

Aldabra 2 Acquisition Corp.
Form 10-Q
November 14, 2007

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

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

For the transition period from _____ to _____

Commission File Number: 001-33541

Aldabra 2 Acquisition Corp.
(Exact name of registrant as specified in its charter)

Delaware 20-8356960
(State or other jurisdiction of incorporation (I.R.S. Employer Identification No.)
or organization)

c/o Terrapin Partners LLC, 540 Madison Avenue, 17th Floor, New York, New York
10022
(Address of principal executive offices)

212-710-4100
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of November 14, 2007, 51,750,000 shares of the registrant's common stock, par value \$.0001 per share, were issued and outstanding.

Aldabra 2 Acquisition Corp.
(a development stage company)

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Part I—FINANCIAL INFORMATION**Item 1. Financial Statements (Unaudited)**

Aldabra 2 Acquisition Corp.
(a development stage company)
Condensed Consolidated Balance Sheet
(unaudited)

	September 30, 2007
ASSETS	
Current assets:	
Cash	\$ 82,548
Cash held in trust	404,531,190
Prepaid expenses	52,875
Total current assets	404,666,613
Capitalized acquisition costs	1,346,231
Deferred tax asset	37,529
Total assets	\$ 406,050,373
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accrued expenses	\$ 666,077
Franchise tax payable	42,869
Income and capital taxes payable	2,457,551
Deferred underwriting fee	12,420,000
Total current liabilities	15,586,497
Common stock subject to possible conversion (16,555,860 shares at conversion value)	159,760,000
Commitments	
Stockholders' equity	
Preferred stock, \$.0001 par value per share: 1,000,000 shares authorized; none issued	--
Common stock, \$.0001 par value per share: 100,000,000 shares authorized; 51,750,000 shares issued and outstanding (which includes 16,555,860 shares subject to possible conversion)	5,175
Additional paid-in capital	227,639,650
Income accumulated during development stage	3,059,051
Total stockholders' equity	230,703,876
Total liabilities and stockholders' equity	\$ 406,050,373

Aldabra 2 Acquisition Corp.
(a development stage company)
Condensed Consolidated Statements of Income
(unaudited)

	For the three months ended September 30, 2007	For the period February 1, 2007 (inception) to September 30, 2007
	\$	\$
Interest income	5,258,765	5,769,309
EXPENSES		
Formation costs	--	1,000
Professional fees	36,341	48,341
Insurance expense	20,073	22,691
Administrative fees	22,500	25,500
Travel and entertainment expense	9,303	9,303
Franchise tax expense	42,869	42,869
Interest expense	2,895	2,895
Miscellaneous expenses	2,252	2,637
Total expenses	136,233	155,236
Net income before income taxes	5,122,532	5,614,073
Provision for income taxes	(2,331,282)	(2,555,022)
Net income	\$ 2,791,250	\$ 3,059,051
Weighted average shares outstanding, basic and diluted	51,750,000	27,628,512
Basic and diluted net income per share	\$ 0.05	\$ 0.11

See Notes to Condensed Consolidated Financial Statements.

Aldabra 2 Acquisition Corp.
(a development stage company)
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		Additional	Net income	Total
	Shares	Amount	paid-in capital	accumulated during development stage	stockholders' equity
Issuance of common stock to Initial Stockholders on February 1, 2007 at \$.002 per share	10,350,000	\$ 1,035	\$ 23,965	\$ --	\$ 25,000
Proceeds from issuance of Warrants	--	--	3,000,000	--	3,000,000
Sale of 41,400,000 Units through Offering, net of underwriters' discount and Offering expenses (which includes 16,555,860 shares subject to conversion)	41,400,000	4,140	384,375,685	--	384,379,825
Less 16,555,860 shares of common stock subject to possible conversion	--	--	(159,760,000)	--	(159,760,000)
Net income	--	--		3,059,051	3,059,051
Balance as of September 30, 2007	51,750,000	\$ 5,175	\$ 227,639,650	\$ 3,059,051	\$ 230,703,876

See Notes to Condensed Consolidated Financial Statements.

Aldabra 2 Acquisition Corp.
(a development stage company)
Condensed Consolidated Statement of Cash Flows
(unaudited)

For the period
February 1, 2007
(inception)
to September 30,
2007

Cash Flows from Operating Activities

	\$
Net income	3,059,051
Adjustments to reconcile net income with net cash used in operating activities:	
Interest income on investments held in trust	(5,766,190)
Change in operating assets and liabilities:	
Increase in prepaid expenses	(52,875)
Increase in accrued expenses	14,091
Increase in deferred tax asset	(37,529)
Increase in franchise tax payable	42,869
Increase in income and capital taxes payable	2,457,551
Net cash used in operating activities	(283,032)

Cash Flows from Investing Activities

Cash deposited in trust	(399,500,000)
Proceeds from trust	735,000
Payment of Acquisition costs	694,244
Net cash used in investing activities	(399,459,244)

Cash Flows from Financing Activities

Proceeds from sale of shares of common stock to Initial Stockholders	25,000
Proceeds from notes payable to Initial Stockholders	137,000
Payment of notes payable to Initial Stockholders	(137,000)
Proceeds from Offering	414,000,000
Proceeds from issuance of Insider Warrants	3,000,000
Payment of costs associated with Offering	(17,200,176)
Net cash provided by financing activities	399,824,824

Net increase in cash	82,548
Cash at beginning of the period	--
	\$
Cash at end of the period	82,548

Supplemental disclosure of non-cash investing and financing activities

Accrual of registration costs

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	\$
	33,609
	\$
Accrual of deferred underwriting fee	12,420,000
	\$
Accrual of Acquisition costs	651,987

See Notes to Condensed Consolidated Financial Statements.

Aldabra 2 Acquisition Corp.
(a development stage company)
Notes to Condensed Consolidated Financial Statements
(unaudited)

- 1. Organization and Business Operations** Aldabra 2 Acquisition Corp., a corporation in the development stage (the “Company”), was incorporated in Delaware on February 1, 2007 for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. The Company is considered to be in the development stage, as defined in Statement of Financial Accounting Standards (“SFAS”) No. 7, “Accounting and Reporting by Development Stage Enterprises,” and is subject to the risks associated with activities of development stage companies. The Company has selected December 31st as its fiscal year end.

The condensed consolidated financial statements at September 30, 2007 and for the periods ended September 30, 2007 are unaudited. In the opinion of management, all adjustments (consisting of normal adjustments) have been made that are necessary to present fairly the financial position of the Company as of September 30, 2007, the results of its operations for the three month period ended September 30, 2007 and for the period from February 1, 2007 (inception) through September 30, 2007, and its cash flows for the period from February 1, 2007 (inception) through September 30, 2007. Operating results for the interim period presented are not necessarily indicative of the results to be expected for a full year. All activity through June 22, 2007 relates to the Company’s formation and the public offering described below.

The registration statement for the Company’s initial public offering (the “Offering”) was declared effective June 19, 2007. The Company consummated the Offering on June 22, 2007 and received net proceeds of approximately \$384,380,000. The Company’s management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds of this Offering are intended to be generally applied toward consummating a business combination with an operating business (the “Business Combination”). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. Upon the closing of the Offering, an aggregate of \$399,500,000, including the \$3,000,000 proceeds of the private placement (the “Private Placement”) described in

Note 2 and the \$12,420,000 of deferred underwriters discounts described in Note 2, was placed in a trust account (the "Trust Account") which is to be invested in United States "government securities" within the

Aldabra 2 Acquisition Corp.
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Notes to Condensed Consolidated Financial Statements
(unaudited)

meaning of Section 2(a)(16) of the Investment Company Act of 1940, having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 until the earlier of (i) the consummation of the Company's first Business Combination and (ii) liquidation of the Company. The placing of funds in the Trust Account may not protect those funds from third-party claims against the Company. Although the Company will seek to have all vendors and service providers (which would include any third parties we engaged to assist us in any way in connection with our search for a target business) and prospective target businesses execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that such entities will execute such agreements. Nor is there any guarantee that, even if such entities execute such agreements with us, they will not seek recourse against the Trust Account or that a court would not conclude that such agreements are not legally enforceable. The Company's Chairman of the Board and the Company's Chief Executive Officer have agreed that they will be liable under certain circumstances for ensuring that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for, or products sold to, the Company. However, there can be no assurance that these entities will be able to satisfy those obligations. Furthermore, they will not have any personal liability as to any claimed amounts owed to a third party who executed a waiver (including a prospective target business). Additionally, in the case of a prospective target business that did not execute a waiver, such liability will only be in an amount necessary to ensure that public stockholders receive no less than \$10.00 per share upon liquidation. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Additionally, up to an aggregate of \$3,100,000 of interest earned on the Trust Account balance may be released to the Company to fund working capital requirements and additional amounts may be released to

the Company as necessary to satisfy tax obligations.

The Company, after signing a definitive agreement for the acquisition of a target business, is required to submit such transaction for stockholder approval. In the event that stockholders owning 40% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights

Aldabra 2 Acquisition Corp.
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described below, the Business Combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company (the "Initial Stockholders"), have agreed to vote their founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company (the "Public Stockholders") with respect to any Business Combination. After consummation of a Business Combination, these voting safeguards will no longer be applicable.

With respect to a Business Combination that is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert such Public Stockholder's shares. The per share conversion price will equal the amount in the Trust Account, net of accrued taxes and expenses, calculated as of two business days prior to the consummation of the proposed Business Combination, divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding up to 39.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Accordingly, a portion of the net proceeds from the Offering (39.99% of the amounts originally placed in the Trust Account) has been classified as common stock subject to possible conversion in the accompanying balance sheet. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders.

The Company's Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until 24 months from June 19, 2007, the effective date of the Offering. If the Company has not completed a Business Combination by such date, its corporate existence will cease, and it will dissolve and liquidate for the purposes of winding up its affairs. In the event of liquidation, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Fund assets) will be less than the Offering price per share in the Offering (assuming no value is

attributed to the Warrants contained in the Units sold in the Offering).

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Notes to Condensed Consolidated Financial Statements
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Concentration of Credit Risk – The Company maintains cash in a bank deposit account that exceeds federally insured (FDIC) limits. The Company has not experienced any losses on this account.

Capitalized Acquisition Costs – Capitalized Acquisition costs includes direct costs related to the Business Combination. Indirect and general expenses are expensed as incurred.

Deferred Income Taxes –Deferred income tax assets and liabilities are computed for differences between the financial statements and tax basis of assets and liabilities that will result in future taxable or deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to effect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

Net Income Per Share – Net income per share is computed by dividing net income by t