COMPETITIVE COMPANIES INC
Form 10-Q
August 19, 2008

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

Form 10-Q

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

For the quarterly period ended June 30, 2008

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

Commission file number 333-76630

COMPETITIVE COMPANIES, INC
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	65-1146821 (I.R.S. Employer Identification No.)
3751 Merced Drive, Suite A Riverside, CA (Address of principal executive offices)	92503 (Zip Code)

Registrant's telephone number: (951) 687-6100

Copies of Communication to:
Stoecklein Law Group
4695 MacArthur Court,
Eleventh Floor
Newport Beach, CA 92660
(949) 798-5541
(949) 258-5112

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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 x 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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Ruble 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company x

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

The number of shares of Common Stock, $0.001 par value, outstanding on August 13, 2008, was 56,757,050 shares.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Competitive Companies, Inc
Consolidated Balance Sheets

Assets	June 30, 2008 (unaudited)	December 31, 2007
Current assets:		
Cash	$ 8,338	$ 3,909
Account receivable, net of allowance for		
doubtful accounts of $85,229 and $75,913	84,430	89,424
Prepaid expenses	2,719	2,561
Total current assets	93,487	95,894
Fixed assets, net	72,615	88,081
Other assets:		
Deposits	1,366	1,366
	$ 167,468	$ 185,341
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 188,337	$ 117,363
Accrued expenses	32,983	12,782
Customer deposits	45,110	43,860
Note payable, related party	33,000	25,000
Current maturities of long term debt	6,645	6,648
Total current liabilities	306,075	205,653
Long term debt, net of current maturities	12,421	15,675
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value 10,000,000 shares authorized:		
Class A convertible, no shares issued and outstanding with no liquidation value	-	-
Class B convertible, 1,495,436 shares issued and outstanding with no liquidation value	1,495	1,495
Class C convertible, 1,000,000 shares issued and outstanding with no liquidation value	1,000	1,000
Common stock, $0.001 par value, 100,000,000 shares		
authorized, 56,757,050 and 56,707,050 shares issued and outstanding		
at June 30, 2008 and December 31, 2007	56,757	56,707
Subscription payable (235,000 and 140,000 shares)	23,500	14,000
Additional paid-in capital	2,666,732	2,661,782

Accumulated (deficit)	(2,900,512)	(2,770,971)
	(151,028)	(35,987)
	$ 167,468	$ 185,341

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

1

Competitive Companies, Inc
Consolidated Statements of Operations
(unaudited)

	For the three months ended June 30, 2008	For the three months ended June 30, 2007	For the six months ended June 30, 2008	For the six months ended June 30, 2007
Revenue	$ 180,256	$ 225,860	$ 359,576	$ 459,801
Cost of sales	84,223	113,668	205,222	241,694
Gross profit	96,033	112,192	154,354	218,107
Expenses:				
General and administrative	73,700	160,947	150,233	297,304
Salaries and wages	52,374	114,637	104,960	237,462
Consulting fees	454	456	874	11,050
Depreciation	8,553	8,475	17,106	16,684
Bad debt	(2,440)	(3,309)	6,826	17,236
Total operating expenses	132,641	281,206	279,999	579,736
Net operating (loss)	(36,608)	(169,014)	(125,645)	(361,629)
Other income (expenses):				
Interest expense	(2,178)	(544)	(3,896)	(1,112)
Total other income (expenses)	(2,178)	(544)	(3,896)	(1,112)
Net (loss)	$ (38,786)	$ (169,558)	$ (129,541)	$ (362,741)
Weighted average number of common shares outstanding - basic and fully diluted	56,748,259	53,428,717	56,727,654	54,188,717
Net (loss) per share - basic and fully diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

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

Competitive Companies, Inc
Consolidated Statements of Cash Flows
(unaudited)

	For the six months ended June 30, 2008	2007
Cash flows from operating activities		
Net (loss)	$ (129,541)	$ (193,183)
Adjustments to reconcile net (loss) to		
net cash (used in) operating activities:		
Depreciation	17,106	8,209
Share-based compensation	-	10,000
Provision for bad debt	9,316	20,545
Decrease (increase) in assets:		
Accounts receivable	(2,322)	3,170
Prepaid expenses	(158)	-
Increase (decrease) in liabilities:		
Accounts payable	70,974	(52,863)
Accrued expenses	20,201	12,174
Customer deposits	1,250	3,050
Net cash (used in) operating activities	(13,174)	(188,898)
Cash flows from investing activities		
Purchased of fixed assets	(1,640)	(2,218)
Net cash (used in) investing activities	(1,640)	(2,218)
Cash flows from financing activities		
Proceeds from note payable, related party	25,000	-
Payments on note payable, related party	(17,000)	-
Principal payments on notes payable	(3,257)	(1,489)
Proceeds from issuance of common stock	14,500	235,000
Net cash provided by financing activities	19,243	233,511
Net increase in cash	4,429	42,395
Cash - beginning	3,909	4,337
Cash - ending	$ 8,338	$ 46,732
Supplemental disclosures:		
Interest paid	$ 866	$ 568
Income taxes paid	$ -	$ -

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

Competitive Companies, Inc
Notes to Consolidated Financial Statements

Note 1 - Basis of Presentation

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2007 and notes thereto included in the Company's Form 10-KSB annual report. The Company follows the same accounting policies in the preparation of interim reports.

Results of operation for the interim period are not indicative of annual results

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Note 2 – Going Concern

The Company’s consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. The Company has incurred continuous losses from operations, has an accumulated deficit of $2,900,512 and a working capital deficit of $212,588 at June 30, 2008, and has reported negative cash flows from operations over the last three years. In addition, the Company does not currently have the cash resources to meet their operating commitments for the next twelve months. The Company’s ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which they operate.

The Company’s ability to continue as a going concern is dependent on their ability to generate sufficient cash from operations to meet their cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that the

Company will be successful in their efforts to raise additional debt or equity capital and/or that our cash generated by operations will be adequate to meet their needs. These factors, among others, indicate that they may be unable to continue as a going concern for a reasonable period of time.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	June 30, 2008	December 31, 2007
Telecommunication equipment and computers	$ 279,197	$ 277,557
Furniture & Fixtures	3,353	3,353
Leasehold Improvements	13,539	13,539
	296,089	294,449
Less accumulated depreciation	(223,474)	(206,368)
	$ 72,615	$ 88,081

Depreciation expense totaled $17,106 and $16,684 for the six months ended June 30, 2008 and 2007, respectively.

Note 4 – Notes Payable, Related Party

The Company had unsecured notes payable outstanding to the Company's CEO of $33,000 in total as of June 30, 2008 and $25,000 as of December 31, 2007 for short term loans to fund the Company's operations. The notes bear interest at 18% and are due on demand. Interest expense of $3,030 and $863 has been recorded as of June 30, 2008, and December 31, 2007, respectively.

Note 5 – Long Term Debt

Long-term debt consists of the following at June 30, 2008 and December 31, 2007:

	June 30, 2008	December 31, 2007
Unsecured note payable to a stockholder, in original amount of $56,276, bearing interest at 8%, and carrying monthly principal and interest payments of $683 maturing February 23, 2011.	$ 19,066	$ 22,323
Less: current portion	6,645	6,648
Long-term debt, less current portion	$ 12,421	$ 15,675

Future maturities of long-term debt are as follows as of June 30:

2009	$ 6,645
2010	7,345
2011	5,076
	$ 19,066

Interest expense totaled $866 and $1,112 for the six months ended June 30, 2008 and 2007, respectively.

Note 6 – Commitments

The Company leases its operating facility in Riverside California under a non-cancelable 5-year operating lease expiring December 14, 2011. The lease provides for increases in future minimum annual rental payments based on defined annual increases beginning with monthly payments of $2,433 and culminating in a monthly payment of $2,945 in 2011. Lease expense totaled $15,621 and $13,650 during the six months ending June 30, 2008 and 2007, respectively.

Future minimum lease payments required are as follow:

Year		Amount
2008		$ 15,237
2009		32,394
2010		33,931
2011		32,394
	Total	$ 113,956

Note 7 – Stockholders' equity (deficit)

Common stock

On April 1, 2008, CCI received $3,000 in exchange for a subscription agreement totaling 30,000 shares of its $.001 par value common stock from an individual investor. The shares remain un-issued as of the date of this report.

On April 16, 2008, CCI received $5,000 in exchange for a subscription agreement totaling 50,000 shares of its $.001 par value common stock from the Company's CEO.

On May 14, 2008, CCI received $6,500 in exchange for a subscription agreement totaling 130,000 shares of its $.001 par value common stock from an individual investor. The shares remain un-issued as of the date of this report.

Note 8 – Subsequent Events

On July 23, 2008 the Company entered into a consulting agreement to receive business development services over a four month term in exchange for 3,000,000 shares of the Company's common stock. The fair market value of the shares was $90,000 and will be amortized over the four month term of the agreement. The shares remain unissued as of the date of this report.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements". All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "expect" or "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except for our ongoing securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- Our current deficiency in working capital;
- Increased competitive pressures from existing competitors and new entrants;
- Our ability to market our services to new subscribers;
- Inability to locate additional revenue sources and integrate new revenue sources into our organization;
- Adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- Changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- Consumer acceptance of price plans and bundled offering of our services;
- Loss of customers or sales weakness;
- Technological innovations;
- Inability to efficiently manage our operations;
- Inability to achieve future sales levels or other operating results;
- Key management or other unanticipated personnel changes;
- The unavailability of funds for capital expenditures; and
- The other risks and uncertainties detailed in this report.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see Item 1A.

Risk Factors in this document and in our Annual Report on Form 10-K for the year ended December 31, 2007.

AVAILABLE INFORMATION

We file annual, quarterly and special reports and other information with the SEC that can be inspected and copied at the public reference facility maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405. Information regarding the public reference facilities may be obtained from the SEC by telephoning 1-800-SEC-0330. The Company’s filings are also available through the SEC’s Electronic Data Gathering Analysis and Retrieval System which is publicly available through the SEC’s website (www.sec.gov). Copies of such materials may also be obtained by mail from the public reference section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549-0405 at prescribed rates.

Item 2. Management’s Discussion and Analysis and Plan of Operation

OVERVIEW OF CURRENT OPERATIONS

CCI is a Nevada corporation that acts as a holding company for its operating subsidiaries, Competitive Communications, Inc. (“Competitive Communications”), which is an approved and regulated local and long distance telephone company, and CCI Residential Services Inc. (“CCI Residential”), which is a non-regulated telephone company providing local and long distance telephone service, high-speed Internet and cable television service to large apartment complexes. CCI, Competitive Communications and CCI Residential (collectively referred to as the “Company”) provide telephone, cable television, long distance/inter - exchange, and dial up and high-speed Internet connections and e-mail services, mainly to customers who live in multi-tenant residential buildings. The Company’s operations are located in Riverside, California and substantially all of its customers are California residents with a smaller percentage residing in Alabama and Mississippi.

On May 5, 2005, the Company merged with CA Networks, Inc. (“CAN”), which was a development stage enterprise in the process of developing a business model in the same industry as CCI. CAN was formed under the laws of the state of Wyoming on January 14, 2004 and provided retail local and long distance telephone service and DSL Internet service in Kentucky. The combined companies maintained the name of CCI. As of June 30, 2006, we no longer have operations within Kentucky and have focused on continuing its operations of providing telecommunications services to California, Alabama, and Mississippi.

CURRENT OPERATIONS

The telecommunications products and services provided by the company and its subsidiaries include local telephone services, domestic and international long distance services, and enhanced voice, data and Internet services, and Cable TV service primarily to residents of apartment complexes, retail businesses and residential users. We operate in both a regulated and non-regulated environment. It is our intention in the future to provide bundled services to our customers as well as expand to customers beyond apartment complexes by providing VoIP services. However, as of the date of this filing we have not been able to implement these services partly due to a lack of financing.

During the quarter ended March 31, 2008, we announced the appointment of a Chief Technical Officer who is going to help facilitate the expansion and advertising of our (800) telephone service. Subsequent to the quarter ended June 30, 2008, we also announced the launch of a new website (www.ccidirectwholesale.com) that will be dedicated to selling various electronic, household, business, and clothing and jewelry items at significant discounts. It is anticipated that products will be available to be shipped directly to customers within 2 to 3 business days. Both of these additions are expansions into new revenue sources and the Company hopes to create a wider customer base from that of just servicing of large apartment complexes.

Results of Operations for the three and six months ended June 30, 2008

The following tables summarize selected items from the statement of operations for the three and six months ended June 30, 2008 compared to the three and six months ended June 30, 2007.

INCOME:

	Three Months Ended		Increase/ (Decrease)	Six Months Ended		Increase/ (Decrease)
	2008	2007	%	2008	2007	%
Revenues	$ 180,256	$ 225,860	(20%)	$ 359,576	$ 459,801	(22%)
Cost of Sales	84,223	113,668	(26%)	205,222	241,694	(15%)
Gross Profit	$ 89,510	$ 112,192	(20%)	$ 147,831	$ 218,107	(32%)
Gross Profit Percentage of Revenue	50%	50%	0%	41%	47%	(6%)

Revenues

Revenues for the three months ended June 30, 2008 was $173,722 compared to revenues of $225,860 for the three months ended June 30, 2007. This resulted in a decrease in revenues of $45,604, or 20%, when compared to one year ago. Revenues for the six months ended June 30, 2008 was $353,053 as compared to $459,801 for the six months ended June 30, 2007. We also experienced a decrease of $100,225, or 22% when compared to the same period one year ago. During 2007, regulations governed by the Federal Communications Commission were changed that allowed direct competitors to our telephone and cable services to compete with our customers in the apartment complexes that we service. As a result, we were unable to remain competitive with larger competitors and some of our customers switched providers and ultimately, we have begun to experience a decrease in revenues.

Due to this change in the regulatory environment of our traditional business operations, we have begun to pursue and investigate alternative revenue sources. During the end of the first quarter of 2008, we announced a new revenue source of offering a competitive (800) service. During the quarter ended June 30, 2008, we announced our intention to expand into the direct sales of various products through a newly established website. We hope these services will provide additional revenues while maintaining a continuous focus on our core business.

Cost of sales

Cost of sales for the three months ended June 30, 2008 was $84,223, a decrease of $29,445, or 26%, from $113,668 for the three months ended June 30, 2007. Cost of sales also decreased from $241,694 for the six months ended June 30, 2007 to $205,222 for the six months ended June 30, 2008. Beginning in 2007, we began eliminating underutilized circuits and have made continued efforts to continually manage and reduce costs, where applicable. During the six months ended June 30, 2008, we experienced decreased revenues which reduced some of our cost of sales. In addition, some of our contracts with apartment complexes have expired which reduced our commissions expenses.

Gross profit

Gross profit as a percentage of revenue decreased from 47% for the six months ended June 30, 2007 to 41% for the six months ended June 30, 2008. However, our gross profits as a percentage of revenue did not fluctuate from the three months ended June 30, 2007 when compared to the three months ended June 30, 2008. Our gross profit for the six months ended June 30, 2008 decreased as a result of not being able to better manage our cost of sales in relation to our decrease in revenues.

EXPENSES:

	Three Months Ended		Increase/ (Decrease)	Six Months Ended		Increase/ (Decrease)
	2008	2007	%	2008	2007	%
General and administrative expenses	$ 73,700	$ 160,947	(54%)	$ 150,233	$ 297,304	(49%)
Salaries and wages	52,374	114,637	(53%)	104,960	237,462	(56%)
Consulting fees	454	456	0%	874	11,050	(92%)
Depreciation	8,553	8,475	(1%)	17,106	16,684	(3%)
Bad Debt	(2,440)	(3,309)	(26%)	6,826	17,236	(60%)
Net operating (loss)	$ (36,608)	$ (169,014)	(78%)	$ (125,645)	$ (361,629)	(65%)

General and Administrative expenses

General and administrative expenses were $73,700 for the three months ended June 30, 2008 versus $160,947 for the three months ended June 30, 2007, which resulted in a decrease of $87,247 or 54%. General and administrative expenses also decreased 49% for the six months ended June 30, 2008 as compared to the six months ended June 30, 2007. The decrease was due primarily to a decrease in the Company's advertising and promotional costs, as well as, an overall effort to trim non-essential overhead costs.

Salaries and Wages

Salary and wage expenses were $52,374 for the three months ended June 30, 2008 versus $114,637 of salary and wage expenses for the three months ended June 30, 2007. Salary and wage expenses also decreased 56% for the six months ended June 30, 2008 of $104,960 to $237,462 for the six months ended June 30, 2007. During the first six months of 2007, we had increased management's salaries, which the Company has since ceased payment of as a result of no longer having the same management as of a year ago. Additionally, our current CEO, does not have an employment agreement in place and therefore we have not paid any compensation during the six months ended June 30, 2008 to him. We expect that we may need to increase our personnel in the future as we expand our operations, if and when we enter into the VoIP field as well as the anticipated expansion into different revenue sources.

Consulting Fees

Consulting fees were $454 for the three months ended June 30, 2008 compared to $456 consulting fees for the three months ended June 30, 2007. Consulting fees were $874 for the six months ended June 30, 2008 compared to $11,050 for the six months ended June 30, 2007. The majority of our consulting fees during the six months ended June 30, 2007, were a result of issuances of common stock as compensation in exchange for consulting services. During the first six months of 2008, we did not have similar expenses.

Depreciation

Depreciation expenses were $8,553 for the three months ended June 30, 2008 versus $8,475 for the three months ended June 30, 2007. During the six months ended June 30, 2008, we had depreciation expenses of 17,106 compared to $16,684 for the six months ended June 30, 2007. This resulted in a minimal increase of 3% for the six months ended June 30, 2008 when compared to the same time period in 2007. During 2007 we acquired some additional assets which accounts for the depreciation expenses and at this point in time we anticipate our depreciation expenses to remain stable.

Bad Debt

Bad debt expenses for the six months ended June 30, 2008 were $6,826 as compared to $17,236 for the same period in 2007, which resulted in a decrease of $10,410. We were able to decrease our allowance of bad debt as a result of having fewer accounts likely being sent to a third party collection agency.

Net Operating (Loss)

The net operating loss for the three months ended June 30, 2008 was $36,608, versus a net operating loss of $169,014 for the three months ended June 30, 2007. The net operating loss for the six months ended June 30, 2008 was $125,645, versus a net operating loss of $361,629. For the three months ended June 30, 2008, we were able to reduce our net loss by 78% and for the six months ended June 30, 2008, we were able to reduce our net loss by 65%. This decrease in net loss is primarily attributable to the significant reduction in our consulting expenses, salaries and wages, and general and administrative expenses for the six months ended June 30, 2008.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total current assets, liabilities and working capital at June 30, 2008 compared to December 31, 2007.

	June 30, 2008	December 31, 2007	Increase / (Decrease) $	%
Current Assets	$ 93,487	$ 95,894	$ (2,407)	(3%)
Current Liabilities	$ 306,075	$ 205,653	$ 100,422	49%
Working (Deficit)	$ (212,588)	$ (109,759)	$ 102,829	(94%)

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. As of June 30, 2008, we had current assets of $93,487 and current liabilities of $306,075, which resulted in a working capital deficit of $212,588. Our poor financial condition raises substantial doubt about our ability to continue as a going concern and we have incurred losses since inception and may incur future losses.

Our future capital requirements will depend on many factors, including the expansion of our VoIP services; actual usage of Waylinks' antennas; additional marketing of the (800) services; the expansion of new website and product offerings; the cost and availability of third-party financing for development; addition of new revenue sources; and administrative and legal
expenses. We conducted private placements of equity shares at $0.10 per share during the fiscal 2007 year, whereby we sold approximately 4,030,000 shares and had raised a total of $403,000. During the second quarter of 2008, we sold a total of 210,000 shares of our common stock for a total of $14,500.

As of the year ended December 31, 2007, we entered into an unsecured note payable with our Chief Executive Officer totaling $25,000 and as of the six months ended June 30, 2008 we had unsecured notes payable in the amount of $33,000. These notes bear an annual interest rate of 18% and are payable upon demand. However, should we not be able to continue to secure additional financing when needed, we may be required to slow down or suspend our growth or reduce the scope of our current operations, any of which would have a material adverse effect on our business.

We anticipate that we will incur operating losses in the next twelve months. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks for us include, but are not limited to, an evolving and unpredictable business model; recognition of additional revenue sources; and the management of growth. To address these risks, we must, among other things, expand our customer base, implement and successfully execute our business and marketing strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Going Concern

Our consolidated financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $2,900,512 and a working capital deficit of $212,588 at June 30, 2008, and have reported negative cash flows from operations over the last four years. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months, and we expect to have ongoing requirements for capital investment to implement our business plan. Finally, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions.

Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”). SFAS No. 159 allows the company to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 is not expected to have a material impact on the Company’s financial position, results of operation or cash flows.

In December 2007, the FASB issued SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements”. This statement amends ARB 51 to establish accounting and reporting standards for the non-controlling (minority) interest in a subsidiary and for the de-consolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years and interim periods beginning after December 15, 2008. The adoption of SFAS 160 is not expected to have a material impact on the Company’s financial position, results of operation or cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised), “Business Combinations”. SFAS 141 (Revised) establishes principals and requirements for how an acquirer of a business recognizes and measures in its financial statements, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. This statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective for the fiscal year beginning after December 15, 2008.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

This item in not applicable as we are currently considered a smaller reporting company.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Principal Financial Officer, Mr. Jerald Woods, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this annual report. Based on the evaluation, Mr. Woods concluded that our disclosure controls and procedures are not effective, for the reasons discussed below, in timely alerting him to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings, for the following reasons:

- The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
- All of our financial reporting is carried out by our financial consultant;
- We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring of additional accounting personnel once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against us, which may materially affect us.

Item 1A. Risk Factors

Risks Relating with Our Business and Marketplace

We have incurred losses since inception and expect to incur losses for the foreseeable future. In addition, our poor financial condition raises substantial doubt about our ability to continue as a going concern.

Our net operating losses for the six months ended June 39, 2008 was $36,608 and $438,426 for the year ended December 31, 2007. As of June 30, 2008, we only had $8,338 in cash available to finance our operations and a working capital deficit of $102,829. Capital requirements have been and will continue to be significant, and our cash requirements have exceeded cash flow from operations since inception. We are in need of additional capital to continue our operations and have been dependent on the proceeds of private placements of securities and recent loans to from an officer to satisfy working capital requirements. We will continue to be dependent upon the proceeds of future offerings or public offerings to fund development of products, short-term working capital requirements, marketing activities and to continue implementing the current business strategy. There can be no assurance that we will be able to raise the necessary capital to continue operations.

Our ability to continue as a going concern is dependent on our ability to raise funds to finance ongoing operations; however we may not be able to raise sufficient funds to do so. Our independent auditors have indicated that there is substantial doubt about our ability to continue as a going concern over the next twelve months. Because of these factors, an investor cannot determine if and when we will become profitable and therefore runs the risk of losing their investment.

Without realization of additional capital, it would be unlikely for us to continue as a going concern.

As a result of our deficiency in working capital at June 30, 2008 and other factors, our auditors have included an explanatory paragraph in their audit report regarding substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments as a result of this uncertainty. The going concern qualification may adversely impact our ability to raise the capital necessary for the continuation of operations.

If we are unable to obtain additional funding, our business operations will be harmed and if we do obtain additional financing our then existing stockholders may suffer substantial dilution.

We will require additional funds to expand our operations and believe the current cash on hand and the other sources of liquidity will not be sufficient enough to fund our operations through fiscal 2008. We anticipate that we will require up to approximately $250,000 to fund our continued operations for the next twelve months, depending on revenue from operations.

Additional capital will be required to effectively support the operations and to otherwise implement our overall business strategy. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. The inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will likely be required to curtail our marketing and development plans and possibly cease our operations. Any additional equity financing may involve substantial dilution to our then existing stockholders.

Our limited resources may prevent us from retaining key employees or inhibit our ability to hire and train a sufficient number of qualified management, professional, technical and regulatory personnel.

Our success may also depend on our ability to attract and retain other qualified management and personnel familiar in telecommunications industry. Currently, we have a limited number of personnel that are required to perform various roles and duties as a result of our limited financial resources. We intend to use the services of independent consultants and contractors to perform various professional services, when appropriate to help conserve our capital. However, if and when we determine to acquire additional personnel, we will compete for such persons with other companies and other organizations, some of which have substantially greater capital resources than we do. We cannot give you any assurance that we will be successful in recruiting or retaining personnel of the requisite caliber or in adequate numbers to enable us to conduct our business.

Competition from companies with already established marketing links and brand recognition to our potential customers may adversely affect our ability to introduce and market our products.

The telecommunications industry is highly competitive. Many of our current and potential competitors have financial, personnel and other resources, including brand name recognition, substantially greater than ours, as well as other competitive advantages over us. Certain competitors may be able to secure product from vendors on more favorable terms, devote greater resources to marketing and promotional campaigns, and adopt more aggressive pricing than we will. There can be no assurance we will be able to compete successfully against these competitors, which ultimately may have a materially adverse effect on our business, results of operations, financial condition and potential products in the future.

Risks Relating to our Common Stock

If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. More specifically, FINRA has enacted Rule 6530, which determines eligibility of issuers quoted on the OTC Bulletin Board by requiring an issuer to be current in its filings with the Commission. Pursuant to Rule 6530(e), if we file our reports late with the Commission three times in a two-year period or our securities are removed from the OTC Bulletin Board for failure to timely file twice in a two-year period then we will be ineligible for quotation on the OTC Bulletin Board. We have had one late filing and have once been removed from the OTC Bulletin Board in the last two years. Therefore, we must not have two more late filings within the two year period or have our securities removed from the OTC Bulletin Board again, within the two year period, otherwise we will be in jeopardy of being dequoted from the OTC Bulletin Board for a one year period. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Competitive Companies; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Competitive Companies are being made only in accordance with authorizations of management and directors of Competitive Companies, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Competitive Companies' assets that could have a material effect on the financial statements.

We have a limited number of personnel that are required to perform various roles and duties. Furthermore, we have one individual, our CEO, who is responsible for monitoring and ensuring compliance with our internal control procedures. As a result, our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

Because our common stock is deemed a low-priced "Penny" Stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment of our common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

Deliver to the customer, and obtain a written receipt for, a disclosure document;

- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 1, 2008, we authorized the issuance of 30,000 shares of our common stock to an accredited investor in exchange for a subscription agreement totaling $3,000. As of the date of this report, the shares have not been issued.

On April 16, 2008, we authorized the issuance of 50,000 shares of our common stock to our CEO in exchange for receiving $5,000.

On May 14, 2008, we authorized the issuance of 130,000 shares of our common stock to an accredited investor in exchange for a subscription agreement totaling $6,500. As of the date of this report, the shares have not been issued.

We believe the issuance of the shares is exempt from the registration and prospectus delivery requirement of the Securities Act of 1933 by virtue of Section 4(2). The shares were issued directly by us and did not involve a public offering or general solicitation. The recipients of the shares were afforded an opportunity for effective access to our files and records of that contained the relevant information needed to make their investment decision, including our financial statements and 34 Act reports. We reasonably believed that the recipients had such knowledge and experience in the Company’s financial and business matters that they were capable of evaluating the merits and risks of his investment.

Subsequent Issuances

On August 14, 2008, we filed a registration statement on Form S-8, whereby we registered a total of 7,730,580 shares. The following list shows the shares issued from that Registration Statement on Form S-8. As of the date of this filing, we have 1,500,000 shares of our common stock available to be issued under the Consultant Stock Plan.

Person Issued to	Number of Shares
Stoecklein Law Group	1,230,580
Accuity Financial, Inc.	1,000,000
Thomas Mahoney	3,000,000
Zachery Bluestein	500,000
Tonni Smith-Adkins	500,000

Issuer Purchases of Equity Securities

We did not repurchase any of our securities during the quarter ended June 30, 2008.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

We did not submit any matters to a vote of our security holders during the second quarter of 2008.

Item 5. Other Information

None.

Item 6. Exhibits

			Incorporated by reference			
Exhibit	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
2.1	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2		2	01/11/02
2.2	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	08/02/02
2.3	Plan and agreement of reorganization between Huntington Telecommunications Partners, LP and Competitive Companies Holdings, Inc. and Competitive Companies, Inc.		SB-2/A		2.2	04/24/03
2.4	Plan and agreement of reorganization between Competitive Companies, Inc. and CCI Acquisition Corp		8-K		10.1	05/09/05
3(i)	Articles of Competitive Companies, as amended		SB-2		3(I)	01/11/02
3(ii)	Bylaws of Competitive Companies		SB-2		3(II)	01/11/02
4	Rights and Preferences of Preferred Stock		SB-2		4	01/11/02
31	Certification of Jerald Woods pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32	Certification of Jerald Woods pursuant to Section 906 of the Sarbanes-Oxley Act	X				

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 by the undersigned, thereunto duly authorized.

COMPETITIVE COMPANIES, INC.
(Registrant)

By: /s/ Jerald Woods
Jerald Woods, President &
Chief Executive Officer (On behalf of
the registrant and as principal accounting
officer)

Date: August 19, 2008