FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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LETS TALK CELLULAR & WIRELESS INC

CIK:**1044440**| IRS No.: **650292891** | State of Incorp.:**FL** | Fiscal Year End: **0731**
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SIC: **4812** Radiotelephone communications

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UNITED STATES
SECURITIES EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

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

For the Quarterly Period Ended January 31, 1999

OR

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

COMMISSION FILE NUMBER 0-23351

LET'S TALK CELLULAR & WIRELESS, INC.

(Exact Name of Registrant as Specified in its Charter)

FLORIDA	65-0292891
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
800 BRICKELL AVE., STE. 400 MIAMI, FL 33131	33131
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (305) 358-8255

(Former name, former address and 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 [X] No [ ]

The number of shares outstanding of the registrant's common stock is 8,749,762 (as of March 15, 1999).

LET'S TALK CELLULAR & WIRELESS, INC.

INDEX

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

<TABLE>
<CAPTION>

</TABLE>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"), Let's Talk Cellular and Wireless, Inc. (together with its subsidiaries, the "Company") is hereby providing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements made by or on behalf of the Company herein or which are made orally, whether in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will result," "are expected to," "will continue," "is anticipated," "plans," "intends," "estimated," projection" and "outlook") are not historical facts and accordingly, such statements involve estimates, assumptions, risks and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Such uncertainties include, among others, the following factors: risks associated with rapid growth, the Company's ability to successfully compete, dependence on carriers, technological change and inventory obsolescence, dependence on key personnel and other risk factors that may emerge from time to time. It is not possible for management to predict all of such factors or to assess the effect of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

LET'S TALK CELLULAR & WIRELESS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	JANUARY 31, 1999 (UNAUDITED)	JULY 31, 1998
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,047,923	$ 1,697,397
Accounts receivable, net	24,440,420	15,954,275
Inventories	20,039,779	16,532,961
Prepaid expenses	588,643	429,869
Deferred tax asset	836,806	836,806

Total current assets	47,953,571	35,451,308
Property and equipment, net	12,949,896	12,170,193
Other assets, net	1,079,483	1,020,524
Intangible assets, net	36,528,916	37,848,638
Total assets	$98,511,866	$86,490,663

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Trade accounts payable	$19,544,887	$13,116,458
Bank lines of credit	9,232,382	9,099,072
Accrued expenses	9,161,849	6,628,207
Current portion of bank term loan and obligations under capital leases	2,747,818	1,947,361
Income taxes payable	1,314,227	273,255
Deferred revenues	1,408,234	855,729
Customer deposits	222,231	257,879
Total current liabilities	43,631,628	32,177,961
Bank term loan, less current portion	17,750,000	19,250,000
Obligation under capital leases, less current portion	453,755	346,150
Other liabilities	493,197	372,395
Deferred tax liability	423,978	423,978
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued and outstanding	--	--
Common stock, $.01 par value, 50,000,000 shares authorized, 8,749,762 shares issued and outstanding	87,498	87,498
Additional paid-in capital	33,716,669	33,716,669
Retained earnings	1,955,141	116,012
Total shareholders' equity	35,759,308	33,920,179
Total liabilities and shareholders' equity	$98,511,866	$86,490,663

</TABLE>

See accompanying notes.

LET'S TALK CELLULAR & WIRELESS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JANUARY 31, 1999	1998
<S>	<C>	<C>
Net revenues:		
Retail sales	$ 16,634,725	$ 10,712,619
Activation commissions	22,186,064	11,833,070
Residual income	4,332,921	2,420,875
Wholesale sales	6,202,939	7,779,923
Total net revenues	49,356,649	32,746,487
Cost of sales	25,283,107	19,417,743

Gross profit	24,073,542	13,328,744
Operating expenses:		
Selling, general and administrative	18,599,508	10,874,204
Depreciation and amortization	735,709	306,447
Amortization of intangible assets	637,198	343,818
Total operating expenses	19,972,415	11,524,469
Income from operations	4,101,127	1,804,275
Interest expense, net	723,861	246,253
Income before provision for income taxes and extraordinary charge	3,377,266	1,558,022
Provision for income taxes	1,350,907	661,772
Income before extraordinary charge	2,026,359	896,250
Extraordinary charge on debt retirement (net of taxes)	--	391,358
Net income applicable to common shareholders	$ 2,026,359	$ 504,892
EARNINGS PER SHARE		
Basic and Diluted:		
Income per share applicable to common shareholders	$ 0.23	$ 0.12
Extraordinary charge	--	(0.05)
Net income applicable to common shareholders	$ 0.23	$ 0.7
Weighted average shares outstanding:		
Basic and Diluted	8,749,762	7,512,829

</TABLE>

See accompanying notes.

LET'S TALK CELLULAR & WIRELESS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JANUARY 31, 1999	1998
<S>	<C>	<C>
Net revenues:		
Retail sales	$ 28,899,343	$ 16,461,151
Activation commissions	36,275,966	17,483,754
Residual income	8,916,308	4,838,771
Wholesale sales	11,129,600	15,878,701
Total net revenues	85,221,217	54,662,377
Cost of sales	43,774,514	33,236,783
Gross profit	41,446,703	21,425,594

Operating expenses:		
Selling, general and administrative	34,270,541	18,721,586
Depreciation and amortization	1,267,779	570,479
Amortization of intangible assets	1,319,722	960,544
Total operating expenses	36,858,042	20,252,609
Income from operations	4,588,661	1,172,985
Interest expense, net	1,459,241	744,966
Income before provision for income taxes and extraordinary charge	3,129,420	428,019
Provision for income taxes	1,290,291	256,321
Income before extraordinary charge	1,839,129	171,698
Extraordinary charge on debt retirement (net of taxes)	--	391,358
Net income (loss) applicable to common shareholders	$ 1,839,129	$ (219,660)
EARNINGS PER SHARE		
Basic and Diluted:		
Income per share applicable to common shareholders	$ 0.21	$ 0.03
Extraordinary charge	--	(0.06)
Net income (loss) applicable to common shareholders	$ 0.21	$ (0.03)
Weighted average shares outstanding:		
Basic and Diluted	8,749,762	6,802,997

</TABLE>

See accompanying notes.

LET'S TALK CELLULAR & WIRELESS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JANUARY 31, 1999	1998
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income (loss)	$ 1,839,129	$ (219,660)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,267,779	570,481
Amortization of intangible assets	1,319,722	960,544
Amortization of deferred financing costs	60,866	729,392
Provision for activation adjustments and cancellation losses	464,275	141,158
Deferred income taxes	--	(230,845)
Changes in operating assets and liabilities:		
Accounts receivable	(8,950,420)	(4,695,205)
Inventories	(3,506,818)	(6,530,075)

Prepaid expenses	(158,774)	(2,369,425)
Other assets	(119,825)	40,666
Income tax receivable	--	291,099
Trade accounts payable	6,428,429	3,764,969
Accrued expenses	2,533,642	1,421,071
Other liabilities	120,802	--
Income taxes payable	1,040,972	(151,770)
Customer deposits	(35,648)	(37,693)
Deferred revenues	552,505	35,610
Net cash provided by (used in) operating activities	2,856,636	(6,279,683)
INVESTING ACTIVITIES		
Acquisition of Cellular Unlimited, net of cash acquired	--	(1,862,212)
Acquisition of Cellular USA, net of cash acquired	--	(1,395,701)
Purchases of property and equipment	(1,807,666)	(2,951,129)
Net cash used in investing activities	(1,807,666)	(6,209,042)
FINANCING ACTIVITIES		
Proceeds from sale of common stock, net of underwriting costs	--	22,320,000
Net proceeds on borrowings under bank lines of credit	133,310	2,976,715
Payments on loans payable to shareholder and officers	--	(258,100)
Payments on bank term loans and capital leases	(831,754)	(13,082,244)
Net cash (used in) provided by financing activities	(698,444)	11,956,371
Net increase (decrease) in cash and cash equivalents	350,526	(532,354)
Cash and cash equivalents at beginning of period	1,697,397	1,080,014
Cash and cash equivalents at end of period	$ 2,047,923	$ 547,660
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 1,307,408	$ 757,995
Cash paid for income taxes	$ 177,750	$ 58,795
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Acquisition of property and equipment under capital leases	$ 239,816	--

</TABLE>

See accompanying notes.

LET'S TALK CELLULAR & WIRELESS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1999

(UNAUDITED)

1-SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of Let's Talk Cellular & Wireless, Inc. and subsidiaries (the "Company") have been prepared in accordance with the instructions to Form 10-Q and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with generally accepted accounting principles. The accounting policies followed for interim financial reporting are the same as those disclosed in Note 2 of the Notes to Consolidated Financial Statements included in the Company's audited financial statements for the fiscal year ended July 31, 1998 which are included in the Company's Annual Report on

Form 10-K for the year ended July 31, 1998. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial information for the interim periods reported have been made. Results of operations for the six months ended January 31, 1999 are not necessarily indicative of the results to be expected for the entire fiscal year ending July 31, 1999.

The Company's stores have historically experienced, and the Company expects its stores to continue to experience, seasonal fluctuations in revenues with a larger percentage of revenues typically being realized in the second fiscal quarter during the holiday season. In addition, the Company's results during any fiscal period can be significantly affected by the timing of store openings and acquisitions and the integration of new and acquired stores into the Company's operations.

Fiscal year references are to the respective fiscal year ended July 31.

2-NET INCOME (LOSS) PER SHARE APPLICABLE TO COMMON SHAREHOLDERS

Basic earnings per share is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by dividing the Company's net income (loss) by the weighted average number of shares outstanding and the dilutive impact of common stock equivalents. The dilutive impact of common stock equivalents is determined by applying the treasury stock method.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 128 ("SFAS No.128"), Earnings per Share. All earnings per share amounts for all periods have been presented, and where necessary, related to conform to the SFAS No.128 requirements.

3-INITIAL PUBLIC OFFERING

On December 1, 1997, the Company completed an initial public offering of its common stock (the "IPO"). In the IPO, 2,337,245 shares of common stock were sold, of which 2,000,000 shares were sold by the Company and 337,245 shares were sold by selling shareholders. The Company's net proceeds from the IPO of approximately $20.0 million were used to repay the then outstanding balance on bank term loans

totaling approximately $12.9 million, a portion of the line of credit amounting to approximately $4.9 million, shareholders' loans totaling approximately $258,000, and fund various acquisitions. As a result of the repayment of the bank term loans during the second quarter of fiscal 1998, the Company incurred an extraordinary charge to earnings of approximately $391,000, net of income taxes of approximately $261,000.

4-CONTINGENCIES

The Company and one of its directors and officers and a former director and officer are named as defendants in several class action lawsuits for alleged violations of section 10(b) and 20(a) of the Securities and Exchange Act and SEC Rule 10b-5, which are pending in the U.S. District Court for the Southern District of Florida. The Plaintiffs maintain the Company and the individual defendants committed a fraud on the securities market by artificially inflating the price of the Company's stock. Plaintiffs propose a class period of March 11, 1998 through July 2, 1998, and November 25, 1997 through July 2, 1998 and seek an unspecified amount of damages. The Company will vigorously defend these claims.

The Company is a defendant in various other suits, claims and investigations which arise in the normal course of business. In the opinion of management, the ultimate disposition of the matters described in this paragraph will not have a material adverse effect on the consolidated financial position, liquidity or results of operations of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company is the largest independent specialty retailer of cellular and wireless products, services and accessories in the United States, with 268 stores located in 23 states, the District of Columbia and Puerto Rico as of January 31, 1999. The Company's stores, located predominantly in regional shopping malls and power strip centers, seek to offer one-stop shopping for consumers to purchase cellular, personal communication systems ("PCS"), paging internet, satellite, and other wireless products and services and related accessories. The Company is also a wholesaler of cellular and wireless products and accessories to more than 500 accounts, consisting primarily of distributors, carriers and small independent retailers. The Company's business strategy is to offer the most extensive assortment of wireless products and services at everyday low prices supported by knowledgeable customer service, through conveniently located and attractively designed stores.

The Company presently plans to open a total of 30-40 new stores in Fiscal 1999. To handle the existing store base as well as expansion, management has been building the infrastructure necessary to support a growing chain of stores. In November 1998, the Company hired David Eisenberg as Co-Chairman of the Board of Directors and Chief Executive Officer. Mr. Eisenberg brings over 40 years of retail experience, most recently with Chief Auto Parts, to the Company. Further, the Company has continued to strengthen its senior executive team with the addition of several new and well-seasoned executives in key areas, including Purchasing and Distribution, Operations, Information Systems, and Human Resources as well as strengthening its field structure with the addition of regional managers. As the Company continues to

expand through new store openings, it expects to leverage these investments and improve margins through economies of scale.

The Company's revenues are generated principally from four sources:

(i) RETAIL SALES. The Company sells cellular and wireless products, such as phones, pagers and related accessories in the Company's retail outlets.

(ii) ACTIVATION COMMISSIONS. The Company receives an activation commission from the applicable cellular carrier when a customer initially subscribes for the cellular carrier's service. The amount of the activation commission paid by cellular carriers is based upon various service plans offered by the carriers and is recognized by the Company at the time of sale. New subscription activation commissions are fully refundable if the subscriber cancels its subscription prior to completion of a minimum period of continuous active service (generally 180 days). Customers generally sign a service agreement with the Company that requires a customer deposit that is forfeited in the event of early cancellation. The Company then applies the customer's deposit to reduce or offset its resulting deactivation loss owed to the carrier. The Company accrues for estimated deactivation losses, net of cancellation fees, by creating a reserve against carrier accounts receivable. The reserve is reflective of the historical cancellation experience.

(iii) RESIDUAL INCOME. The Company receives monthly payments made by certain cellular carriers and pager customers. Cellular residual payments are based upon a percentage (usually 3-6%) of the customers' monthly service charges and are recognized as income when received. Pager residual payments are received on a monthly basis directly from pager customers for the pager airtime that the Company buys wholesale from paging carriers and then resells to individuals and small businesses.

(iv) WHOLESALE SALES. The Company wholesales cellular and wireless products and accessories to more than 500 accounts, consisting primarily of distributors, carriers and small independent retailers. The wholesale business typically has higher volumes and lower margins than the retail business, but provides the Company with greater purchasing power and additional distribution capabilities.

Comparable store sales include only stores owned and operated by the Company for at least 12 full months and are comprised of retail sales and activation commissions, as residual income is not allocated among stores.

Historically, retail sales have accounted for most of the Company's net revenues. As sales of discounted and "free" cellular phones designed to attract new subscribers have increased significantly, the number of activations has increased and activation commissions have become increasingly significant to the Company's net revenues. Activation commissions for the Company were $36.3 million and $17.5 million for the six months ended January 31, 1999 and 1998, respectively. In fiscal 1997, the Company made a strategic decision to accept increased activation commissions in connection with certain new carrier agreements in lieu of monthly residual payments to optimize cash flow and to facilitate the Company's growth strategy. As a result, management believes that activation commissions may account for an increased share of the Company's future net revenues relative to residual income.

To date, the cost of wireless products has gradually decreased over time. With such lower costs, the Company typically has offered lower prices to attract more subscribers, which has increased its total activation commissions and contributed to gross profit improvements. Consequently, the Company

believes that as prices of wireless products decrease they become more affordable to consumers, expanding the wireless communications market and creating an opportunity to attract new subscribers and increase activation commissions.

The Company acquired 85 stores in connection with corporate acquisitions during fiscal year 1998. Acquisitions have a significant effect on the Company's results of operations and financial position and cause substantial fluctuations in the Company's quarterly and yearly operating results. The Company has accounted for all of its acquisitions using the purchase method of accounting and, as a result, does not include in its financial statements the results of operations of the acquired company prior to the date it was acquired by the Company. Any goodwill of an acquisition is amortized over a 30-year period while the portion of the purchase price allocated to residual income is amortized on an accelerated basis (typically 4-7 years) according to the anticipated timing of acquired cash flows. Consequently, the accelerated amortization applied to the value of the residual income acquired in connection with various acquisitions is expected to have a significantly negative effect on net income for the next two fiscal years.

In most cases acquired companies were operated with different strategic and financial objectives. Former management sought to maximize cash flow and shareholder distributions, rather than reinvest earnings in new store growth. As a result, certain of the acquired companies' net revenues and number of stores did not grow significantly in recent years.

RESULTS OF OPERATIONS

QUARTER ENDED JANUARY 31, 1999 COMPARED TO QUARTER ENDED JANUARY 31, 1998

TOTAL NET REVENUES increased $16.6 million, or 50.7% to $49.4 million in the second quarter of fiscal 1999 from $32.7 million in the second quarter of fiscal 1998. The increase in revenues is due to increases in retail sales, activation commissions and residual income, and to the acquisition of Sosebee Enterprises, Inc. and Cellular Warehouse, Inc. (collectively "CWI") effective March 1, 1998 and the resulting inclusion of CWI's operations in the Company's consolidated revenues for the second quarter of fiscal 1999. Retail sales increased $5.9 million, or 55.3% to $16.6 million from $10.7 million, activation commissions increased $10.4 million, or 87.5% to $22.2 million from $11.8 million and residual income increased $1.9 million, or 79.0% to $4.3 million from $2.4 million. Comparable store sales decreased $1.2 million, or 5.4% to $20.5 million from $21.7 million. Sales relating to the 74 stores not yet opened for 12 months and the 57 stores acquired since January 31, 1998 accounted for $17.8 million, or 107.2% of the increase in total net revenues. The comparable stores sales decline was primarily attributable to two markets (21 of the 137 comparable stores) which continued to be impacted by operational problems, which have been identified and corrected, and a very aggressive prior year carrier promotion.

The comparable store levels would have increased by 2.5% (in the remaining 116 comparable stores) if the two markets were excluded. Wholesale sales decreased $1.6 million, or 20.3% as a result of the Company's shift in allocation of resources to the retail operations. The increase in residual income was due to the inclusion of CWI's residual income ($1.8 million for the second quarter of fiscal 1999) and the increase in the number of activations resulting from the Company's store expansion. The Company had 268 stores open at January 31, 1999 as compared to 144 at January 31, 1998.

GROSS PROFIT increased $10.7 million, or 80.6% to $24.1 million in the second quarter of fiscal 1999 from $13.3 million in the second quarter of fiscal 1998. As a percentage of total net revenues, gross profit increased to 48.8% from 40.7% primarily due to the wholesale operations making up a smaller percentage of total revenue as compared to the second quarter of fiscal 1998. The Company's wholesale operations have a significantly lower margin (7.2% for the second quarter of fiscal 1999) than its retail operations.

SELLING, GENERAL AND ADMINISTRATIVE expenses increased $7.7 million, or 71.0% to $18.6 million in the second quarter of fiscal 1999 from $10.9 million in the second quarter of fiscal 1998 as a result of higher personnel, rent and related costs associated with the net addition of 124 stores, either by internal growth or acquisition from the second quarter of fiscal 1998. The Company has incurred additional expenses relating

to infrastructure investments to support the expansion program. As a percentage of total net revenues, selling, general and administrative expenses increased to 37.7% in the second quarter of fiscal 1999 from 33.2% in the second quarter of fiscal 1998.

AMORTIZATION OF INTANGIBLES increased $293,000, or 85.3% to $637,000 in the second quarter of fiscal 1999 from $344,000 in the second quarter of fiscal 1998. The increase in amortization of intangibles is a result of a full three months of amortization relating to the acquisition of CWI on March 1, 1998.

INCOME FROM OPERATIONS increased $2.3 million, or 127.3% to $4.1 million in the second quarter of fiscal 1999 from $1.8 million in the second quarter of fiscal 1998 and increased as a percentage of total net revenues to 8.3% from 5.5%.

INTEREST EXPENSE, NET increased $478,000, or 194.0% to $724,000 in the second quarter of fiscal 1999 from $246,000 in the second quarter of fiscal 1998 primarily due to increased bank borrowings used to finance the Company's expansion.

PROVISION FOR INCOME TAX was $1.4 million in the second quarter of fiscal 1999 as compared to $662,000 in the second quarter of fiscal 1998.

NET INCOME was $2.0 million in the second quarter of fiscal 1999 compared to $505,000 in the second quarter of fiscal 1998.

SIX MONTHS ENDED JANUARY 31, 1999 COMPARED TO SIX MONTHS ENDED JANUARY 31, 1998

TOTAL NET REVENUES increased $30.6 million, or 55.9% to $85.2 million in the six months ended January 31, 1999 from $54.7 million in the six months ended January 31, 1998. The increase in revenues is due to increases in retail sales, activation commissions and residual income, and to the acquisitions of Cellular USA, Inc. ("USA") and Cellular Unlimited Corp. ("Unlimited"), effective November 1, 1997, and of CWI effective March 1, 1998 and the resulting inclusion of the acquired entities' operations in the Company's consolidated revenues for the six months ended January 31, 1999. Retail sales increased $12.4 million, or 75.6% to $28.9 million from $16.5 million, activation commissions increased $18.8 million, or 107.5% to $36.3 million from $17.5 million and residual income increased $4.1 million, or 84.3% to $8.9 million from $4.8 million. Comparable store sales decreased $1.4 million, or 4.2% to $31.5 million from $32.9 million. Sales relating to the 74 stores not yet opened for 12 months and the 57 stores acquired since January 31, 1998 accounted for $32.0 million, or 104.6% of the increase in total net revenues. Wholesale sales decreased $4.7 million, or 29.9% as a result of the Company's shift in allocation of resources to the retail operations. The increase in residual income was due to the inclusion of CWI's residual income ($3.8 million for the six months ended January 31, 1999) and the increase in the number of activations resulting from the various acquisitions and the Company's store expansion.

GROSS PROFIT increased $20.0 million, or 93.4% to $41.4 million in the six months ended January 31, 1999 from $21.4 million in the six months ended January 31, 1998. As a percentage of total net revenues, gross profit increased to 48.6% from 39.2% primarily due to the wholesale operations making up a smaller percentage of total revenue as compared to the six months ended January 31, 1998. The Company's

wholesale operations have a significantly lower margin (6.8% for the six months ended January 31, 1999) than its retail operations.

SELLING, GENERAL AND ADMINISTRATIVE expenses increased $15.5 million, or 83.1% to $34.3 million in the six months ended January 31, 1999 from $18.7 million in the six months ended January 31, 1998 as a result of higher personnel, rent and related costs associated with the net addition of 124 stores, either by internal growth or acquisition from the six months ended January 31, 1998. The Company has incurred additional expenses relating to infrastructure investments to support the expansion program. As a percentage of total net revenues, selling, general and administrative expenses increased to 40.2% in the six months ended January 31, 1999 from 34.2% in the six months ended January 31, 1998. Included in the six months ended January 31, 1999 is a $450,000 charge in connection with the settlement agreement with a former officer of the Company.

AMORTIZATION OF INTANGIBLES increased $359,000, or 37.4% to $1.3 million in the six months ended January 31, 1999 from $961,000 in the six months ended January 31, 1998. The increase in amortization of intangibles is a result of a full six months of amortization relating to the USA, Unlimited and CWI acquisitions.

INCOME FROM OPERATIONS increased $3.4 million, or 291.2% to $4.6 million in the six months ended January 31, 1999 from $1.2 million in the six months ended January 31, 1998 and increased as a percentage of total net revenues to 5.4% from 2.1%.

INTEREST EXPENSE, NET increased $714,000, or 95.9% to $1.5 million in the six months ended January 31, 1999 from $745,000 in the six months ended January 31, 1998 primarily due to increased bank borrowings used to finance the Company's expansion.

PROVISION FOR INCOME TAX was $1.3 million in the six months ended January 31, 1999 as compared to $256,000 in the six months ended January 31, 1998.

NET INCOME (LOSS) was $1.8 million in the six months ended January 31, 1999 compared to a net loss of ($220,000) in the six months ended January 31, 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements have been primarily to fund acquisitions, support its increased inventory requirements and build-out costs for new store expansion. The Company has financed its liquidity needs through a combination of borrowings, capital contributions, stock issuance and cash provided by operations.

The Company has a Loan and Security Agreement with The Chase Manhattan Bank, establishing a revolving credit facility for up to $13.5 million and a term loan of $21.5 million (the "Credit Facility"). The Credit Facility expires in January 2004 and is secured by substantially all of the Company's assets. The revolving credit facility's availability is based on a formula of eligible receivables and inventories, and as of January 31, 1999, the Company has an additional $4.3 million available for borrowing. Advances under the revolving credit line bear interest at prime plus .75% and/or LIBOR plus 2.5% (a weighted average of 8.12% at January 31, 1999). This facility was used to finance the acquisition of CWI, refinance existing bank debt and for working capital.

The Credit Facility was amended effective January 31, 1999 to waive a certain financial covenant for the quarter ended January 31, 1999. The amendment also deferred the required reduction period, whereby the Company is required to reduce all outstanding advances under the revolving line of credit to not more than $9 million for the period from June 1, 1999 through and including July 15, 1999. The Company anticipates that borrowings under the Credit Facility will be sufficient to meet currently foreseeable liquidity requirements.

The Company's working capital increased $1.0 million to $4.3 million at January 31, 1999 from $3.3 million at July 31, 1998. Accounts receivable and inventory increased $12.0 million to $44.5 million at January 31, 1999 from $32.5 million at July 31, 1998. This increase was partially offset by an increase in accounts payable of $6.4 million to $19.5 million at January 31, 1999 from $13.1 million at July 31, 1998.

The Company's net cash provided by (used in) operating activities increased to $2.9 million for the six months ended January 31, 1999 compared to net cash used in operating activities of ($6.3 million) for the six months ended January 31, 1998. The increase in net cash provided by operating activities resulted primarily from net income of $1.8 million in the six months ended January 31, 1999 compared to a net loss of ($220,000) in the six months ended January 31, 1998 and an increase in current liabilities offset by an increase in inventories and accounts receivables reflecting the growth in the Company's operations.

The Company's net cash used in investing activities decreased to $1.8 million in the six months ended January 31, 1999 from $6.2 million in the six months ended January 31, 1998. The decrease in cash used in investing activities was primarily attributable to the Unlimited and USA acquisitions as well as a reduction of capital expenditures for new stores.

The Company's net cash (used in) provided by financing activities decreased to ($698,000) in the six months ended January 31, 1999 from net cash provided by financing activities of $12.0 million in the six months ended January 31, 1998 primarily as a result of the Company's IPO.

YEAR 2000

The Company has conducted a review of its computer systems to identify the systems that could be affected by the "Year 2000" issue and has developed an implementation plan to resolve the issue. The Year 2000 issue is the result of the computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have time/date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculation. The Company presently believes that, with modifications to existing software and hardware and the purchase of new software, the Year 2000 issue will not pose significant operations problems for the Company's systems as so modified and converted. The Company has already installed Year 2000 complaint financial software and plans to complete the update of its purchase order and point-of-sale systems by September 1999. In addition, the Company has committed to purchase a Year 2000 compliant pager billing system which is scheduled to be installed in the second calendar quarter of 1999. All of the software and computer systems used by the Company are commercially available and therefore, the Company believes that the cost of becoming Year 2000 compliant will not be material and is not expected to exceed $250,000 in fiscal 1999.

The Year 2000 issue creates risk for the Company for unforeseen problems in its own computer systems and from third parties on which the Company relies. Accordingly, the Company is requesting assurances from all software vendors from which it has purchased or from which it may purchase software that the software sold to the Company will correctly process all date information at all times. In addition, the Company is querying its customers and suppliers as to their progress in identifying and addressing problems that their computer systems will face in correctly processing date information as the year 2000 approaches and is reached. However, there are no assurances that the Company will identify all date-

handling problems in its business systems or that the Company will be able to successfully remedy Year 2000 compliance issues that are discovered. To the extent that the Company is unable to resolve its Year 2000 issues prior to January 1, 2000, operating results could be adversely affected. In addition, the Company could be adversely affected if other entities (e.g., vendors or customers) not affiliated with the Company do not appropriately address their own year 2000 compliance issues in advance of their occurrence.

IMPACT OF NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131 DISCLOSURE ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION ("SFAS No. 131"). SFAS No. 131 establishes standards for the way that public enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. SFAS No. 131 is effective for financial statements for fiscal years beginning after December 15, 1997. The Company is in the process of evaluating the disclosure requirements. The adoption of SFAS No. 131 will have no impact on the Company's consolidated statement of operations, financial condition or cash flows.

SEASONALITY

The Company's stores have historically experienced, and the Company expects its stores to continue to experience, seasonal fluctuations in revenues with a larger percentage of revenues typically being realized in the second fiscal quarter during the holiday season. In addition, the Company's quarterly results can be significantly affected by the timing of store openings and acquisitions and the integration of new and acquired stores into the Company's operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 4 to the Condensed Consolidated Financial Statements for the Quarter Ended January 31, 1999.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The following items were submitted to a vote of the shareholders of the Company at its annual meeting held on January 13, 1999:

(i) the election of directors to the staggered Board provided for in the Articles as follows: Allan Sorenson, John P. Bolduc and Douglas F. Berman to serve as Class I directors, to hold office until the 2001 annual shareholders meeting; and

(ii) the amendment of the Company's 1997 Executive Incentive Compensation Plan to increase the number of shares available for grant by 1,000,000 shares to a total of 1,310,000 shares.

The results of the vote of the shareholders are as follows:

	For	Against	Result
Item (i)	6,948,003	25,948	Approved
Item (ii)	6,824,388	135,633	Approved

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits-

10.17 Amendment No. 3 to the Loan and Security Agreement, dated February 26, 1999, by and among the Company and certain of its subsidiaries, certain lenders and The Chase Manhattan Bank, as Agent.

27.1 Financial Data Schedule

(b) The Company did not file a form 8-K during the second quarter of fiscal 1999.

SIGNATURES

Pursuant to the requirement 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.

LET'S TALK CELLULAR & WIRELESS, INC.

March 15, 1999 By: /s/ David Eisenberg

DAVID EISENBERG
Chief Executive Officer and Co-Chairman of the Board

March 15, 1999 By: /s/ Brett Beveridge

BRETT BEVERIDGE
President and Co-Chairman of the Board

March 15, 1999 By: /s/ Dan Cammarata

DAN CAMMARATA
Chief Financial Officer

EXHIBIT 10.17

WAIVER AND AMENDMENT NO. 3

TO

LOAN AND SECURITY AGREEMENT

THIS WAIVER AND AMENDMENT NO. 3 ("Amendment") is entered into as of February 26, 1999, by and among Let's Talk Cellular & Wireless, Inc., a corporation organized under the laws of the State of Florida ("LTC"), Telephone Warehouse, Inc., a corporation organized under the laws of the State of Delaware ("TWI"), Cellular Warehouse Inc., a corporation organized under the laws of the State of Georgia ("CWI"), Cellular USA, a corporation organized under the laws of the State of Nevada ("USA"), Sosebee Enterprises, Inc., a corporation organized under the laws of the State of Georgia ("SEI") and National Cellular Incorporated, a corporation organized under the laws of the State of Texas ("NCI") ("LTC, TWI, CWI, USA, SEI and NCI, each a "Borrower" and jointly and severally, the "Borrowers"), the undersigned financial institutions (each, a "Lender" and collectively, the "Lenders") and The Chase Manhattan Bank, a corporation organized under the laws of the State of New York ("Chase") as agent for Lenders (Chase in such capacity, the "Agent").

BACKGROUND

Borrowers, Agent and Lenders are parties to a Loan and Security Agreement dated as of April 2, 1998 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which Agent and Lenders provide Borrowers with certain financial accommodations.

Borrowers have requested that Agent and Lenders waive certain financial covenant defaults that have occurred and amend certain provisions of the Loan Agreement and Agent and Lenders are willing to do so on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of any loan or advance or grant of credit heretofore or hereafter made to or for the account of Borrowers by Agent and Lenders, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

2. WAIVER. Subject to satisfaction of the conditions precedent set forth in Section 5 below, Agent and Lenders hereby waives the Event of Default

which has occurred as a result of Borrowers' non-compliance with Section 7.21(i) of the Loan Agreement to the extent the Leverage Ratio at the end of the fiscal quarter ended January 31, 1999 with respect to the immediately preceding four fiscal quarter period was no more than 2.56 to 1.00, but, in each case, only to the extent the non-compliance with such Sections occurred prior to such periods.

3. AMENDMENTS TO LOAN AGREEMENT. Subject to satisfaction of the conditions precedent set forth in Section 4 below, the Loan Agreement is hereby amended as follows:

(a) The following defined terms are added to Section 1.2 of the Loan Agreement in their appropriate alphabetical order:

"AMENDMENT NO. 3" shall mean Amendment No. 3 to this Agreement dated as of February 26, 1999.

"AMENDMENT NO. 3 EFFECTIVE DATE" shall mean the date on which all of the conditions precedent contained in Section 5 of the Amendment No. 3 shall have been satisfied.

(b) Section 2.2(h) of the Loan Agreement is amended in its entirety to provide as follows:

"2.2(h) REDUCTION PERIOD. Borrowers shall reduce all outstanding Revolving Advances to not more than $9,000,000 and not permit outstanding Revolving Advances to be more than $9,000,000 for the period of June 1, 1999 through and including July 15, 1999."

4. FIELD EXAM; CONSULTANTS.

(i) Notwithstanding the proviso in Section 3.4 of the Loan Agreement, Borrowers agree to pay Agent for all field examination expenses in accordance with Section 3.4 of the Loan Agreement for a field exam to be scheduled by Agent following the Amendment No. 3 Effective Date. The obligation of Borrowers to pay for such field examination expenses shall be in addition to Borrowers' obligation to pay for field examination expenses pursuant to the proviso of Section 3.4 of the Loan Agreement.

(ii) Borrowers agree to pay Agent for all costs incurred by Agent in arranging for a consultant to meet with the management of Borrowers and all costs of the consultant in assessing Borrowers' future financial plans.

5. CONDITIONS OF EFFECTIVENESS. This Amendment shall become effective upon satisfaction of the following conditions precedent: Agent shall have received (i) four (4) copies of this Amendment executed by each Borrower and

each Lender, (ii) a non-refundable waiver and amendment fee in the amount of $60,000 and all legal fees and (iii) such other certificates, instruments, documents, agreements and opinions of counsel as may be required by Agent, Lenders or their counsel, each of which shall be in form and substance satisfactory to Agent, Lenders and their counsel.

6. REPRESENTATIONS AND WARRANTIES. Borrowers hereby represent and warrant as follows:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute legal, valid and binding obligations of Borrowers and are enforceable against Borrowers in accordance with their respective terms.

(b) Upon the effectiveness of this Amendment, Borrowers hereby reaffirm all covenants, representations and warranties made in the Loan Agreement to the extent the same are not amended hereby and agree that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

(c) No Event of Default or Default has occurred and is continuing or would exist after giving effect to this Amendment.

(d) Borrowers have no defense, counterclaim or offset with respect to the Loan Agreement.

7. EFFECT ON THE LOAN AGREEMENT.

(a) Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided in Section 2, operate as a waiver of any right, power or remedy of Lender, nor constitute a waiver of any provision of the Loan Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

8. GOVERNING LAW. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

9. HEADINGS. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

10. COUNTERPARTS. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

LET'S TALK CELLULAR & WIRELESS, INC.

By: /s/ Daniel Cammarata
Name: Daniel Cammarata
Title: CFO

TELEPHONE WAREHOUSE, INC.

By: /s/ Daniel Cammarata
Name: Daniel Cammarata
Title: CFO

CELLULAR WAREHOUSE, INC.

By: /s/ Daniel Cammarata
Name: Daniel Cammarata
Title: CFO

NATIONAL CELLULAR INCORPORATED

By: /s/ Daniel Cammarata

Name: Daniel Cammarata
Title: CFO

CELLULAR USA

By: /s/ Daniel Cammarata

Name: Daniel Cammarata
Title: CFO

SOSEBEE ENTERPRISES, INC.

By: /s/ Daniel Cammarata

Name: Daniel Cammarata
Title: CFO

THE CHASE MANHATTAN BANK, as Agent and a Lender

By: /s/ Paula M. Carr

Name: Paula M. Carr
Title: Vice President

Commitment Percentage: 25%

BANK OF AMERICA, FSB, Lender

By:

Name:
Title:

Commitment Percentage: 25%

IBJ WHITEHALL BANK & TRUST COMPANY, Lender

By: /s/ Patricia G. McCormack

Name: Patricia G. McCormack
Title: Director

Commitment Percentage: 25%

MERRILL LYNCH BUSINESS FINANCIAL SERVICES, Lender

By: /s/ Hugh E. Johnson

Name: Hugh E. Johnson
Title: Vice President

Commitment Percentage: 25%

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