

Edgar Filing: Marketing Acquisition Corp - Form 10QSB

Marketing Acquisition Corp  
Form 10QSB  
July 25, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 June 30, 2007

Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

-----  
Commission File Number: 0-52072

Marketing Acquisition Corporation  
(Exact name of small business issuer as specified in its charter)

Nevada  
(State of incorporation)

62-1299374  
(IRS Employer ID Number)

12890 Hilltop Road, Argyle, Texas 76226  
(Address of principal executive offices)

(972) 233-0300  
(Issuer's telephone number)

-----  
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

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: July 25, 2007: 1,849,285

Transitional Small Business Disclosure Format (check one): YES  NO

MARKETING ACQUISITION CORPORATION

Form 10-QSB for the Quarter ended June 30, 2007

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### PART I

#### ITEM 1 - FINANCIAL STATEMENTS

MARKETING ACQUISITION CORPORATION  
BALANCE SHEETS  
June 30, 2007 and 2006

(UNAUDITED)

|  | June 30, 2007 | June 30, 2006 |
|--|---------------|---------------|
|  | -----         | -----         |
| ASSETS   |               |               |
| CURRENT ASSETS                                 |               |               |
| Cash on hand and in bank                       | \$ 57,133     | \$ 3,160      |
|  | -----         | -----         |
| TOTAL CURRENT ASSETS                           | 57,133        | 3,610         |
|  | -----         | -----         |
| TOTAL ASSETS                                   | \$ 57,133     | \$ 3,610      |
|  | =====         | =====         |
| LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) |               |               |
| LIABILITIES                                    |               |               |
| CURRENT LIABILITIES                            |               |               |
| Accounts payable - trade                       | \$ --         | \$ --         |
| Accrued interest payable to stockholder        | 537           | --            |
|  | -----         | -----         |
| TOTAL CURRENT LIABILITIES                      | 537           | --            |
|  | -----         | -----         |
| LONG-TERM LIABILITIES                          |               |               |
| Note payable to stockholder                    | 10,000        | --            |

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|  |           |         |
|--|-----------|---------|
| TOTAL LIABILITIES                          | 10,537    | -       |
| COMMITMENTS AND CONTINGENCIES              |           |         |
| SHAREHOLDERS' EQUITY (DEFICIT)             |           |         |
| Preferred stock - \$0.001 par value        |           |         |
| 50,000,000 shares authorized               |           |         |
| None issued and outstanding                | --        | -       |
| Common stock - \$0.001 par value           |           |         |
| 100,000,000 shares authorized              |           |         |
| 1,849,285 and 599,285 shares issued        |           |         |
| and outstanding, respectively              | 1,849     | 59      |
| Additional paid-in capital                 | 542,115   | 483,36  |
| Accumulated deficit                        | (497,368) | (480,34 |
| TOTAL SHAREHOLDERS' EQUITY (DEFICIT)       | 46,596    | 3,61    |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 57,133 | \$ 3,61 |

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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MARKETING ACQUISITION CORPORATION  
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
Six and Three months ended June 30, 2007 and 2006

(UNAUDITED)

|  | Six months<br>ended<br>June 30, 2007 | Six months<br>ended<br>June 30, 2006 | Three months<br>ended<br>June 30, 2007 | T |
|--|--------------------------------------|--------------------------------------|--|---|
|  | -----                                | -----                                | -----                                  | J |
| REVENUES   | \$ --                                | \$ --                                | \$ --                                  |   |
| EXPENSES   |                                      |                                      |  |   |
| General and administrative expenses                | 9,677                                | 8,562                                | 4,134                                  |   |
| INCOME (LOSS) FROM OPERATIONS                      | (9,677)                              | (8,562)                              | (4,134)                                |   |
| OTHER INCOME (EXPENSE)                             |                                      |                                      |  |   |
| Interest expense                                   | (298)                                | --                                   | (150)                                  |   |
| Interest income                                    | 51                                   | 194                                  | --                                     |   |
| INCOME (LOSS) BEFORE<br>PROVISION FOR INCOME TAXES | (9,924)                              | (8,368)                              | (4,284)                                |   |
| PROVISION FOR INCOME TAXES                         | --                                   | --                                   | --                                     |   |

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|   |            |            |            |
|---|------------|------------|------------|
| NET LOSS  | (9,924)    | (8,368)    | (4,284)    |
| OTHER COMPREHENSIVE INCOME  | --         | --         | --         |
| COMPREHENSIVE LOSS  | \$ (9,924) | \$ (8,368) | \$ (4,284) |
| Earnings per share of common stock<br>outstanding computed on net loss -<br>basic and fully diluted | \$ (0.01)  | \$ (0.02)  | nil        |
| Weighted-average number of shares<br>outstanding - basic and fully diluted                          | 1,310,611  | 500,700    | 1,849,285  |

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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MARKETING ACQUISITION CORPORATION  
STATEMENTS OF CASH FLOWS  
Six months ended June 30, 2007 and 2006

(UNAUDITED)

|   | Six months<br>ended<br>June 30, 2007 | Six months<br>ended<br>June 30, 2006 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                                      |                                      |
| Net income (loss) for the period  | \$ (9,924)                           | \$ (8,368)                           |
| Adjustments to reconcile net loss to net cash<br>provided by operating activities |                                      |                                      |
| Depreciation and amortization   | --                                   | --                                   |
| Increase in Accrued interest payable  | 298                                  | --                                   |
| NET CASH USED IN OPERATING ACTIVITIES   | (9,626)                              | (8,368)                              |
| CASH FLOWS FROM INVESTING ACTIVITIES  | --                                   | --                                   |
| CASH FLOWS FROM FINANCING ACTIVITIES  |                                      |                                      |
| Cash received from sale of common stock   | 60,000                               | --                                   |
| NET CASH PROVIDED BY FINANCING ACTIVITIES   | 60,000                               | --                                   |
| INCREASE (DECREASE) IN CASH   | 50,374                               | (8,368)                              |
| Cash at beginning of period   | 5,759                                | 11,987                               |

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|   |           |          |
|---|-----------|----------|
| CASH AT END OF PERIOD                                     | \$ 56,133 | \$ 3,619 |
|   | =====     | =====    |
| SUPPLEMENTAL DISCLOSURE OF INTEREST AND INCOME TAXES PAID |           |          |
| Interest paid for the year                                | \$ --     | \$ --    |
|   | =====     | =====    |
| Income taxes paid for the year                            | \$ --     | \$ --    |
|   | =====     | =====    |

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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### MARKETING ACQUISITION CORPORATION NOTES TO FINANCIAL STATEMENTS June 30, 2007 and 2006

#### NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

Marketing Acquisition Corporation (Company) was originally incorporated on July 26, 1990 in accordance with the Laws of the State of Florida as Marketing Educational Corporation. The Company changed it's corporate name to Marketing Acquisition Corporation on February 28, 2006.

On June 13, 2006, the Company changed its state of incorporation from Florida to Nevada by means of a merger with and into a Nevada corporation formed on June 8, 2006 solely for the purpose of effecting the reincorporation. The Articles of Incorporation and Bylaws of the Nevada corporation are the Articles of Incorporation and Bylaws of the surviving corporation. Such Articles of Incorporation kept the Company's new name of Marketing Acquisition Corporation and modified the Company's capital structure to allow for the issuance of up to 100,000,000 shares of \$0.001 par value common stock and up to 50,000,000 shares of \$0.001 par value preferred stock.

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. The educational materials marketed by the Company consisted of encyclopedias, learning books, educational audio and video tapes which were designed to be combined in various combinations to accommodate the educational levels and needs of families with children of all ages. During the year ended December 31, 1992, the Company sold or otherwise disposed of all assets and operations in order to settle then-outstanding indebtedness.

Since December 31, 1992, the Company has had no operations, significant assets or liabilities.

The Company's current business plan is to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS

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The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has a year-end of December 31.

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

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### MARKETING ACQUISITION CORPORATION NOTES TO FINANCIAL STATEMENTS - CONTINUED June 30, 2007 and 2006

#### NOTE B - PREPARATION OF FINANCIAL STATEMENTS - CONTINUED

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-KSB for the year ended December 31, 2006. The information presented within these interim financial statements may not include all disclosures required by generally accepted accounting principles and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-QSB, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending December 31, 2007.

#### NOTE C - GOING CONCERN UNCERTAINTY

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. This venture was unsuccessful and all business operations were abandoned by December 31, 1992. Since December 31, 1992, the Company has had no operations, assets or liabilities. The Company's current principal business activity is to seek a suitable reverse acquisition candidate through acquisition, merger or other suitable business combination method.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a

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timely basis.

The Company anticipates future sales of equity securities to facilitate either the consummation of a business combination transaction or to raise working capital to support and preserve the integrity of the corporate entity. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

If no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and upon additional funds loaned by management and/or significant stockholders to preserve the integrity of the corporate entity at this time. In the event, the Company is unable to acquire advances from management and/or significant stockholders, the Company's ongoing operations would be negatively impacted.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach our goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

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### MARKETING ACQUISITION CORPORATION NOTES TO FINANCIAL STATEMENTS - CONTINUED June 30, 2007 and 2006

#### NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. Cash and cash equivalents

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

##### 2. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. At June 30, 2007 and 2006, respectively, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

As of June 30, 2007 and 2006, the deferred tax asset related to the Company's net operating loss carryforward is fully reserved. Due to the provisions of Internal Revenue Code Section 338, the Company may have no net operating loss carryforwards available to offset financial statement or tax return taxable income in future periods as a result of a change in control involving 50 percentage points or more of the issued and outstanding securities of the Company.

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### 3. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the respective period presented in our accompanying financial statements.

Fully diluted earnings (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of common stock equivalents (primarily outstanding options and warrants).

Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date.

At June 30, 2007 and 2006, and subsequent thereto, the Company had no outstanding common stock equivalents.

### 4. Recent Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flows.

#### NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

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#### MARKETING ACQUISITION CORPORATION NOTES TO FINANCIAL STATEMENTS - CONTINUED June 30, 2007 and 2006

#### NOTE E - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

#### NOTE F - NOTE PAYABLE TO STOCKHOLDER

During Calendar 2006, the Company executed a \$20,000 Line of Credit Note Payable with Glenn A. Little, the Company's former controlling stockholder to provide funds necessary to support the corporate entity and comply with the periodic reporting requirements of the Securities Exchange Act of 1934, as amended. This note bears interest at 6.0% and matures in September 2008. Through June 30,



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2007, Mr. Little has advanced \$10,000 to the Company.

### NOTE G - INCOME TAXES

The components of income tax (benefit) expense for each of the six month periods ended June 30, 2007 and 2006, are as follows:

|          | Six months<br>ended<br>June 30, 2007 | Six months<br>ended<br>June 30, 2006 |
|----------|--------------------------------------|--------------------------------------|
|          | -----                                | -----                                |
| Federal: |                                      |                                      |
| Current  | \$    --                             | \$    --                             |
| Deferred | --                                   | --                                   |
|          | -----                                | -----                                |
|          | --                                   | --                                   |
|          | -----                                | -----                                |
| State:   |                                      |                                      |
| Current  | --                                   | --                                   |
| Deferred | --                                   | --                                   |
|          | -----                                | -----                                |
|          | --                                   | --                                   |
|          | -----                                | -----                                |
| Total    | \$    --                             | \$    --                             |
|          | =====                                | =====                                |

Concurrent with April 2004 and March 2007 changes in control, the Company has a nominal net operating loss carryforward for income tax purposes. The amount and availability of any future net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

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MARKETING ACQUISITION CORPORATION  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2007 and 2006

### NOTE G - INCOME TAXES - CONTINUED

The Company's income tax expense (benefit) for each of the six month periods ended June 30, 2007 and 2006, respectively, differed from the statutory federal rate of 34 percent as follows:

|  | Six months<br>ended<br>June 30, 2007 | Six months<br>ended<br>June 30, 2006 |
|--|--------------------------------------|--------------------------------------|
|  | -----                                | -----                                |
| Statutory rate applied to income before income taxes | \$ (3,400)                           | \$ (2,800)                           |
| Increase (decrease) in income taxes resulting from:  |                                      |                                      |

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|   |       |       |
|---|-------|-------|
| State income taxes  | --    | --    |
| Other, including reserve for deferred tax asset<br>and application of net operating loss carryforward | 3,400 | 2,845 |
|   | ----- | ----- |
| Income tax expense  | \$ -- | \$ -- |
|   | ===== | ===== |

Temporary differences, which consist principally of net operating loss carryforwards, statutory deferrals of expenses for organizational costs and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and/or liabilities, as appropriate. As of June 30, 2007 and 2006, respectively, after giving effect to the March 2007 change in control, the deferred tax asset is as follows:

|                                  | June 30, 2007 | June 30, 2006 |
|----------------------------------|---------------|---------------|
|                                  | -----         | -----         |
| Deferred tax assets              |               |               |
| Net operating loss carryforwards | \$ 1,450      | \$ --         |
| Less valuation allowance         | (1,450)       | --            |
|                                  | -----         | -----         |
| Net Deferred Tax Asset           | \$ --         | \$ --         |
|                                  | =====         | =====         |

### NOTE H - COMMON STOCK TRANSACTIONS

On June 13, 2006, the Company changed its state of incorporation from Florida to Nevada by means of a merger with and into a Nevada corporation formed on June 8, 2006 solely for the purpose of effecting the reincorporation. The Articles of Incorporation and Bylaws of the Nevada corporation are the Articles of Incorporation and Bylaws of the surviving corporation. Such Articles of Incorporation kept the Company's new name of Marketing Acquisition Corporation and modified the Company's capital structure to allow for the issuance of up to 100,000,000 shares of \$0.001 par value common stock and up to 50,000,000 shares of \$0.001 par value preferred stock.

On March 20, 2007, the Company entered into a Subscription Agreement (Agreement) with Halter Financial Investments, L.P., a Texas limited partnership (HFI). Other than in respect to this transaction, HFI had had no other material relationship with the Company or any of the Company's then officers, directors or affiliates or any associate of any such officer or director. Pursuant to the Agreement, the Company sold to HFI 60,000,000 shares of its common stock at a purchase price of \$.001 per share. The Company relied upon Section 4(2) of the Securities Act of 1933, as amended, for an exemption from registration of these shares and no underwriter was used in this transaction. As a result of the closing of this stock purchase transaction, HFI owns 71.4% of the total outstanding shares of the Company's capital stock and 71.4% total voting power of all outstanding voting securities.

On April 23, 2007, the Company's Board of Directors unanimously approved and recommended that the stockholders approve, and the Company's Majority Stockholder approved, an amendment to our Articles of Incorporation to effect a reverse stock split of our issued and outstanding shares of common stock on a 1 for 48 share basis, with no stockholder being reversed to less than a round lot of 100 shares with fractional shares rounded up to the nearest whole share:

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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2007 and 2006

## NOTE H - COMMON STOCK TRANSACTIONS - CONTINUED

| Shares prior to<br>reverse split<br>----- | Shares after<br>reverse split<br>----- |
|---|--|
| 1   | 100                                    |
| 10  | 100                                    |
| 100                                       | 100                                    |
| 1,000                                     | 100                                    |
| 5,000                                     | 105                                    |

The effect of the reverse split reduced the total number of issued and outstanding shares from 84,033,600 to 1,849,285 shares, after giving effect to both the special provisions discussed above and the rounding for fractional shares. The reverse stock split did not change the par value of our common stock nor change the number of authorized shares of our common stock. The effect of this action is reflected in the Company's financial statements as of the first day of the first period presented.

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## PART I - ITEM 2

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### (1) CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-QSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly

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announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

### (2) RESULTS OF OPERATIONS

The Company had no revenue for either of the six month periods ended June 30, 2007 and 2006, respectively.

General and administrative expenses for the six month periods ended June 30, 2007 and 2006 relate to the maintenance of the corporate entity and complying with the Securities Exchange Act of 1934, as amended.

It is anticipated that future expenditure levels may increase as the Company intends to fully comply with it's periodic reporting requirements.

Earnings per share for the respective six month periods ended June 30, 2007 and 2006 were \$(0.01) and \$(0.02), respectively, based on the weighted-average shares issued and outstanding at the end of each respective period, after adjustment for the May 17, 2007 1-for-48 reverse stock split.

The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under the Securities Exchange Act of 1934 unless and until such time that the Company's operating subsidiary begins meaningful operations.

At June 30, 2007 and 2006, respectively, the Company had working capital of approximately \$56,600 and \$3,600, respectively.

It is the belief of management and significant stockholders that they will provide sufficient working capital necessary to support and preserve the integrity of the corporate entity will be present. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company's need for working capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

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### PLAN OF BUSINESS

#### GENERAL

The Company intends to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Pending negotiation and consummation of a combination, the Company anticipates that it will have, aside from carrying on its search for a combination partner, no business activities, and, thus, will have no source of revenue. Should the

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Company incur any significant liabilities prior to a combination with a private company, it may not be able to satisfy such liabilities as are incurred.

If the Company's management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is foreseeable that such efforts will exhaust the Company's ability to continue to seek such combination opportunities before any successful combination can be consummated. In that event, the Company's common stock will become worthless and holders of the Company's common stock will receive a nominal distribution, if any, upon the Company's liquidation and dissolution.

### COMBINATION SUITABILITY STANDARDS

In its pursuit for a combination partner, the Company's management intends to consider only combination candidates which are profitable or, in management's view, have growth potential. The Company's management does not intend to pursue any combination proposal beyond the preliminary negotiation stage with any combination candidate which does not furnish the Company with audited financial statements for at least its most recent fiscal year and unaudited financial statements for interim periods subsequent to the date of such audited financial statements, or is in a position to provide such financial statements in a timely manner. The Company will, if necessary funds are available, engage attorneys and/or accountants in its efforts to investigate a combination candidate and to consummate a business combination. The Company may require payment of fees by such combination candidate to fund the investigation of such candidate. In the event such a combination candidate is engaged in a high technology business, the Company may also obtain reports from independent organizations of recognized standing covering the technology being developed and/or used by the candidate. The Company's limited financial resources may make the acquisition of such reports difficult or even impossible to obtain and, thus, there can be no assurance that the Company will have sufficient funds to obtain such reports when considering combination proposals or candidates. To the extent the Company is unable to obtain the advice or reports from experts, the risks of any combined enterprise's being unsuccessful will be enhanced. Furthermore, to the knowledge of the Company's officers and directors, neither the candidate nor any of its directors, executive officers, principal stockholders or general partners:

- (1) will not have been convicted of securities fraud, mail fraud, tax fraud, embezzlement, bribery, or a similar criminal offense involving misappropriation or theft of funds, or be the subject of a pending investigation or indictment involving any of those offenses;
- (2) will not have been subject to a temporary or permanent injunction or restraining order arising from unlawful transactions in securities, whether as issuer, underwriter, broker, dealer, or investment advisor, may be the subject of any pending investigation or a defendant in a pending lawsuit arising from or based upon allegations of unlawful transactions in securities; or
- (3) will not have been a defendant in a civil action which resulted in a final judgement against it or him awarding damages or rescission based upon unlawful practices or sales of securities.

The Company's officers and directors will make these determinations by asking pertinent questions of the management of prospective combination candidates. Such persons will also ask pertinent questions of others who may be involved in the combination proceedings. However, the officers and directors of the Company will not generally take other steps to verify independently information obtained in this manner which is favorable. Unless something comes to their attention which puts them on notice of a possible disqualification which is being concealed from them, such persons will rely on information received from the

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management of the prospective combination candidate and from others who may be involved in the combination proceedings.

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### (3) LIQUIDITY AND CAPITAL RESOURCES

It is the belief of management and significant stockholders that they will provide sufficient working capital necessary to support and preserve the integrity of the corporate entity will be present. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company has no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that sufficient funds will be available to the Company to allow it to cover the expenses related to such activities.

Regardless of whether the Company's cash assets prove to be inadequate to meet the Company's operational needs, the Company might seek to compensate providers of services by issuances of stock in lieu of cash.

### ITEM 3 - CONTROLS AND PROCEDURES

#### (a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of June 30, 2007. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to our Company required to be included in our reports filed or submitted under the Exchange Act.

#### (b) Changes in Internal Controls

There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the quarter ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1 - LEGAL PROCEEDINGS

None

### ITEM 2 - RECENT SALES OF UNREGISTERED SECURITIES AND USE OF PROCEEDS

None

### ITEM 3 - DEFAULTS ON SENIOR SECURITIES

None

### ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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The Company has held no regularly scheduled, called or special meetings of stockholders during the reporting period.

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### ITEM 5 - OTHER INFORMATION

On April 23, 2007, the Company's Board of Directors unanimously approved and recommended that the stockholders approve, and the Company's Majority Stockholder approved, an amendment to our Articles of Incorporation to effect a reverse stock split of our issued and outstanding shares of common stock on a 1 for 48 share basis, with no stockholder being reversed to less than a round lot of 100 shares with fractional shares rounded up to the nearest whole share:

| Shares prior to<br>reverse split<br>----- | Shares after<br>reverse split<br>----- |
|---|--|
| 1   | 100                                    |
| 10  | 100                                    |
| 100                                       | 100                                    |
| 1,000                                     | 100                                    |
| 5,000                                     | 105                                    |

The effect of the reverse split reduced the total number of issued and outstanding shares from 84,033,600 to 1,849,285, after giving effect to both the special provisions discussed above and the rounding for fractional shares. The reverse stock split did not change the par value of our common stock nor change the number of authorized shares of our common stock. The effect of this action is reflected in the Company's financial statements as of the first day of the first period presented.

### ITEM 6 - EXHIBITS

31.1 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002

32.1 Certification pursuant to Section 906 of Sarbanes-Oxley Act of 2002

### 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.

### MARKETING ACQUISITION CORPORATION

Dated: July 25, 2007  
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By: /s/ Timothy P. Halter  
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Timothy P. Halter  
Chairman, Chief Executive Officer,  
Chief Financial Officer and Director

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