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NUWAVE TECHNOLOGIES INC
Form 10QSB/A
May 20, 2005

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

FORM 10-QSB/A
(MARK ONE)

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

For the quarterly period ended March 31, 2005

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-28606

NUWAVE TECHNOLOGIES, INC.
(Exact Name of Small Business Issuer in Its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation or Organization)

22-3387630
(IRS Employer
Identification No.)

101 Hudson Street, Suite 3701
Jersey City, New Jersey 07302
(Address of Principal Executive Offices)

(201) 309-1880
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) 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 No

The number of shares of Common Stock outstanding as of May 14, 2005: 2,529,303

NUWAVE TECHNOLOGIES, INC. AND SUBSIDIARIES
Form 10-QSB
March 31, 2005
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PART I
Financial Information

ITEM 1. FINANCIAL STATEMENTS

NUWAVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

ASSETS

March 31, December 31,
2005 2004

(unaudited)

Current assets:

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Cash and cash equivalents	\$ 23	\$ 84
Marketable securities - available-for-sale	171	256
Inventory	1	1
Other current receivables	20	30
Deferred tax asset	--	50
	-----	-----
Total current assets	215	421
Property and equipment, net	19	21
Land held for development and sale	2,821	2,761
	-----	-----
Total assets	\$ 3,055	\$ 3,203
	=====	=====

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current liabilities:

Accounts payable, accrued liabilities and accrued interest	\$ 250	\$ 122
Current portion of convertible debentures, net of unamortized discount of \$48 and \$50	437	335
Current portion of note payable - related party	89	--
	-----	-----
Total current liabilities	776	457
	-----	-----

Non-current liabilities:

Note payable - related party	3,482	--
Note payable - related party, net of current portion	1,311	1,400
Convertible debentures - related party, net of unamortized discounts of \$0 and \$694, respectively	--	2,607
Convertible debentures, net of unamortized discounts of \$19 and \$37, respectively	81	163
Accrued interest - non-current	122	247
	-----	-----
Total non-current liabilities	4,996	4,417
	-----	-----
Total liabilities	5,772	4,874
	-----	-----

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Stockholders' deficiency:

Series A Convertible Preferred Stock, noncumulative, \$.01 par value; authorized 400,000 shares; none issued	--	--
Preferred stock, \$.01 par value; authorized 1,600,000 shares; none issued - (preferences and rights to be designated by the Board of Directors)	--	--
Common stock, \$.001 par value; authorized 140,000,000 shares; 2,062,013 shares issued and outstanding at March 31, 2005 and December 31, 2004	2	2
Additional paid-in capital	25,783	26,461
Accumulated other comprehensive income	40	125
Accumulated deficit	(28,542)	(28,259)
	-----	-----
Total stockholders' deficiency	(2,717)	(1,671)
	-----	-----
Total liabilities and stockholders' deficiency	\$ 3,055	\$ 3,203
	=====	=====

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NUWAVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
And Comprehensive Loss
(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2005	2004
	(unaudited)	(unaudited)
Net sales	\$ --	\$ --
Cost of sales	--	--
	-----	-----
Gross profit	--	--
	-----	-----
Operating expenses:		
General and administrative	229	126
Research and development	--	--
	-----	-----

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Total operating expenses	229	126
	-----	-----
Loss from operations	(229)	(126)
Other expense:		
Interest expense	(54)	(76)
	-----	-----
Net loss	\$ (283)	\$ (202)
	=====	=====
Weighted average number of common shares outstanding	2,062,013	1,875,902
	=====	=====
Basic and diluted net loss per common share	\$ (0.14)	\$ (0.11)
	=====	=====
Comprehensive loss:		
Net loss	\$ (283)	\$ (202)
Other comprehensive loss net of income taxes:		
Unrealized loss on marketable securities	(85)	--
	-----	-----
Comprehensive loss	\$ (368)	\$ (202)
	=====	=====

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NUWAVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(In thousands except share data)

	Three Months Ended March 31,	
	-----	-----
	2005	2004
	-----	-----
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net loss	\$ (283)	\$ (202)
	-----	-----
Adjustments to reconcile net loss to net cash provided		

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by (used in) operating activities:

Depreciation	2	--
Amortization of debt discount	22	34
(Increase) decrease in operating assets:		
Other current receivables	10	--
Other assets	--	(10)
Deferred tax asset	50	225
Increase (decrease) in operating liabilities:		
Accounts payable, accrued liabilities and accrued interest	148	(10)
	-----	-----
Total adjustments	232	239
	-----	-----
Net cash provided by (used in) operating activities	(51)	37
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	--	(15)
Land acquisition and land development costs	(10)	(7)
	-----	-----
Net cash used in investing activities	(10)	(22)
	-----	-----

(continued)

See accompanying notes to these condensed consolidated financial statements.

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NUWAVE TECHNOLOGIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows, continued
(In thousands except share data)

Three Months Ended March	
2005	2004
-----	-----

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Cash flows from financing activities:

Proceeds from issuance of convertible debentures	--	1
	-----	-----
Net cash provided by financing activities	--	1
	-----	-----
Net increase (decrease) in cash and cash equivalents	(61)	1
Cash and cash equivalents - beginning of the period	84	1
	-----	-----
Cash and cash equivalents - end of the period	\$ 23	\$ 2
	=====	=====

Supplemental disclosure of cash flow information:

Interest paid during the period	\$ --	\$
	=====	=====

Supplemental disclosures of non-cash investing and financing activities:

Recording of debt discount	\$ --	\$
	=====	=====
Recording of interest payable and amortization of debt discount that is capitalized as an addition to the cost of the land held for development and sale	\$ 50	\$
	=====	=====
Reacquisition of beneficial conversion feature upon early extinguishment of debt	\$ (678)	\$
	=====	=====
Refinancing of the convertible debenture - related party, as follows:		
Convertible debenture - related party	\$ (3,300)	\$
Accrued interest	(182)	
	-----	-----
Promissory note - related party	\$ 3,482	\$
	=====	=====

See accompanying notes to these condensed consolidated financial statements.

NUWAVE TECHNOLOGIES, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Interim Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements

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have been prepared in conformity with accounting principles generally accepted in the United States of America for interim information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The results of operations for the interim periods shown in this report are not necessarily indicative of expected results for any future interim period or for the entire fiscal year. NuWave Technologies, Inc. (the "Company" or "NuWave"), believes that the quarterly information presented includes all adjustments (consisting only of normal, recurring adjustments) necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission ("SEC") on April 13, 2005.

2. Going Concern and Management's Plans

The Company's annual sales have declined from approximately \$20,000 to \$0 and \$0 for each of the years 2003 and 2004 and the three month period ended March 31, 2005, respectively, as the Company has had difficulty securing buyers for its technology products in a very competitive environment and there have yet to be revenues realized from the sale of developed real estate properties. The Company has incurred annual net losses of approximately \$790,000, \$336,000 and \$283,000 for the years 2003, 2004 and for the three months ended March 31, 2005, respectively, resulting in a stockholders deficiency of approximately \$2,717,000 at March 31, 2005, which raises substantial doubt about the Company's ability to continue as a going concern.

Management has taken a number of actions to lower costs and to improve the Company's liquidity. The Company has reduced its cash flow requirements through its control and management of general operating expenses. Although it continues to find it difficult to generate revenues, the Company intends to remain in the technology business.

Management's plans include the raising of cash through the issuance of debt or equity although there are no assurances that the Company will be successful. The Company continues to require funding by and the financial support of Cornell Capital Partners, LP ("Cornell"). In January 2005, the Company entered into a Standby Equity Distribution Agreement ("SEDA") with Cornell, and during April 2005, the Company raised net cash of \$22,000 through the SEDA facility (See Note 11).

On February 4, 2005, the Company filed a Form SB-2 Registration Statement, with an amendment filed on February 14, 2005 with the SEC, to register 130,690,033 shares of its common stock, including 120,122,191 shares of common stock to be issued to Cornell pursuant to the SEDA. On February 14, 2005, the Securities and Exchange Commission declared the registration statement effective.

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NUWAVE TECHNOLOGIES, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Going Concern and Management's Plans - continued

During May 2005, the Company issued a convertible debenture in the face amount of \$250,000 to Cornell (see Note 11).

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Management does not intend to expend any additional funds toward the development of the land held for development and sale until such time as new funding is secured.

The accompanying condensed consolidated 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 condensed consolidated 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. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern. There can be no assurance that the Company will be successful in these endeavors and therefore may have to consider other alternatives.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The condensed co