

ATLANTIC WINE AGENCIES INC  
Form 10QSB  
August 14, 2007

**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, 2007

*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)

65-1102237  
(I.R.S. Employer  
Identification No.)

Mount Rosier Estate (Pty) Ltd.  
Farm 25 A-Sir Lowry's Pass Village  
Somerset West, 7129  
South Africa  
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: 011.27.218.581130  
(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 x No o

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 outstanding common stock of Atlantic Wine Agencies, Inc. (the "Company"), which is the only class of its common equity, on August 14, 2007, was 86,323,880.

**Item 1. Financial Statements**

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

CONSOLIDATED BALANCE SHEETS

	June 30, 2007 (Unaudited)	March 31, 2007 (Audited)
<b>CURRENT ASSETS</b>		
Cash		\$ 341
Accounts receivable	\$ 35,874	37,875
Inventory	140,719	144,480
Prepaid expenses and other		13
<b>Total Current Assets</b>	<b>176,593</b>	<b>182,709</b>
<b>OTHER ASSETS</b>		
Property, plant and equipment, net	2,511,257	2,437,488
Trademark	1,242	1,207
<b>Total Assets</b>	<b>\$ 2,689,092</b>	<b>\$ 2,621,404</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft	\$ 433,458	\$ 158,967
Loans from principal shareholders	1,259,863	1,259,863
Accounts payable	166,197	208,669
Accrued expenses	278,763	332,618
Loan payable to principal officer	135,320	135,320
<b>Total Current Liabilities</b>	<b>2,273,601</b>	<b>2,095,437</b>
<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	(7,915,052)	(7,749,230)
Accumulated other comprehensive income	500,139	444,793
<b>Total Stockholders' Equity</b>	<b>415,491</b>	<b>525,967</b>
	<b>\$ 2,689,092</b>	<b>\$ 2,621,404</b>

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,	
	2007 (Unaudited)	2006 (Unaudited)
NET SALES	\$ 46,020	\$ 55,959
<b>COSTS AND EXPENSES</b>		
Cost of goods sold	20,330	13,820
Selling, general and administrative	157,328	42,185
Depreciation and amortization	32,172	26,086
Interest expense	4,972	
Total Costs and Expenses	214,802	82,091
<b>OTHER INCOME</b>		
Insurance claims		9,195
Other miscellaneous income	2,960	
Total Other Income	2,960	9,195
NET LOSS	(165,822)	(16,937)
NET LOSS PER SHARE, basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	86,323,880	86,323,880

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,	
	2007 (Unaudited)	2006 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for period	\$ (165,822)	\$ (16,937)
Non-cash item included in net loss:		
Depreciation and amortization	32,172	26,086
Changes in operating assets and liabilities:		
Accounts receivable	2,001	206,017
Inventory	3,761	(309,726)
Prepaid expense and other	13	606
Accounts payable	(42,472)	12,435
Accrued expenses	(53,855)	(134,415)
Accrued payroll taxes		(25,207)
Net Cash Used In Operating Activities	(224,202)	(241,141)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank overdraft	274,491	
Loan from principal shareholders		96,643
Due to factoring agent		(97,883)
Net Cash Used In Financing Activities	274,491	(1,240)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(36,190)	
Disposal of fixed assets		191,791
Net Cash Provided by (Used in) Investing Activities	(36,190)	191,791
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>		
	(14,440)	3,823
<b>NET DECREASE IN CASH</b>	<b>(341)</b>	<b>(46,767)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	341	78,145
<b>CASH AT END OF PERIOD</b>	<b>\$</b>	<b>\$ 31,378</b>

See accompanying notes to financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007

(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, 2007 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008. 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, 2007.

NOTE B - GOING CONCERN

As indicated in the accompanying financial statements, the Company has an Accumulated deficit of \$7,915,052. 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 - OVERDRAFT FACILITY

On April 17, 2007, the Company entered into an additional overdraft facility arrangement with ABSA, a South African Bank for R 7,000,000 (U.S. \$1,000,000). The loan is secured by the assets of the South African Winery and bears interest at the South African prime rate 12.5% per annum. The balance at June 30, 2007 is \$433,458.

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

On October 13, 2006, we entered into an agreement with Auction Alliance, a South African auction firm, to sell our Myrtle Grove Property and Estates, subject to the minimum reserve being met. Assets including land, vineyards, winery equipment and stock were included in the auction sale. The initiation of the auction process resulted from the conclusions that (i) after expending considerable resources and efforts in developing our business and building world class wine brands from South Africa, significantly more capital is necessary to further grow the business which are unable to procure on commercially acceptable terms, (ii) The ZAR (South African Rand) has shown considerable volatility related to uncertainty regarding future political situation and (iii) the best time to maximize our South African property and operations is by selling through the public auction process locally in South Africa prior to the growing season in the southern hemisphere. We failed to agree to the terms to sell our assets in the auction process and thus continue operating our winery business. However, we will continue to seek alternative business operations and any transaction that would involve the sale of most or all of our assets. When the sale has been completed, we will seek to use the proceeds from such sale, after satisfying our current liabilities, to develop or acquire a business or businesses which we believe will best serve the long term interests of our shareholders. Such businesses may or may not be related to the wine industry.

### **RESULTS OF OPERATIONS**

Operating costs for the three-months ended June 30, 2007 aggregated \$214,802 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, 2007 net cash used to fund operating activities aggregated (\$224,202), net cash utilized by investing activities aggregated (\$36,190) and net cash provided by financing activities aggregated \$274,491.

### **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 June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation 48, "Accounting for Income Tax Uncertainties" ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. Recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt the provisions of FIN 48

beginning in the first quarter of 2007. The Company is currently in the process of determining the impact, if any, of adopting the provisions of FIN 48 on its financial position, results of operations and liquidity.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value under other accounting pronouncements that permit or require fair value measurements, changes the methods used to measure fair value and expands disclosures about fair value measurements. In particular, disclosures are required to provide information on the extent to which fair value is used to measure assets and liabilities; the inputs used to develop measurements; and the effect of certain of the measurements on earnings (or changes in net assets).



SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Early adoption, as of the beginning of an entity's fiscal year, is also permitted, provided interim financial statements have not yet been issued. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS No. 157 will have on its consolidated financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB No. 108"). SAB No. 108 provides guidance on how prior year misstatements should be considered when quantifying misstatements in the current year financial statements. SAB No. 108 requires registrants to quantify misstatements using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 does not change the guidance in SAB No. 99, "Materiality," when evaluating the materiality of misstatements. SAB No. 108 is effective for fiscal years ending after November 15, 2006. Upon initial application, SAB No. 108 permits a one-time cumulative effect adjustment to beginning retained earnings. The Company adopted SAB No. 108 for the fiscal year ended March 31, 2007. Adoption of SAB No. 108 did not have a material impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 allows entities to measure at fair value many financial instruments and certain other assets and liabilities that are not otherwise required to be measured at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has not determined what impact, if any, that adoption will have on our results of operations, cash flows or financial position.

### **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.

#### **Item 3. Controls and Procedures.**

(a) Our principal executive officer and principal financial officer have 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

**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.

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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 14, 2007

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