

NowAuto Group, Inc.
Form 10-Q
May 16, 2011

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

FORM 10-Q

QUARTER REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011
Commission File Number 000-50709

NOWAUTO GROUP, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
Incorporation or organization)

77-0594821
(I.R.S. Employer
Identification No.)

4240 East Elwood Street, Phoenix, Arizona 85040
(Address of principal executive offices) (Zip Code)
Registrant's Telephone Number: (480) 431-0015

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 preceding 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

As of April 16, 2011 there were 9,383,046 shares, net of treasury shares, of common stock outstanding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NowAuto Group, Inc
Condensed Consolidated Balance Sheets

| | March 31, 2011 (Unaudited) | June 30, 2010 |
|--|----------------------------------|---------------------|
| Assets | | |
| Assets | | |
| Cash and Cash Equivalents | \$ 30,493 | 54,551 |
| Investment in sales-type leases, net | 4,082,599 | 4,085,136 |
| Investment in purchased contracts, net | 715,507 | |
| Inventory | 93,915 | 118,365 |
| Prepaid Expenses | 66,814 | 26,194 |
| Equipment - net | 32,392 | 53,094 |
| Total Assets | \$ 5,021,719 | 4,337,340 |
| Liabilities and Stockholders' Deficit | | |
| Liabilities | | |
| Accounts Payable | \$ 424,991 | 253,553 |
| Line of Credit | 14,401,844 | 12,327,572 |
| Accrued Payroll | 159,446 | 129,523 |
| Other Liabilities | 12,868 | 39,563 |
| Total Liabilities | 14,999,149 | 12,750,211 |
| Stockholders' Deficit | | |
| Common Stock, authorized 1,000,000,000 shares \$0.001 par value; 9,843,046 shares Issued and 9,383,046 share outstanding as of March 31, 2011 and June 30, 2010 | 9,843 | 9,843 |
| Paid in Capital | 4,649,931 | 4,649,931 |
| Accumulated Deficit | (14,609,705) | (13,045,146) |
| | (9,949,931) | (8,385,372) |
| Less: treasury stock, 460,000 shares at cost as of March 31, 2011 and June 30, 2010 respectively | (27,499) | (27,499) |
| Total Stockholders' Deficit | (9,977,430) | (8,412,871) |
| Total Liabilities and Stockholders' Deficit | \$ 5,021,719 | 4,337,340 |

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

NowAuto Group, Inc
Condensed Consolidated Statements of Operations
(unaudited)

| | 3 Months Ended March 31, 2011 (Unaudited) | 3 Months Ended March 31, 2010 (Unaudited) | 9 Months Ended March 31, 2011 (Unaudited) | 9 Months Ended March 31, 2010 (Unaudited) |
|---|---|---|---|---|
| Income | | | | |
| Sales-type leases and other | \$ 689,918 | \$ 959,942 | 2,275,937 | \$ 3,291,954 |
| Finance Income | 308,136 | 301,272 | 863,483 | 877,428 |
| Total revenue | 998,055 | 1,261,214 | 3,139,420 | 4,169,382 |
| Cost of Goods Sold | 393,452 | 478,175 | 1,187,912 | 1,852,805 |
| Gross Profit | 604,603 | 783,039 | 1,951,509 | 2,316,577 |
| Gross Margin | 60.6 | % 62.1 | % 62.2 | % 55.6 |
| Expenses | | | | |
| Selling and Financing Costs | 373,374 | 510,843 | 1,525,163 | 1,632,396 |
| General and Administrative | 359,077 | 400,408 | 1,092,735 | 1,269,076 |
| Loss from Operations | (127,848) | (128,211) | (666,389) | (584,894) |
| Interest Expense | 314,819 | 263,204 | 898,170 | 771,891 |
| Net Loss | \$(442,667) | \$(391,415) | (1,564,559) | \$(1,356,785) |
| Basic and Diluted Loss per Share | \$ | | | |