

TELECOM COMMUNICATIONS INC
Form 10QSB
May 21, 2007

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

FORM 10-QSB

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

For the Quarterly Period Ended March 31, 2007

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

Commission file number 333-62236

TELECOM COMMUNICATIONS, INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

35-2089848
(I.R.S. Employer
Identification No.)

9/F., Beijing Business World
56 Dongxinglong Avenue
CW District
Beijing, China 100062
(Address of Principal Executive Offices)

(86) 10 6702 6968
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 123,088,000 shares of common stock, \$.001 par value per share, outstanding as of May 1, 2007.

Transitional Small Business Disclosure Format (Check One): Yes No

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PART I - FINANCIAL INFORMATION**TELECOM COMMUNICATIONS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET****March 31, 2007****ASSETS**

	Unaudited
Current assets:	
Cash	\$ 651,962
Accounts receivable - related company	480,000
- others, less allowance for bad debts of \$3,360,307	3,474,555
Due from related companies	197,660
Prepaid expenses	3,297,178
Other current assets	227,943
Total Current Assets	8,329,298
Property, plant and equipment, net	11,742,135
Intangible assets	2,393,496
Total Assets	\$ 22,464,929

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	\$ 1,542,458
Accrued expenses	34,175
Other current liabilities	123,897
Total Current Liabilities	1,700,530
Total Liabilities	1,700,530
Minority interest in consolidated subsidiary	2,861,997
Stockholders' equity :	
Preferred stock (\$0.001 Par Value: 50,000,000 shares authorized; no shares issued and outstanding)	-
Common stock (\$0.001 Par Value: 300,000,000 shares authorized; 123,088,000 shares issued and outstanding)	123,088
Additional paid in capital	20,302,089
Deferred stock-based compensation	(1,798,208)
Accumulated other comprehensive income	6,124
Retained earnings	(730,691)
Total Stockholders' Equity	17,902,402
Total Liabilities and Stockholders' Equity	\$ 22,464,929

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

TELECOM COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Six Months Ended March 31		Three Months Ended March 31	
	2007 Unaudited	2006 Unaudited	2007 Unaudited	2006 Unaudited
Revenue				
Net Revenue - affiliate	\$ 720,000	\$ 720,000	\$ 360,000	\$ 360,000
- others	8,677,481	7,379,917	3,073,350	3,411,818
Total Revenue	9,397,481	8,099,917	3,433,350	3,771,818
Cost of sales				
Depreciation	1,898,447	935,031	1,076,263	467,516
Other cost of sales	4,188,898	1,048,650	1,870,195	365,311
	6,087,345	1,983,681	2,946,458	832,827
Gross Profit	3,310,136	6,116,236	486,892	2,938,991
Operating Expenses:				
Allowance for bad debts	3,030,049	977,074	1,890,724	857,914
Depreciation	52,943	36,373	43,901	7,773
Salaries	335,785	386,940	179,679	127,193
Stock-based compensation expenses	1,707,154	1,574,975	680,124	743,529
Other selling and administrative expenses	989,278	259,509	404,539	