

Edgar Filing: ACACIA AUTOMOTIVE INC - Form 8-K

ACACIA AUTOMOTIVE INC  
Form 8-K  
August 24, 2007

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

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 10, 2007  
-----

Acacia Automotive, Inc.

-----  
(Exact name of small business issuer as specified in its charter)

Texas	1-14088	75-2095676
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
3512 E. Silver Springs Boulevard - #243		34470
-----	-----	-----
(Address of principal executive offices)		(Zip Code)

(Registrant's telephone number, including area code: (352) 502-4333

-----  
(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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### Item 2.01. Completion of Acquisition or Disposition of Assets.

On July 10, 2007, the registrant completed the acquisition of all of the assets of Augusta Auto Auction, Inc. which conducted its business under the name Augusta Auto Auction and previously Hilltop Auto Auction. The registrant issued 500,000 shares of its Common Stock and a warrant to purchase 50,000 shares of Common Stock for the assets. The warrant has a term of five years and an exercise price of \$1.00. In addition, the registrant issued to two individuals a warrant to purchase 75,000 shares of Common Stock upon the same terms in consideration of entering into a non-compete agreement.

The registrant's business is set forth in Item 1. Business. of the registrant's annual report on Form 10-KSB for the year ended December 31, 2006.

#### History of Augusta Auto Auction

Augusta Auto Auction, Inc. (the "Auction") is an automotive auction located in North Augusta, South Carolina, part of the Augusta, Georgia, metropolitan area, and is located three miles from the center of that city. The auction was originally formed and operated for many years in its present location as Hilltop Auto Auction. In 2002 the group from which the registrant purchased the auction formed Augusta Auto Auction, Inc. after acquiring it from the owners of Hilltop Auto Auction.

Acacia Automotive formed a new South Carolina corporate subsidiary in July of 2007 which acquired the assets of Augusta Auto Auction. The new corporation is named Acacia Augusta Vehicle Auction, Inc. d/b/a Augusta Auto Auction, Inc.

#### Business of the Auction

The Auction sells whole car and salvage vehicles for automotive dealers and commercial concerns. It also has the contract to sell vehicles and equipment for the U.S. Marshals Service in the South Carolina area, primarily offering confiscated vehicles and other units for them. Dealers and other qualified buyers attend the weekly auctions and bid on offered units. The highest bidder owns the vehicle, subject to any limiting reserve prices established by the owner/seller of the unit(s). In most cases, the buyers and sellers of the units pick up and deliver them to the Auction property, but the Auction does provide some transport services, generally for a fee.

The Auction generates revenues from fees for its services, including buyer fees, seller fees, transportation fees, title fees, draft and floor plan fees, reconditioning fees, and more. Augusta Auto Auction relies upon the efforts of its management for sales and marketing, but anticipates adding additional personnel in the future to increase the scope of those operations.

The Auction markets its activities through its employees.

#### Competition

There are at least eleven auto auctions in operation in Georgia, and there are another six or more in South Carolina. Comparatively Florida has at least 26 automotive auctions.

The two largest whole-car national automobile auction companies, Mannheim Auto Auctions and ADESA, have a total of three auctions in Georgia, all near Atlanta, Georgia. While ADESA does not have an auction in South Carolina, Mannheim has one auction in Darlington, South Carolina. A smaller auction company, Auction Broadcasting Corporation, also has an auction near Atlanta, Georgia but none in South Carolina.

In addition to those auction companies' operations, there are several other

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independent auto auctions, some specializing in sales of damaged or "salvage" units and perhaps one or more mobile auctions that will host on-site auctions at dealerships.

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### Employees

The Auction employs eight full time and 17 part time people. The registrant plan to increase the number of employees, both part time and full time, as it expands its operations.

### Governmental Regulation

The Company, as with most companies operating vehicle auctions, is subject to various permits and licenses. These include vehicle dealer licenses, auctioneer licenses, business permits and licenses, sales tax permits, and others. The registrant has obtained all permits necessary to function under the current South Carolina regulations.

### Management's Discussion and Analysis or Plan of Operation.

Information regarding registrant's Discussion and Analysis or Plan of Operation is set forth in Item 6. Discussion and Analysis or Plan of Operation. of the registrant's Annual Report on Form 10-KSB for the year ended December 31, 2006.

The acquisition of Augusta Auto Auction, Inc. is the first acquisition by the registrant in its plan to acquire several automobile auctions. The registrant closed a private placement of securities on June 25, 2007 in which the registrant raised \$1,025,000 cash. The registrant does not believe that this amount is sufficient for its operations and additional acquisitions for the next twelve months and plans to raise additional capital over that period.

### Augusta Auto Auction.

Net loss of the Augusta auction decreased to approximately \$14,000 in calendar year 2006 compared to a net loss of approximately \$130,151 in the prior year. With operating expenses being essentially unchanged between the two years (\$691,985 in 2006 compared to \$696,366 in 2005) the decrease in the loss is attributable to increased net fees earned. Net fees earned increased approximately \$110,000 or 20% from 2005 to 2006, the increase coming from larger volume of sales through the auction and resultant buy/sell fees attached thereto.

The Auction's net income increased almost \$50,000 in the six month period ended June 30, 2007 to \$61,513 from \$12,465 in the same period in 2006. Revenues in the 2007 period were up approximately 20% to \$454,385 compared to \$377,508 in the earlier period with most of the 2007 revenue growth coming in the first quarter of this year, being \$236,375 compared to \$180,366 in the first quarter of 2006. While cost of fees earned increased to \$56,022 in the 2007 six month period from \$32,384 in the same period of 2006, an increase of approximately 73%, other operating expenses were, nonetheless, flat.

### Description of Property

The registrant has entered into a twelve month lease on the location where the Augusta Auto Auction has operated for several years. The lease term can be extended and currently has a monthly lease rate of \$2,700. The facility consists of approximately five acres and houses two administrative buildings and a two-lane auction arena. The compound is fenced, and the registrant has recently

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installed an electrified security fence system as well as security systems in its building and arena. In addition to the main auction facility, the registrant also leases property which is used for additional customer parking and allows for parking of approximately 200 customer vehicles on sale days. This property is located directly across the street from the main facility and is leased on a month-to-month basis for \$100 per week.

Information regarding registrant's other property is set forth in Item 2. Description of Property on Form 10-KSB for the year ended December 31, 2006.

Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth as of July 10, 2007, the ownership of Common Stock by (i) each person known by the Company to be the beneficial owner of more than five percent of the Company's Common Stock, (ii) each director of the

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Company, and (iii) all directors and officers as a group. Except as otherwise indicated, each stockholder identified in the table possesses sole voting and investment power with respect to its or his shares.

Name and Address of Beneficial Owner -----	Shares Owned No. of Shares -----	Percent -----
Steven L. Sample (1)	7,000,000	58.3%
Danny Gibbs (2)	62,500	0.5%
Tony Moorby	500,000	4.2%
Patricia Ann Arnold (2)	-	-
James C. Hunter (2)	-	-
V. Weldon Hewitt (2)	-	-
David Bynum (2)	-	-
Gwendolyn G. Sample (2) (3)	1,707,000	14.2%
All directors and officers as a group (seven persons)	7,562,500	63.0%

-----  
(1) Excludes warrants to purchase 1,425,000 shares of common stock of which 425,000 are presently exercisable for \$1.00 per share.

(2) Excludes options to acquire 10,000 shares of Common Stock each for Ms. Arnold and Messrs Gibbs, Hunter and Hewitt and 5,000 shares for Ms. Sample, all of which may be acquired for \$0.01 per share and options to acquire 10,000 shares of Common Stock which Mr. Bynum has the right to purchase for \$0.875 per share.

(3) Gwendolyn Sample is the spouse of Steven L. Sample who disclaims any beneficial interest in the shares owned by Ms. Sample.

Unless otherwise indicated, the address for each of the above named individuals is 3512 East Silver Springs Blvd. - #243, Ocala, FL 34470.

Directors and Executive Officers, Promoters and Control Persons.

Information regarding registrant's Directors and Executive Officers, Promoters and Control Persons is set forth in Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act. of the registrant's annual report on Form 10-KSB for the year ended

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December 31, 2006.

On May 16, 2007, the registrant named David Bynum to its board of directors. Since 2006 Mr. Bynum has been a manager of Bynum Properties which is involved in residential and commercial leasing and custom home construction. From October 2000 through April 2006, Mr. Bynum was employed by ADESA Corporation, a publicly held national automobile auction company. Initially Mr. Bynum was a Regional Vice President of Operations and in January 2004 was named National Director Heavy Truck and Equipment Sales. For the twelve years prior to 2000, Mr. Bynum served as General Manager of Southern States Vehicle Auction in Atlanta, Georgia under the ownership of ADT Automotive (previously Anglo-American Auto Auctions) before it was sold to Manheim Auction.

### Executive Compensation

Information regarding Executive Compensation of the registrant is set forth in Item 10. Executive Compensation. of the registrant's annual report on Form 10-KSB for the year ended December 31, 2006.

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With the closing of the registrant's private placement, described in its Current Report on Form 8-K filed July 5, 2007, the Company paid accrued salaries to its executives.

### Certain Relationships and Related Transactions and Director Independence.

Information regarding Certain Relationships and Related Transactions of the registrant legal proceedings is set forth in Item 12. Certain Relationships and Related Transactions. of the registrant's annual report on Form 10-KSB for the year ended December 31, 2006.

Danny R. Gibbs, James C. Hunter, V. Weldon Hewitt, and David Bynum are independent directors as defined in Section 121A of the Company Guide of the American Stock Exchange.

### Description of Securities

Information describing registrant's securities is set forth under the caption "Description of Capital Stock" in the registrant's January 2007 definitive proxy statement.

Holders of the registrant's Series A Preferred Stock have agreed to convert all such shares to Common Stock and there will thereafter be no more shares of Series A Preferred Stock or any other Preferred Stock issued and outstanding.

Following completion of the acquisition of the Augusta Auto Auction, there were 12,012,524 shares of Common Stock issued and outstanding. With respect to the number of warrants and options outstanding, see Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters; Summary of Equity Compensation Plans below.

There are presently 45,000 shares reserved for issuance pursuant to the registrant's stock option plan and 1,856,000 shares reserved for issuance pursuant to warrants granted by the registrant. See Security Ownership of Certain Beneficial Owners and Management and Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matter. herein.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.

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Information regarding registrant's Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters is set forth in Item 5. Market for Common Equity and Related Stockholder Matters. of the registrant's annual report on Form 10-KSB for the year ended December 31, 2006.

We are presently traded in the pink sheets under the symbol ACCA. The following table sets forth information as reported by the National Association of Securities Dealers Composite Feed or Other Qualified Interdealer Quotation Medium for the high and low bid and ask prices for each of the quarters ending March 31, 2007, and June 30, 2007, and does reflect the one for eight reverse stock split effected February 19, 2007.

Quarters ending in 2007	Closing Bid		High
	High	Low	
Jan 3 thru Feb 19*	\$0.05	\$0.015	\$0.07
Feb 20 thru Mar 30	1.50	0.30	2.00
June 30	1.80	0.55	2.00

\*Effective February 19, 2007, the registrant effected a one for eight reverse stock split.

The following table summarizes the number of shares issued under a variety of plans to investors, executive officers and directors.

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### SUMMARY OF EQUITY COMPENSATION PLANS

Plan Description	Number of Securities to be Issued Upon Exercise of Outstanding Options and Warrants	Weighted Average Exercise Price of Outstanding Options and Warrants
Warrants not approved by stockholders	1,856,000	\$2.08
Grants Under Compensation Plans Not Approved by shareholders	55,000	\$0.16
Totals	1,951,000	\$1.98

#### Legal Proceedings

Information regarding registrant's legal proceedings is set forth in Item 4. Legal Proceeding. of the registrant's annual report on Form 10-KSB for the year ended December 31, 2006.

Changes in and Disagreements with Accountants.

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None.

### Recent Sales of Unregistered Securities.

The securities issued in connection with the acquisition of the assets of Augusta Auto Auction, Inc. are described in the first paragraph of this Item 2.01. The issuance of these shares was exempt from registration under the Securities Act pursuant to Section 4(2) thereunder as transactions not involving a public offering.

### Indemnification of Directors and Officers.

Information regarding indemnification of the registrant's officers and directors is set forth in under Item 5.01. Changes in Control of Registrants and in Part II thereof under Item 5. Indemnification of Directors and Officers. of the registrant's current report on Form 8-K filed December 8, 2006.

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Augusta Auto Auction, Inc.  
FINANCIAL STATEMENTS  
December 31, 2006 AND 2005

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-----  
SEROTTA  
-----

MADDOCKS  
-----

EVANS & CO., CPA'S  
-----

A Professional Corporation  
-----

[GRAPHIC OMITTED][GRAPHIC OMITTED]  
-----

701 Greene Street, Suite 200 / Augusta, GA 30901-2322 Telephone (706) 722-5337  
Telefax (706) 724-FAXX (3299)

To the Board of Directors  
Augusta Auto Auction, Inc.  
Augusta, Georgia

We have audited the accompanying balance sheets of Augusta Auto Auction, Inc. as of December 31, 2006 and 2005, and the related statements of operations and retained deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augusta Auto Auction, Inc. as of December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principals generally accepted in the Unites States of America.

[GRAPHIC OMITTED][GRAPHIC OMITTED]  
SEROTTA MADDOCKS EVANS & CO., CPA'S

Augusta, Georgia  
June 29, 2007



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AUGUSTA AUTO AUCTION, INC.  
BALANCE SHEETS  
DECEMBER 31, 2006 AND 2005

	2006
	-----
ASSETS	
CURRENT ASSETS	
Accounts receivable, net of allowance for doubtful accounts of \$12,790 for 2006 and \$10,710 for 2005	\$ 38,933
Other receivables	5,363
	-----
Total Current Assets	44,296
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net	204,784
OTHER ASSETS	
Organizational costs, net of amortization of \$4,822 for 2006 and \$3,770 for 2005	438
	-----
	\$ 249,518
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Overdraft	\$ 18,373
Accounts payable and accrued expenses	32,240
Line of credit	24,000
Note payable	-
	-----
Total Current Liabilities	74,613
	-----
STOCKHOLDERS' EQUITY	
Common stock, \$1 par value, 500 shares authorized, 500 shares issued and outstanding	500
Additional paid-in capital	803,152
Retained deficit	(628,747)
	-----
Total Stockholders' Equity	174,905
	-----
	\$ 249,518
	=====

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SEE NOTES TO THE FINANCIAL STATEMENTS

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AUGUSTA AUTO AUCTION, INC.  
 STATEMENTS OF OPERATIONS AND RETAINED DEFICIT  
 YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006
	-----
FEES EARNED	
Buyers fees	\$ 252,409
Sellers fees	387,032
Storage fees	78,819
Other fees	38,850
	-----
Total Revenue	757,110
COST OF FEES EARNED	79,013
	-----
NET FEES EARNED	678,097
	-----
OTHER OPERATING EXPENSES	
Payroll and related	350,185
Security	61,466
Insurance	36,521
Rent	34,900
Depreciation and amortization	33,434
Travel and entertainment	28,090
Employee benefits	25,754
Utilities	25,197
Maintenance	23,019
Professional fees	16,517
Advertising and promotional	16,075
Bad debt	7,035
Tax and licenses	8,113
Office supplies	5,561
Dues and subscriptions	4,892
Other expenses	15,226
	-----
Total Other Operating Expenses	691,985
Net Income (Loss)	(13,888)
Retained Deficit, beginning of year	(614,859)
	-----
Retained Deficit, end of year	\$ (628,747)

=====

SEE NOTES TO THE FINANCIAL STATEMENTS

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AUGUSTA AUTO AUCTION, INC.  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006
	-----
Cash flows from operating activities	
Net loss	\$ (13,888)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	33,434
(Increase) decrease in trade receivables	(8,123)
Increase (decrease) in overdraft	(64,369)
Increase (decrease) in accounts payable	31,485
	-----
Net cash used by operating activities	(21,461)
	-----
Cash flows from investing activities	
Payments for the purchase of equipment and leasehold improvements	(1,636)
	-----
Net cash used by investing activities	(1,636)
	-----
Cash flows from financing activities	
Net Increase (decrease) in line of credit	24,000
Payments on notes payable	(2,983)
Proceeds from additional paid-in capital	-
	-----
Net cash provided by financing activities	21,017
	-----
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
	-----
Cash and cash equivalents, end of year	\$ -
	=====

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SEE NOTES TO THE FINANCIAL STATEMENTS

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## AUGUSTA AUTO AUCTION, INC. NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**NATURE OF BUSINESS** - The Company operates an auto auction in the Augusta, Georgia area from a leased facility located in North Augusta, South Carolina.

**CASH AND CASH EQUIVALENTS** - For the purpose of the statement of cash flows, the Company considers all short-term investment instruments purchased with a maturity of three months or less to be cash equivalents.

**DEPRECIATION** - Depreciation of property and equipment is based upon the estimated useful lives of the assets and is computed principally by the double declining method. Estimated useful lives are 15 years for leasehold improvements, 5-7 years for office equipment, 7-15 years for shop equipment, and 5-10 years for company vehicles.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. It is the Company's policy to capitalize all items with an estimated useful life extending beyond one year.

**INCOME TAXES** - The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions the stockholder is liable for individual federal and state income taxes on the Company's taxable income. Therefore no provision or liability for federal income taxes has been included in the financial statements.

**ACCOUNTS RECEIVABLE** - Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

**USE OF ESTIMATES** - Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**REVENUE RECOGNITION** - Revenues are derived from collection of fees for a variety of services provided to customers including buyer fees, seller fees, storage fees, transport fees and others. The Company does not inventory or hold title to the vehicles that are bought or sold through the auction process.

**ADVERTISING** - The Company expenses advertising costs as they are incurred. Advertising expense was \$16,075 and \$12,847 for the periods ending December 31, 2006 and 2005, respectively.

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### NOTE 2 - RELATED PARTY TRANSCASTIONS

Some of the owners of the Company are also owners of Bobby Jones Ford, Inc. Fees charged to Bobby Jones Ford, Inc. were \$36,430 and \$ 29,370 for the years ended December 31, 2006 and 2005, respectively.

### NOTE 3 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At December 31, 2006 and 2005 equipment and leasehold improvements consist of the following:

	2006	2005
Leasehold improvements	\$ 286,918	\$ 286,918
Office equipment	83,075	83,075
Company vehicles	34,775	34,775
Shop equipment	9,260	7,973
	414,028	412,741
Total equipment and leasehold improvements		
Less accumulated depreciation	209,244	176,818
	204,784	235,923
Net equipment and leasehold improvements	\$ 204,784	\$ 235,923

Depreciation expense was \$32,381 for 2006 and \$36,818 for 2005.

### NOTE 4 - DEBT FINANCING

Debt at December 31, 2006 consisted of a line of credit with a local bank. The line of credit is for \$100,000 and bears interest at a rate of prime plus .75%. The outstanding balance on the line was \$24,000 at December 31, 2006. The line of credit agreement was renegotiated in December 2006 and was extended until December 31, 2007.

### NOTE 5 - OPERATING LEASE AGREEMENTS

The Company rents its facilities from a third party. The lease is dated June 1, 2003, and terminates May 31, 2008. Rent expense for 2006 and 2005 was \$32,400 and \$32,400, respectively.

Future minimum lease payments are as follows:

2007	\$ 32,400
2008	13,500
	45,900
	\$ 45,900

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Acacia Automotive, Inc.  
 (Formerly Gibbs Construction, Inc.)  
 Pro-Forma Financial Information  
 June 30, 2007 and December 31, 2006

Effective July 10, 2007, Acacia Automotive, Inc. acquired substantially all of the operating assets and liabilities of Augusta Auto Auction, Inc. for a total of 500,000 shares of its common stock and 50,000 stock warrants.

Augusta Auto Auction, Inc. operates an auto auction in the Augusta, Georgia area from a leased facility located in North Augusta, South Carolina.

The June 30, 2007 pro-forma balance sheet assumes the merger took place on June 30, 2007. The June 30, 2007 statement of operations assumes the merger took place on January 1, 2007 and the December 31, 2006 statement of operations assumes the merger took place on January 1, 2006.

The accompanying pro-forma balance sheet of Acacia Automotive, Inc. as of June 30, 2007, and the related pro-forma statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006 were not audited.

ACACIA AUTOMOTIVE, INC.  
 (FORMERLY GIBBS CONSTRUCTION, INC.)  
 CONSOLIDATED PRO-FORMA BALANCE SHEET  
 JUNE 30, 2007  
 UNAUDITED

	Augusta Auto Auction, Inc.	Acacia Automotive, Inc.	Combined Totals		Comb Adjus
	-----	-----	-----		-----
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 120,579	\$ 875,521	\$ 996,100	a	(
Accounts receivable, net	3,028	-	3,028	a	
	-----	-----	-----		-----
Total Current Assets	123,607	875,521	999,128		
<b>PROPERTY AND</b>					
EQUIPMENT, net	191,823	24,983	216,806	b	(
<b>OTHER ASSETS</b>					
Organizational costs, net	219	-	219	a	
Customer list	-	-	-	b	
Goodwill	-	-	-	c	

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	-----	-----	-----	
	\$ 315,649	\$ 900,504	\$ 1,216,153	
	=====	=====	=====	
LIABILITIES AND				
STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued				
expenses	\$ 77,821	\$ 95,828	\$ 173,649	a
Accrued liabilities	1,409	414,894	416,303	a
	-----	-----	-----	
Total Current Liabilities	79,230	510,722	589,952	
	-----	-----	-----	
STOCKHOLDERS' EQUITY				
Common stock	500	11,423	11,923	a
Additional paid-in capital	803,152	8,176,692	8,979,844	d
Retained deficit	(567,233)	(7,798,333)	(8,365,566)	a
	-----	-----	-----	d
Total Stockholders' Equity	236,419	389,782	626,201	e
	-----	-----	-----	
	\$ 315,649	\$ 900,504	\$ 1,216,153	
	=====	=====	=====	

- a Special distribution of assets and liabilities retained by Augusta Auto Auction, Inc.
- b Adjustment of purchased assets to fair market value
- c Excess of purchase price over fair market value of assets and liabilities assumed
- d Issuance of stock and stock warrants to sellers
- e Elimination of Augusta Auto Auction, Inc.'s prior retained deficit

ACACIA AUTOMOTIVE, INC.  
(FORMERLY GIBBS CONSTRUCTION, INC.)  
CONSOLIDATED PRO-FORMA STATEMENT OF OPERATIONS  
SIX MONTHS ENDED JUNE 30, 2007  
UNAUDITED

	Augusta Auto Auction, Inc.	Acacia Automotive, Inc.	Combined Totals	Comb Adjus
	-----	-----	-----	-----
REVENUES				
Buyers fees	\$ 169,150	\$ -	\$ 169,150	
Sellers fees	239,354	-	239,354	

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Other revenues	46,503	2,944	49,447
	-----	-----	-----
Total Revenues	455,007	2,944	457,951
COST OF FEES EARNED	56,022	-	56,022
	-----	-----	-----
Net Revenues Earned	398,985	2,944	401,929
	-----	-----	-----
OPERATING EXPENSES			
Employee compensation	125,767	1,221,765	1,347,532
General and administrative	198,523	87,061	285,584
Depreciation and amortization	13,181	3,644	16,825
Beneficial conversion of Preferred Stock	-	500,000	500,000
	-----	-----	-----
Total Operating Expenses	337,471	1,812,470	2,149,941
	-----	-----	-----
Net income (loss) before taxes	61,514	(1,809,526)	(1,748,012)
Income tax expense	-	-	-
	-----	-----	-----
Net income (loss)	\$ 61,514	\$ (1,809,526)	\$ (1,748,012)
	=====	=====	=====

PRO-FORMA EARNINGS PER SHARE

Pro-forma net loss

Pro-forma weighted average  
shares outstanding

Pro-forma basic and diluted earnings per share

ACACIA AUTOMOTIVE, INC.  
(FORMERLY GIBBS CONSTRUCTION, INC.)  
CONSOLIDATED PRO-FORMA STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2006  
UNAUDITED

Augusta Auto Auction, Inc.	Acacia Automotive, Inc.	Combined Totals	Comb Adjus
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REVENUES

Buyers fees	\$ 252,409	\$ -	\$ 252,409
Sellers fees	387,032	-	387,032
Other revenues	117,669	-	117,669
	-----	-----	-----
Total Revenues	757,110	-	757,110
COST OF FEES EARNED	79,013	-	79,013
	-----	-----	-----
Net Revenues Earned	678,097	-	678,097
	-----	-----	-----
OPERATING EXPENSES			
Employee compensation	242,357	215,570	457,927
General and administrative	416,194	695,134	1,111,328
Depreciation and amortization	33,434	2,869	36,303
Non-employee services	-	31,400	31,400
	-----	-----	-----
Total Operating Expenses	691,985	944,973	1,636,958
	-----	-----	-----
Net loss before taxes	(13,888)	(944,973)	(958,861)
Income tax expense	-	-	-
	-----	-----	-----
Net loss	\$ (13,888)	\$ (944,973)	\$ (958,861)
	=====	=====	=====

PRO-FORMA EARNINGS PER SHARE

Pro-forma net loss

Pro-forma weighted average shares outstanding

Pro-forma basic and diluted earnings per share

NOTE 1 - BUSINESS COMBINATION

On July 10, 2007, Acacia Automotive, Inc. ("Buyer") purchased certain assets and liabilities of Augusta Auto Auction, Inc. ("Seller") in exchange for 500,000 shares of common stock and 50,000 stock warrants of the Buyer in order to expand operations in the automotive industry. Augusta Auto Auction, Inc. operates an auto auction in the Augusta, Georgia area from a leased facility located in North Augusta, South Carolina. The purchase was accounted for under the purchase method of accounting.

The following table summarizes the amounts assigned to the assets acquired and

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the liabilities assumed at the date of acquisition:

Property and equipment	\$	34,806
Customer list		375,000
Goodwill		427,929
		-----
Total assets acquired		837,735
		-----
Current liabilities		(6,173)
		-----
Total liabilities assumed		(6,173)
		-----
Net assets acquired	\$	831,562
		=====

### NOTE 2 - SIGNIFICANT ASSUMPTIONS

VALUATION OF ASSETS AND LIABILITIES ASSUMED - The values of assets and liabilities assumed as part of the above purchase were valued at estimated fair market value on the date of acquisition, July 10, 2007. These values were provided by management based on their experience and knowledge of the automotive industry.

VALUATION OF STOCK - As part of the above business combination, the Seller received shares of the Buyer's common stock. The value of the Buyer's common stock was calculated using an average stock price based on the stock price ten days of volume before, and nine days of volume after the actual date of purchase, July 10, 2007.

VALUATION OF STOCK WARRANTS - As part of the above business combination, stock warrants of the Buyer were issued to the Seller. The value of these warrants was calculated using the modified Black-Scholes-Merton model. The volatility used in this calculation was based on an average volatility of the Buyer's common stock price and that of several competitors. Assumptions used in the calculation included the following:

Estimated volatility		46.59%
Expected life (years)		2.5
Expected dividend yield		0.00%
Risk-free rate of return		5.00%

Augusta Auto Auction, Inc.

Balance Sheets

March 31, 2007 and 2006

		Mar 31, 07		Mar 31, 06
		-----		-----
ASSETS				
Current Assets				
Cash	\$	761	\$	

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Accounts receivable, net	27,668	
Other Current Assets	3,190	
	-----	-----
Total Current Assets	31,619	
Equipment and leasehold improvements, net	198,303	
Other Assets		
Organizational costs, net of amortization of \$4,931 for 2007 and \$4,033 for 2006	329	
	-----	-----
TOTAL ASSETS	\$ 230,250	\$
	=====	=====
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable and accrued expenses	27,038	
	-----	-----
Total Current Liabilities	27,038	
Long Term Liabilities	-	
	-----	-----
Total Liabilities	27,038	
Equity		
Capital Stock	500	
Additional Paid In Capital	803,152	
Retained Deficit	(628,747)	
Net Income	28,307	
	-----	-----
Total Equity	203,213	
	-----	-----
TOTAL LIABILITIES & EQUITY	\$ 230,250	\$
	=====	=====

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Augusta Auto Auction, Inc.

Statements of Operations

Quarter Ended March 31, 2007 and 2006

	Jan - Mar 07	Jan - Mar 06
Ordinary Income/Expense		
Income		
Buyer's Fees	\$ 89,325	\$ 61,706
Seller's Fees	125,483	91,829
Storage Fees	16,650	18,993

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Other Fees	4,917	7,838
	-----	-----
Total Income	236,375	180,366
Cost of Fees Earned	26,736	12,277
	-----	-----
Net Fees Earned	209,638	168,089
Expense		
Salaries & Wages	41,556	38,078
Advertising	500	213
Amortization Expense	110	263
Automobile Expense	1,742	2,481
Bank Service Charges	835	891
Computer Maintenance	2,593	2,821
Contributions	500	-
Contract Labor	21,330	22,432
Depreciation Expense	6,481	8,037
Dues & Subscriptions	1,121	1,012
Employee Benefits	-	287
Employee Health Insurance	6,710	6,194
Equipment Maint. & Rental	1,267	1,206
Insurance Expense	10,423	7,909
Interest Expense	340	95
Legal & Accounting	3,085	4,655
Meals & Entertainment	2,127	2,594
Miscellaneous	568	3,251
Office Supplies	1,880	383
Payroll Service	979	948
Payroll Taxes	5,501	5,210
Pest Control	112	56
Postage	1,021	382
Promotional Expense	2,796	2,048
Rent Expense	9,400	9,400
Repairs & Maint. - Buildings	1,232	1,256
Security	19,619	10,673
Supplies	3,719	292
Taxes & Licenses	1,064	919
Telephone Expense	3,034	2,701
Travel Expense	2,724	1,842
Vehicle Maintenance Exp.	2,282	350
Uniforms	345	383
Utilities	3,333	3,759
	-----	-----
Total Expense	160,331	143,034
	-----	-----
Net Ordinary Income	49,307	25,056
Other Income/Expense		
Other Expense		
Officer's Salary	21,000	21,000
	-----	-----
Total Other Expense	21,000	21,000
	-----	-----
Net Other Income	(21,000)	(21,000)

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Net Income	\$ 28,307	\$ 4,056
	=====	=====

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Augusta Auto Auction, Inc.  
Balance Sheets  
June 30, 2007 and 2006

	Jun 30, 07	Jun 30, 06
<b>ASSETS</b>		
Current Assets		
Cash	\$ 120,579	\$ (11,596)
Accounts Receivable	2,938	40,567
Other Current Assets	90	90
	-----	-----
Total Current Assets	123,607	29,061
Equipment and leasehold improvements, net	191,823	219,456
Organizational costs, net of amortization of \$5,041 for 2007 and \$4,296 for 2006	219	964
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 315,649</b>	<b>\$ 249,482</b>
	=====	=====
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable and accrued expenses	77,821	46,230
Other Current Liabilities	1,409	82
	-----	-----
Total Current Liabilities	79,230	46,312
Long Term Liabilities	-	1,912
	-----	-----
Total Liabilities	79,230	48,224
Equity		
Capital Stock	500	500
Additional Paid In Capital	803,152	803,152
Retained Deficit	(628,747)	(614,860)
Net Income	61,514	12,465
	-----	-----
Total Equity	236,419	201,258
	-----	-----
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 315,649</b>	<b>\$ 249,482</b>
	=====	=====

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Augusta Auto Auction, Inc.

Statement of Operations

Quarter Ended June 30, 2007 and 2006

	Apr - Jun 07	Apr - Jun 06
Ordinary Income/Expense		
Income		
Buyer's Fees	\$ 79,825	\$ 62,870
Seller's Fees	113,870	97,585
Storage Fees	15,522	20,895
Other Fees	8,793	15,792
	-----	-----
Total Income	218,010	197,142
Cost of Fees Earned	29,286	20,107
	-----	-----
Net Fees Earned	188,724	177,035
Expense		
Salaries & Wages	42,211	38,501
Advertising	-	384
Amortization Expense	110	263
Automobile Expense	2,418	1,272
Bank Service Charges	149	415
Computer Maintenance	3,365	1,945
Contributions	-	50
Contract Labor	22,713	19,157
Depreciation Expense	6,481	8,037
Dues & Subscriptions	496	635
Employee Health Insurance	6,710	6,195
Equipment Maint. & Rental	1,282	1,494
Insurance Expense	2,066	10,722
Legal & Accounting	1,635	1,485
Meals & Entertainment	2,409	3,311
Miscellaneous	1,327	3,247
Office Supplies	146	2,998
Payroll Service	935	864
Payroll Taxes	4,941	4,175
Pest Control	84	84
Postage	766	463
Promotional Expense	4,586	6,261
Rent Expense	9,400	9,400
Repairs & Maint. - Buildings	841	1,542
Security	8,473	16,360
Supplies	901	27
Taxes & Licenses	60	631

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Telephone Expense	2,851	2,329
Travel Expense	2,801	1,557
Vehicle Maintenance Exp.	1,531	63
Uniforms	356	346
Utilities	3,094	3,414
	-----	-----
Total Expense	135,139	147,626
	-----	-----
Net Ordinary Income	53,586	29,409
Other Income/Expense		
Other Income		
Other Income	620	-
	-----	-----
Total Other Income	620	-
	-----	-----
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Other Expense		
Officer's Salary	21,000	21,000
	-----	-----
Total Other Expense	21,000	21,000
	-----	-----
Net Other Income	(20,380)	(21,000)
	-----	-----
Net Income	\$ 33,205	\$ 8,409
	=====	=====

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Augusta Auto Auction, Inc.  
Statement of Operations  
Six Months Ended June 30, 2007 and 2006

	Jan - Jun 07	Jan - Jun 06
Ordinary Income/Expense		
Income		
Buyer's Fees	\$ 169,150	\$ 124,576
Seller's Fees	239,353	189,414
Storage Fees	32,172	39,888
Other Fees	13,710	23,630
	-----	-----
Total Income	454,385	377,508
Cost of Fees Earned	56,021	32,384
Expense		
Salaries & Wages	83,767	76,580





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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf, thereby duly authorized.

Date: August 23, 2007

Acacia Automotive, Inc.

/s/ Steven L. Sample

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Steven L. Sample, Chief Executive Officer

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