,957 |
| 2007 | | 11,872 |
| 2008 | | 11,872 |
| 2009 | | 7,911 |
| 12/31/09 | $ 35,610 | $ 35,612* |

*the discrepancy between initial value and Accumulated Ammortization is attributable to rounding done for reporting purposes only.

NOTE 6 INCOME TAXES

The Company follows FASB ASB 740-10, "Income Taxes" for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each





period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

NOTE 7 GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses, and (2) seeking out and completing a merger with an existing operating company. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 8 STOCKHOLDERS EQUITY

We have 100,000,000 shares of stock authorized for issuance, consisting of 10,000,000 preferred and 90,000,000 common.

Currently there are no shares of preferred stock issued or outstanding.

As of December 31, 2006, there were 1,100,000 shares of common stock issued and outstanding.

During the fiscal year 2007, 492,452 shares of common stock were issued in connection with the conversion of outstanding promissory notes into common stock.

As of December 31, 2007, there were 1,592,452 shares of common stock issued and outstanding.

During the fiscal year 2008, we issued 1,054,544 shares of common stock for cash of $126,485 and 130,000 shares for consulting services valued at $3,900.

As of December 31, 2009, there were 2,776,996 shares of common stock issued and outstanding.

As of March 31, 2010, there were 2,776,996 shares of common stock issued and outstanding.

NOTE 9 RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

Below is a listing of the most recent accounting standards, the Company does not expect that the adoption of any of these changes will have a material impact on the Company's financial position, or statements.

Accounting Standards Update 2010-18-Receivables (Topic 310): Effect of a loan modification when the loan is part of a pool that is accounted for as a single asset-a consensus of the FASB emerging issues task force. Effective for fiscal years on or after July 15, 2010.

Accounting Standards Update 2010-17 Revenue Recognition- Milestone Method (Topic 605): Milestone Method of Revenue Recognition - a consensus of the FASB emerging issues task force. Effective for fiscal years on or after June 15, 2010.

Accounting Standards Update 2010-16 Entertainment- Casinos (Topic 924): Accruals for casino jackpot liabilities - a consensus of the FASB emerging issues task force. Effective December 15, 2010.

Accounting Standards Update 2010-15 Financial Services-Insurance (Topic 994): How investments held through separate accounts affect an insurer's consolidation analysis of those investments- a consensus of the FASB Emerging Issues Task Force. Effective December 15,2010.

Accounting Standards Update 2010-14 Accounting for Extractive Activities - Oil & Gas- amendments to paragraph 932-10-S99-1(SEC update)

Accounting Standards Update 2010-13Compensation-Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades-a consensus of the FASB Emerging Issues Task Force. Effective July 1, 2010.

Accounting Standards Update 2010-12Income Taxes (Topic 740): Accounting for Certain Tax Effects of the 2010 Health Care Reform Acts (SEC Update). Effective July 1, 2010.

Accounting Standards Update 2010-11Derivatives and Hedging (Topice 815): Scope Exception Related to Embedded Credit Derivatives. Effective July 1, 2010.

Accounting Standards Update 2010-10 Consolidation (Topic 810): Amendments for Certain Investement Funds. Effective July 1, 2010.

Accounting Standards Update 2010-09 Subsequent Events (topic 855): Amendments to Certain Recognition and Disclosure Requirements. Effective July 1, 2010.

Accounting Standards Update 2010-08 Technical Corrections to Various Topics

Accounting Standards Update 2010-07 Not-for-Profit Entities (Topic 958): Not-for-profit Entities: Mergers and Acquisitions. Effective July 1, 2010.

Accounting Standards Update 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. Effective July 1, 2010.

Accounting Standards Update 2010-05 Compensation-Stock Compensation (Topic718):Escrowed share arrangements and the Presumption of Compensation (SEC Update). Effective July 1, 2010.

Aftermarket Enterprises, Inc.
Notes to Consolidated Financial Statements
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Accounting Standards Update 2010-04 (ASU 2010-04), Accounting for Various Topics-Technical Corrections to SEC Paragraphs. Effective July 1, 2010.

Accounting Standards Update 2010-03 (ASU 2010-03), Extractive Activities-Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures. (January 2010) Effective for annual reporting periods ending on or after December 31, 2009. Early adoption is not permitted.

Accounting Standards Update 2010-02, Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary. (January 2010) For those entities that have already adopted FAS 160, the amendments are effective at the beginning of the first interim or annual reporting period ending on or after December 15, 2009. The amendments should be applied retrospectively to the first period that an entity adopted FAS 160.

Accounting Standards Update 2010-01, Equity (Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash (A Consensus of the FASB Emerging Issues Task Force). (January 2010) Effective for interim and annual periods ending on or after December 15, 2009, and would be applied on a retrospective basis.

Accounting Standards Update 2009-17, Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities. This Accounting Standards Update amends the FASB Accounting Standards Codification for Statement 167. (December 2009) (See FAS 167 effective date below)

Accounting Standards Update 2009-16, Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets. (December 2009) This Accounting Standards Update amends the FASB Accounting Standards Codification for Statement 166. (See FAS 166 effective date below)

Accounting Standards Update 2009-15, Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing. (October 2009) This Accounting Standards Update amends the FASB Accounting Standard Codification for EITF 09-1. (See EITF 09-1 effective date below)

Accounting Standards Update 2009-14, Software (Topic 985): Certain Revenue Arrangements That Include Software Elements. (October 2009) Effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted.

Accounting Standards Update 2009-13, Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements. (October 2009) Effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted.

Accounting Standards Update 2009-12, Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). (September 2009) It is effective for interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued.

EITF No. 09-1, (ASC Topic 470) "Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance" ("EITF 09-1"). (July 2009). Effective for fiscal years that beginning on or after December 15, 2009 and requires retrospective application for all arrangements outstanding as of the beginning of fiscal years beginning on or after December 15, 2009. Effective for share-lending arrangements entered into on or after the beginning of the first reporting period that begins on or after June 15, 2009.

SFAS No. 168 (ASC Topic 105), "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162" ("SFAS No. 168").





(June 2009) Effective for financial statements issued for interim and annual periods ending after September 15, 2009. SFAS No. 168 is effective for the Company's interim quarterly period beginning July 1, 2009.

SFAS No. 167 (ASC Topic 810), "Amendments to FASB Interpretation No. 46(R) ("SFAS 167"). (June 2009) Effective as of the beginning of the first fiscal year that begins after November 15, 2009. SFAS 167 will be effective for the Company beginning in 2010.

SFAS No. 166, (ASC Topic 860) "Accounting for Transfers of Financial Assets- an amendment of FASB Statement No. 140" ("SFAS 166"). (June 2009) Effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009.

SFAS No. 164, (ASC Topic 810) "Not-for-Profit Entities: Mergers and Acquisitions - including an amendment of FASB Statement No. 142" ("SFAS 164"). (April 2009) Effective for mergers occurring on or after the beginning of an initial reporting period beginning on or after December 15, 2009 and acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2009.

Staff Accounting Bulletin (SAB) No. 112. (June 2009)

NOTE 10 SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through May 12, 2010 and determined there are no items to disclose.



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

Results of Operations

Special Note Regarding Forward Looking Statements

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the Plan of Operations provided below, including information regarding the Company's financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities, and the plans and objectives of management. The statements made as part of the Plan of Operations that are not historical facts are hereby identified as "forward-looking statements."

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the three month periods ended March 31, 2010, to the items disclosed as significant accounting policies since the Company's last audited financial statements for the year ended December 31, 2009.

The Company's accounting policies are more fully described in Note 1 of the consolidated financial statements. As discussed in Note 1, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the consolidated financial statements and the accompanying notes. The Company believes that the following addresses the Company's most critical accounting policies.

We recognize revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Under SAB 104, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. We recognize revenue as services are provided. Revenues are reflected net of coupon discounts.

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109). Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to $0.

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Plan of Operations

We have an established web store presence and supplier relationships in the aftermarket SUV accessories marketplace. This presence was obtained through the purchase of the website and related business of Aftermarket Express, Inc. Currently, our product line focuses on the SUV marketplace.

To expand our concept, we will need to create a broader web presence and may set up additional "web stores" to focus on the different segments in the aftermarket accessories marketplace. Additionally, we will have to establish new supplier relationships to be able to offer a broader product line. We believe the aftermarket accessories marketplace can be served through an online presence. To this end, we purchased the website and related business of Aftermarket Express, Inc. Through this purchase, we were able to obtain an instant online presence and revenue stream. Although this revenue stream is currently not profitable, management believes with minor changes, the current operations can become profitable. This will require additional marketing efforts. Management believes with a more aggressive marketing approach, our online presence can be expanded and sales can be increased.

Results of Operations

We continued to lose money during the three months ended March 31, 2010, with a net loss of $6,068 compared to a loss of $15,734 for the three months ended March 31, 2009. We had sales of $26,720 for the three months ended March 31, 2010 compared to sales of $24,597 for the three months ended March 31, 2009. Without additional revenue, we will continue to suffer losses. We expect our legal and professional fees, which include our audit and accounting fees, will continue for the foreseeable future and we expect them to remain at current levels.

Revenues were generated through our web site purchased in September 2006. We did not engage in any additional marketing or advertising as we focused on revising our web site and marketing plan. We anticipate sales to continue to be lower than last year, although we are taking steps to increase our website traffic and sales.

Since we are not a manufacturer of the products we sell and we buy from suppliers, our cost of goods sold is somewhat out of our hands and we have limited markup capabilities if we want to stay price competitive. On all products we carry, we perform a market analysis of the product and competing product prices both online and in available stores. This analysis can generally be performed online without much difficulty. Once a price point for a product is determined, we try and set the price at a competitive level, often matching competitor's prices or slightly reducing our price over a competitor if possible. Since we typically have no inventory carrying cost, we generally can be competitive on price point. Generally, our prices reflect a gross margin of an average of 25% to 35%. If a product is widely available at a price that forces us to sell it for less than a gross profit of 30%, we will still offer the product for sale but only if there is minimal customer service activity associated with the sale. As with most retail and online stores, we have to minimize all other expenses in order to have a chance to make a profit.



Liquidity and Capital Resources

As of March 31, 2010, we had working capital deficit of $17,846. It is possible that we will need to raise additional capital to cover ongoing losses until we are able to increase our sales. We have reduced expenses to the lowest possible level and believe that we will be able to cover or nearly cover costs for the next quarter. However, even with reducing expenses, we still face severe challenges and may need additional capital if sales cannot be maintained or grown at a level that allows us to pay for all expenses of operation as they occur.

Our primary source of liquidity in the past has been cash provided by debt instruments and operating activities. If our efforts to increase sales are not successful, and if the reduction to expenses do not result in profits from current sales levels, or if current sales levels unexpectedly drop, we will have to obtain additional financing. Presently, we do not feel bank financing is feasible and believe we would have to rely on loans from existing stockholders and management or further equity offerings. At this time there are no commitments from any parties to provide further financing.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of March 31, 2010.

Forward-looking Statements

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and our representatives may from time to time make written or oral statements that are "forward-looking," including statements contained in this Quarterly Report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward- looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions, changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally, legal and regulatory developments, such as regulatory actions affecting environmental activities, the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes, labor disputes, which may lead to increased costs or disruption of operations.



This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

NA-Smaller Reporting Company

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and CFO, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President and CFO concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our President and CFO, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of the President and CFO, evaluated the effectiveness of our internal control over financial reporting as of March 31, 2010. Based on this evaluation, our management, with the participation of the President and CFO, concluded that, as of March 31, 2010, our internal control over financial reporting was effective. Given we have only one officer that serves as President and CFO, our controls are limited by the lack of personnel and segregation of duties. As we grow our business we will be actively looking at how to segregate our duties to provide better controls.

Changes in internal control over financial reporting

There have been no changes in internal control over financial reporting.



PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

None

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

We have not sold any restricted securities during the three months ended March 31, 2010.

Use of Proceeds of Registered Securities

On April 15, 2008, the SEC declared our registration statement effective, file no. 333-141676. On August 11, 2008, we closed our offering under the registration statement having sold 1,054,545 shares of our common stock for gross proceeds of $126,545. Cost of the offering was $60 leaving net proceeds of $126,485. No commissions were paid to anyone. No officer or director received any of the proceeds of the offering. We have used the proceeds of the offering to repay $21,995 in indebtedness and $51,632 of accounts payable. The balance of the proceeds were used to purchase equipment and software and for marketing.

Purchases of Equity Securities by Us and Affiliated Purchasers

During the three months ended March 31, 2010, we have not purchased any equity securities nor have any officers or directors of the Company.

ITEM 3. Defaults Upon Senior Securities

We are not aware of any defaults upon senior securities.

ITEM 4. Removed and Reserved

ITEM 5. Other Information.

None



ITEM 6. Exhibits

(a) Exhibits.

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed.

| Exhibit # | Title of Document | Location |
| --- | --- | --- |
| 3 (i) | Articles of Incorporation | Incorporated by reference* |

| | | |
|---|---|---|
| 3 (ii) | Bylaws | Incorporated by reference* |
| 4 | Specimen Stock Certificate | Incorporated by reference* |
| 31 | Rule 13a-14(a)/15d-14a (a) Certification - CEO & CFO | This filing |
| 32 | Section 1350 Certification - CEO & CFO | This filing |

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*Incorporated by reference from the original filing of Aftermarket Enterprises, Inc.'s registration statement on Form SB-2, file number 333-141676, filed on March 30, 2007.

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, thereunto duly authorized.

Aftermarket Enterprises, Inc.
(Registrant)

Date: May 12, 2010 By: /s/ Adam Anthony

Adam Anthony, CEO, Principal Accounting Officer and Director