

ARPEGGIO ACQUISITION CORP
Form 10QSB
May 11, 2006
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2006

Transition report under Section 13 or 15(d) of the Exchange Act
For the transition period from _____ to _____

Commission File Number 000-50781

Arpeggio Acquisition Corporation

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware
(State or other Jurisdiction of

20-0953973
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

10 East 53rd Street, 36th Floor, New York, New York 10022

(Address of Principal Executive Office)

(212) 319-7676

(Issuer's Telephone Number, Including Area Code)

Edgar Filing: ARPEGGIO ACQUISITION CORP - Form 10QSB

Check whether the issuer (1) 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 11, 2006, 8,300,000 shares of common stock, par value \$.0001 per share, were issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

Table of Contents

	Page
Part I: Financial Information:	
Item 1 Financial Statements (Unaudited):	
<u>Balance Sheets</u>	3
<u>Statements of Operations</u>	4
<u>Statement of Stockholders' Equity</u>	5
<u>Statements of Cash Flows</u>	6
<u>Summary of Significant Accounting Policies</u>	7
<u>Notes to Financial Statements</u>	8
<u>Item 2 Management's Discussion and Analysis or Plan of Operation</u>	14
<u>Item 3 Controls and Procedures</u>	15
Part II. <u>Other Information</u>	
<u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>Item 6 Exhibits</u>	17
<u>Signatures</u>	18

Table of Contents

Arpeggio Acquisition Corporation
(a corporation in the development stage)

Balance Sheet

	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 128,619	\$ 410,289
U.S. Government Securities held in Trust Fund (Note 2)	37,014,175	36,660,510
Accrued interest receivable, Trust Fund (Note 2)	16,952	5,732
Prepaid expenses	32,500	50,000
Total current assets	37,192,246	37,126,531
Deferred acquisition costs	347,446	215,195
Total assets	\$ 37,539,692	\$ 37,341,726
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued acquisitions costs	162,993	106,395
Accrued expenses	8,510	14,380
Income tax payable	\$ 49,465	\$ 69,468
Total current liabilities	220,968	190,243
Common stock, subject to possible conversion, 1,359,320 shares at conversion value (Note 2)	7,402,522	7,329,582
Commitment (Note 6)		
Stockholders' equity (Notes 2, 4, 7 and 8)		
Preferred stock, \$.0001 par value, Authorized 1,000,000 shares; none issued		
Common stock, \$.0001 par value Authorized 30,000,000 shares; Issued and outstanding 8,300,000 shares (which includes 1,359,320 subject to possible conversion)	830	830
Additional paid-in capital	29,393,748	29,466,688
Retained earnings accumulated during development stage	521,624	354,383
Total stockholders' equity	29,916,202	29,821,901
Total liabilities and stockholders' equity	\$ 37,539,692	\$ 37,341,726

See accompanying summary of significant accounting policies and notes to unaudited financial statements.

Table of Contents

Arpeggio Acquisition Corporation
(a corporation in the development stage)
Statement of Operations (Unaudited)

	Three months ended March 31, 2006	Three months ended March 31, 2005	Period from April 2, 2004 (inception) to March 31, 2006
Expenses:			
General and administrative expenses (Note 6)	\$ (93,930)	(55,182)	\$ (734,042)
Operating loss	(93,930)	(55,182)	(734,042)
Interest income	366,796	198,695	1,706,576
Net income before provision for income taxes	272,866	143,513	972,534
Provision for income taxes (Note 9)	(105,625)	(47,359)	(450,910)
Net income	167,241	96,154	521,624
Accretion of Trust Fund relating to common stock subject to possible conversion	(72,940)	(38,848)	(335,658)
Net income attributable to other common stockholders	\$ 94,301	57,306	\$ 185,965
Basic and fully diluted income per share	0.01	0.01	
Weighted average common shares outstanding	8,300,000	8,300,000	

See accompanying summary of significant accounting policies and notes to unaudited financial statements

Table of Contents**Arpeggio Acquisition Corporation****(a corporation in the development stage)****Statement of Stockholders' Equity (Unaudited)**

	Preferred Stock		Common Stock			Retained earnings accumulated during the development stage	
	Shares	Amount	Shares	Amount	Additional Paid-In Capital		Total
Balance, April 2, 2004 (inception)		\$		\$	\$	\$	\$
Issuance of common stock to initial stockholders			1,500,000	150	24,850		25,000
Sale of 6,800,000 units and underwriter's options, net of underwriters' discount and offering expenses (includes 1,359,320 shares subject to possible conversion)			6,800,000	680	36,771,420		36,772,100
Proceeds subject to possible conversion of 1,359,320 shares					(7,066,864)		(7,066,864)
Accretion of Trust Fund relating to common stock subject to possible conversion					(57,793)		(57,793)
Net income for the period						70,426	70,426
Balance, December 31, 2004			8,300,000	\$ 830	\$ 29,671,613	\$ 70,426	\$ 29,742,869
Accretion of Trust Fund relating to common stock subject to possible conversion					(204,925)		(204,925)
Net income for the year						283,957	283,957
Balance, December 31, 2005		\$	8,300,000	\$ 830	\$ 29,466,688	\$ 354,383	\$ 29,821,901
Accretion of Trust Fund relating to common stock subject to possible conversion					(72,940)		(72,940)
Net income for the period (unaudited)						167,241	167,241
Balance, March 31, 2006		\$	8,300,000	\$ 830	\$ 29,393,748	\$ 521,624	\$ 29,916,202

See accompanying summary of significant accounting policies and notes to unaudited financial statements.

Table of Contents

Arpeggio Acquisition Corporation
(a corporation in the development stage)
Statement of Cash Flows (Unaudited)

	Three months ended March 31, 2006	Three months ended March 31, 2005	Period from April 2, 2004 (inception) to March 31, 2006
Cash Flows from Operating Activities			
Net income	\$ 167,241	\$ 96,154	\$ 521,624
Adjustments to reconcile net income to net cash used in operating activities:			
Gain on maturity of U.S. Government Securities held in Trust Fund	(353,782)	(192,186)	(1,657,001)
Changes in operating assets and liabilities:			
(Decrease) increase in prepaid expenses	17,500	21,250	(32,500)
(Decrease) increase in accrued interest receivable	(11,220)	1,140	(16,952)
Increase in income tax payable	(20,003)	(11,279)	49,465
(Decrease) increase in accrued expenses	(5,870)	4,040	8,510
Net cash used in operating activities	(206,134)	(80,881)	(1,126,854)
Cash Flows from Investing Activities			
Purchases of U.S. Government Securities held in Trust Fund	(37,013,883)	(35,830,291)	(252,921,174)
Maturity of U.S. Government Securities held in Trust Fund	37,014,000	35,827,000	217,564,000
Deferred acquisition costs	(75,653)		(184,453)
Net cash used in investing activities	(75,536)	(3,291)	(35,541,627)
Cash Flows from Financing Activities			
Proceeds from public offering of 6,800,000 units, net			36,772,000
Proceeds from issuance of common stock to initial stockholders			25,000
Proceeds from underwriter's option			100
Proceeds from note payable, stockholder			77,500
Repayment of note payable, stockholder			(77,500)
Net cash provided by financing activities	0	0	36,797,100
Net increase (decrease) in cash and cash equivalents	(281,670)	(84,172)	128,619
Cash and cash equivalents at beginning of the period	410,289	1,219,597	0
Cash and cash equivalents at end of the period	\$ 128,619	\$ 1,135,425	\$ 128,619
Supplemental disclosure from cash flow information:			
Cash paid during the period for income taxes	\$ 125,628	\$ 40,473	\$ 401,445
Supplemental disclosure of non-cash activity:			
	\$ 72,940	\$ 38,848	\$ 335,658

Edgar Filing: ARPEGGIO ACQUISITION CORP - Form 10QSB

Accretion of trust fund relating to common stock subject to possible conversion

Accrued acquisition costs

162,993

162,993

See accompanying summary of significant accounting policies and notes to unaudited financial statement

Table of Contents

Arpeggio Acquisition Corporation

(a corporation in the development stage)

Summary of Significant Accounting Policies

Cash and Cash Equivalents	Arpeggio Acquisition Corporation (the Company) considers all highly liquid investments with original maturities of three months or less to be cash equivalents.
Securities Held in Trust Fund	The Company carries its investment in U.S. government securities at cost, which approximates fair value.
Income Taxes	The Company follows Statement of Financial Accounting Standards No. 109 (SFAS No. 109), Accounting for Income Taxes which is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns.
Net Income Per Share	Basic net income per share is calculated by dividing net income after accretion attributable to common stockholders by the weighted average number of common shares outstanding during the period. No effect has been given to potential issuances of common stock from warrants or the underwriter option in the diluted computation, as their effect would not be dilutive.