GIANT MOTORSPORTS INC
Form 10-Q
May 17, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2004

OR

[ ] 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: 000-50243

GIANT MOTORSPORTS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada	33-1025552
State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
13134 State Route 62, Salem, Ohio	44460
(Address of Principal Executive Offices)	(Zip Code)

(330) 332-8534
(Registrant's Telephone Number, Including Area Code)

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 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 [X] No [ ]

As of May 14, 2004 the registrant had 10,425,000 shares of common stock, $.001 par value, issued and outstanding.

GIANT MOTORSPORTS, INC.

INDEX TO FORM 10-Q

PART I
FINANCIAL INFORMATION

The Company's Financial Statements, Results Of Operations And Liquidity And Capital Resources Disclosure In This Form 10-Q, Only Provides Information Regarding W.W. Cycles, Inc., One Of The Company's Wholly-Owned Operating Subsidiaries. Because Chicago Cycles, The Company's Other Wholly-Owned, Operating Subsidiary, Only Was Acquired By The Company In April 2004, Financial

Statements And Other Financial Disclosure For Chicago Cycles Are Not Included In This Form 10-Q. As Disclosed In The Company's Current Report On Form 8-K Filed With The SEC On May 11, 2004, However, The Required Financial Statements For Chicago Cycles And Pro-Form Financial Statements Will Be Filed With The SEC On Form 8-KA Within The Proscribed SEC Time Requirements.

Item 1. Financial Statements

BALANCE SHEETS

GIANT MOTORSPORTS, INC.

	March 31, 2004 (Unaudited)	December 31, 2003 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,275,916	$ 587,917
Accounts receivable, net	2,508,690	1,285,106
Accounts receivable, affiliates	5,326	315,343
Inventories	12,345,280	10,986,080
Deferred federal income taxes	35,700	-
Current portion of notes receivable, officers	768,516	679,405
Prepaid expenses	64,017	8,000
TOTAL CURRENT ASSETS	17,003,445	13,861,851

PROPERTY AND EQUIPMENT, NET	450,294	425,177
OTHER ASSETS		
Deposits	16,000	16,000
TOTAL OTHER ASSETS	16,000	16,000
	$ 17,469,739	$ 14,303,028

See accompanying notes to financial statements

4

BALANCE SHEETS (CONTINUED)

GIANT MOTORSPORTS, INC.

	March 31, 2004 (Unaudited)	December 31, 2003 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Lines of credit	$ 450,000	$ 450,000
Notes payable, floor plans	13,336,497	11,575,660
Note payable	1,250,000	-
Accounts payable, trade	713,315	675,042
Accrued expenses	269,311	258,412
Accrued income taxes	126,000	-
Customer deposits	166,839	215,632
Current portion of long-term debt	67,085	97,073
TOTAL CURRENT LIABILITIES	16,379,047	13,271,819
DEFERRED FEDERAL INCOME TAXES	19,700	-
LONG-TERM DEBT, NET	12,774	-
TOTAL LIABILITIES	16,411,521	13,271,819

COMMITMENTS - NOTE I

STOCKHOLDERS' EQUITY		
Common stock, $.001 par value at March 31, 2004; Authorized 75,000,000 shares at March 31, 2004; Issued and outstanding 10,425,000 shares at March 31, 2004	10,425	8,000
Paid-in capital	860,534	1,023,209
Retained earnings	187,259	-
TOTAL STOCKHOLDERS' EQUITY	1,058,218	1,031,209
	$ 17,469,739	$ 14,303,028

See accompanying note to financial statements

5

STATEMENTS OF OPERATIONS

GIANT MOTORSPORTS, INC.

For the three months ended March 31

	2004 (Unaudited)	2003 (Unaudited)
OPERATING INCOME		
Sales	$ 10,996,091	$ 9,408,830
Finance, insurance and extended service revenues	204,072	181,814
TOTAL OPERATING INCOME	11,200,163	9,590,644
COST OF MERCHANDISE SOLD	9,710,863	8,429,992
GROSS PROFIT	1,489,300	1,160,652
OPERATING EXPENSES		
Selling expenses	596,064	592,852
General and administrative expenses	508,161	320,984
	1,104,225	913,836
INCOME FROM OPERATIONS	385,075	246,816
OTHER INCOME AND (EXPENSE)		
Other income, net	898	2,490
Interest expense, net	(88,714)	(63,166)
	(87,816)	(60,676)
INCOME BEFORE INCOME TAXES	297,259	186,140
INCOME TAXES	110,000	-

NET INCOME	$ 187,259	$ 186,140
Basic and diluted earnings per share	$ 0.02	0.02
Basic and diluted weighted average common shares outstanding	10,425,000	8,000,000

See accompanying notes to financial statements

STATEMENTS OF STOCKHOLDERS' EQUITY

GIANT MOTORSPORTS, INC.

For the three Months ended March 31, 2004

	Common Stock Shares	Common Stock Amount	Paid-In Capital	Retained Earnings	
Balance, December 31, 2003	8,000,000	$ 8,000	$ 1,023,209	$ -	$
Distribution to existing shareholders	-	-	(154,000)	-	$
Shares issued to shareholders of American Busing, Inc.	2,425,000	2,425	(23,675)	-	
Stock warrants issued as compensation	-	-	15,000	-	
Net income	-	-	-	187,259	
Balance, March 31, 2004	10,425,000	$ 10,425	$ 860,534	$ 187,259	$

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

GIANT MOTORSPORTS, INC.

For the three months ended March 31

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 187,259	$ 186,140
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	20,374	14,765
Deferred federal income taxes	(16,000)	-
Issuance of stock warrants for services	15,000	-
Increase in accounts receivable, net	(1,223,584)	(772,304)
Increase in inventories	(1,359,200)	(1,188,036)
Increase in floor plan liability	1,760,837	1,306,124
Increase in prepaid expenses	(56,017)	(63,288)
Decrease in customer deposits	(48,793)	86,323
Increase in accounts payable trade	38,273	110,238
Increase in accrued income taxes	126,000	-
Increase in accrued expenses	10,899	(12,857)
NET CASH USED IN OPERATING ACTIVITIES	(544,952)	(332,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(27,527)	(30,136)
Decrease in accounts reivable affiliates	310,017	-
Increase in notes receivable from officers	(89,111)	(197,627)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	193,379	(227,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings on note	1,250,000	-
Payments on long-term debt	(35,178)	(35,243)
Distributions	(154,000)	-
Repurchase 8,000,000 shares of common stock	(21,250)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,039,572	(35,243)
NET INCREASE IN CASH AND CASH EQUIVALENTS	687,999	(595,901)

CASH AND CASH EQUIVALENTS, beginning of Year	587,917	780,372
CASH AND CASH EQUIVALENTS, end of quarter	$ 1,275,916	$ 184,471
OTHER SUPPLEMENTARY CASH FLOW INFORMATION		
Long-term borrowings incurred for the acquisition of a vehicle	$ 17,964	$ -
Interest paid during the quarter	$ 94,169	$ 63,166
Issuance of stock warrants for services	$ 15,000	$ -

See accompanying notes to financial statements

8

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Giant Motorsports, Inc., through its wholly-owned subsidiary, W.W. Cycles, Inc., (the Company), is doing business as Andrews Cycles, operates a retail dealership of motorcycles, all terrain vehicles, scooters and personal watercraft in northeastern Ohio. On December 30, 2003, the stockholders of W.W. Cycles, Inc. entered into a Stock Purchase and Reorganization Agreement in which effective January 16, 2004 (the Closing Date) W.W. Cycles, Inc. was issued an aggregate of 8,000,000 restricted shares of common stock, $.001 par value, of American Busing Corporation in exchange for all of the outstanding shares of the common stock of the Company, resulting in W.W. Cycles, Inc. becoming a wholly-owned subsidiary of American Busing Corporation, an inactive public company. The acquisition was accounted for as a reverse merger whereby, for accounting purposes, WW Cycles, Inc. is considered the accounting acquirer and the historical financial statements of WW Cycles, Inc. became the historical financial statements of Giant Motorsports, Inc. Effective April 5, 2004 American Busing Corporation changed its name to Giant Motorsports, Inc.

Cash and Cash Equivalents:

Cash and cash equivalents include amounts held in demand deposit accounts and overnight investment accounts. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Contracts in Transit:

Contracts in transit represent customer finance contracts evidencing loan agreements or lease agreements between the Company, as creditor, and the customer, as borrower, to acquire or lease a vehicle whereby a third-party finance source has given the Company initial, non-binding approval to assume the Company's position as creditor. Funding and approval from the finance source is provided upon the finance source's review of the loan or lease agreement and related documentation executed by the customer at the dealership. These finance contracts are typically funded within ten days of the initial approval of the finance transaction by the third-party finance source. The finance source is not contractually obligated to make the loan or lease to the customer until it gives its final approval and funds the transaction. Until such final approval is given, contracts in transit represent amounts due from the customer to the Company. See Note B for additional information.

Allowance for Doubtful Accounts:

Accounts are written off when management determines that an account is uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful accounts is determined to reduce the Company's receivables to their carrying value, which approximates fair value. The allowance is estimated based on historical collection experience, specific review of individual customer accounts, and current economic and business conditions. Historically, the Company has not incurred any significant credit related losses.

Revenue Recognition:

Vehicle Sales:

The Company records revenue when vehicles are delivered and title has passed to the customer, when vehicle service or repair work is performed and when parts are delivered. Sales promotions that are offered to customers are accounted for as a reduction to the sales price at the time of sale. Incentives, rebates and holdbacks offered by manufacturers directly to the Company are recognized at the time of sale if they are vehicle specific, or as earned in accordance with the manufacturer program rules and are recorded as a reduction of cost of merchandise sold.

Finance, Insurance and Extended Service Revenues:

The Company arranges financing for customers through various financial institutions and receives a commission from the lender equal to the difference between the interest rates charged to customers and the interest rates set by the financing institution. The Company also receives commissions from the sale of various third party insurance products to customers and extended service contracts. These commissions are recorded as revenue at the time the customer enters into the contract. The Company is not the obligor under any of these contracts. In the case of finance contracts, a customer may prepay or fail to pay their contract, thereby terminating the contract. Customers may also terminate extended service contracts, which are fully paid at purchase, and become eligible for refunds of unused premiums. In these circumstances, a portion of the commissions the Company receives may be charged back based on the relevant terms of the contracts. The revenue the Company records relating to commissions is net of an estimate of the ultimate amount of chargebacks the Company will be required to pay. Such estimates of chargeback experience is based on our historical chargeback expense arising from similar contracts.

Fair Value of Financial Instruments:

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and debt, including floor plan notes payable. The carrying amount of all significant financial instruments approximates fair value due either to length or maturity or variable interest rates that approximate prevailing market rates.

Inventories:

Parts and accessories inventories are stated at the lower of cost or market using the first-in, first-out method. Vehicle inventories are stated at the lower of cost or market using the specific identification method.

Concentration of Credit Risk:

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable.

The Company's policy is to review the amount of credit exposure to any one financial institution and place investments with financial institutions evaluated as being creditworthy. In the ordinary course of business, the Company has bank deposits and overnight repurchase agreements that may exceed federally insured limits.

Concentration of credit risk, with respect to accounts receivable-customers, is limited through the Company's credit evaluation process. The Company reviews the credit history before extending credit. Generally, the Company does not require collateral from its customers.

Property and Equipment:

Property and equipment are stated at cost. Maintenance and repairs that do not add materially to the value of the asset nor appreciably prolong its useful life are charged to expense as incurred. Gains or losses on the disposal of property and equipment are included in the determination of income.

Depreciation of property and equipment and amortization of leasehold improvements are provided using the straight-line method over the following estimated useful lives:

Fixtures, and equipment....................	5-7 years
Vehicles..................................	5 years
Leasehold Improvements....................	15 years

Impairment of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events such as product discontinuances, product dispositions or other changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds the sum of non-discounted cash flows expected to result from the asset's use and eventual disposition. An impairment loss is measured as the amount by which the carrying amount exceeds its fair value, which is typically calculated using discounted expected future cash flows. The discount rate to these cash flows is based on the Company's weighted average cost of capital, which represents the blended after-tax costs of debt and equity. There were no indications of impairments at March 31, 2004.

Income Taxes:

Income taxes are calculated using the liability method specified by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

At March 31, 2004, income taxes are provided for amounts currently due and deferred amounts arising from temporary differences between income for financial reporting and income tax purposes.

Product Warranty:

The Company sells both manufacturers and company warranties. The anticipated costs related to company's product warranties are accrued when units are sold.

Advertising Costs:

Advertising costs are expensed when incurred. Charges to operations amounted to $198,288 and $224,619 for the three months ended March 31, 2004 and 2003 respectively.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to

make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	March 31 2004	December 31 2003

A/R-Customers and dealers	$ 1,407,250	$ 651,932
A/R-Manufacturers	655,029	328,790
A/R-Employees	1,746	4,902
Contracts in transit	469,665	324,482
	2,533,690	1,310,106
Allowance for doubtful accounts	25,000	25,000
	$ 2,508,690	$ 1,285,106

NOTE C - INVENTORIES

Inventories consisted of the following:

	March 31 2004	December 31 2003
Parts and accessories	$ 754,098	$ 736,308
Vehicles	11,591,182	10,249,772
TOTALS	$ 12,345,280	$ 10,986,080

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	March 31 2004	December 31 2003
Fixtures and equipment	$ 206,264	$ 178,737
Vehicles	252,522	234,558
Leasehold improvements	264,328	264,328
	723,114	667,623
Less accumulated depreciation	272,820	252,446
NET PROPERTY AND EQUIPMENT	$ 450,294	$ 425,177

Depreciation expense charged to operations amounted to $20,374 and $14,765 for the three months ended March 31, 2004 and

12

2003 respectively.

NOTE E - NOTES RECEIVABLE OFFICERS

Notes receivable officers consisted of advances to officers and advances to companies that the officers own bearing interest at 6% with no stipulated repayment terms. Interest income on these notes amounted to $9,893 for the three months ended March 31, 2004. The notes are expected to be repaid by December 31, 2004.

NOTE F - LINES OF CREDIT

The Company's line of credit agreements consisted of the following:

	March 31 2004	Decemb 200
$250,000 line of credit with one of its suppliers bearing interest at 7.5%. The loan is collateralized by substantially all of the Company's assets. The outstanding principal balance is payable in full by December 2004. The Company can re-borrow on the line one month subsequent to payoff.	$ 150,000	$ 15
$300,000 revolving line of credit at a bank bearing interest at a variable rate of prime plus one percent (5% at March 31, 2004). The loan is collateralized by substantially all the Company's assets and the building owned personally by an officer.	300,000	30
TOTALS	$ 450,000	$ 45

NOTE G - NOTES PAYABLE - FLOOR PLANS

The Company has floor plan financing agreements for the purchase of its new and used vehicle inventory. The floor plans are collateralized by substantially all corporate assets. The floor plan financing agreements consisted of the following:

	March 31 2004	Decemb 200
Kawasaki Motors Finance Company floor plan		

agreement provides for borrowings up to $1,240,010. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 7% to 18% at March 31, 2004). Principal payments are due upon the sale of the specific units financed.	$ 1,152,313	$ 72
CARRIED FORWARD	1,152,313	72

	March 31 2004	Decemb 200
BROUGHT FORWARD	$ 1,152,313	$ 7
American Honda Finance floor plan agreement provides for borrowings up to $2,000,000. Manufacturers at their discretion may increase the borrowings. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 4.5% to 6% at March 31, 2004). Principal payments are due upon the sale of the specific units financed.	3,772,469	3,7
Deutsche Financial Service floor plan agreement for Yamaha units provides for borrowings up to $2,500,000. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 3.3% to 5.83% at March 31, 2004). Principal payments are due upon the sale of the specific units financed.	1,146,969	1,2
Deutsche Financial Service floor plan agreement for Suzuki units provides for borrowings up to $1,000,000. Manufacturers at their discretion may increase the borrowings. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (ranging from 3% to 4.583% at March 31, 2004). Principal payments are due upon the sale of the specific units financed.	4,914,447	4,5
Polaris Acceptance floor plan agreement provides for borrowings up to $325,000. Manufacturers at their discretion may increase the borrowings. The agreement is collateralized by specific units financed (ranging from 2.43% to 3.61% at March 31, 2004). Principal payments are due the earlier of date of sale or one year after financing.	232,259	3
Fifth Third Bank floor plan agreement provides for borrowings up to $2,500,000. Interest is payable monthly and fluctuates with prime and varies based on the type of unit financed and the length of time the unit remains on the floor plan (4% at		

March 31, 2004). Principal payments are due upon the sale of the specific units financed.	2,118,040	9
TOTALS	$ 13,336,497	$ 11,5

NOTE H - NOTE PAYABLE

Note payable consisted of a $1,250,000 note payable to a bank bearing interest at prime plus one percent (5% at March 31, 2004). The note is collateralized by substantially all the Company's assets and is guaranteed by the majority stockholder's. The note is due May 31, 2004.

NOTE I - LONG-TERM DEBT

The following is a summary of long-term debt:

	March 31 2004	Decemb 200
Note payable to bank bearing interest at 6.85%, payable in monthly installments of $1,635, through July 2004, collateralized by vehicle.	$ 6,446	$
Noninterest bearing note payable to finance company, payable in monthly installments of $518, through November 2004, collateralized by vehicle.	3,624	
Note payable to bank bearing interest at 5.75%, payable in monthly installments of $7,576, through November 2004, collateralized by second mortgage on commercial real estate owned by a shareholder.	51,825	
Note payable to bank bearing interest at 8%, payable in monthly installments of $537, through May 2007, collateralized by vehicle.	17,964	
	79,859	
Less current maturities	67,085	
TOTALS	$ 12,774	$

NOTE J - INCOME TAXES

Income taxes (credit) consisted of the following:

	March 31 2004	Decemb 200

Federal:		
Current	$ 102,000	$
Deferred	(16,000)	
	86,000	
State:		
Current	24,000	
Deferred	-	
	24,000	
TOTALS	$ 110,000	$

No income taxes were paid for the quarters ended March 31, 2004 and 2003.

15

Deferred tax assets (liabilities) consisted of the following:

	March 31 2004	Decemb 200
Deferred tax assets - current:		
Allowance for doubtful accounts	8,500	
Accrual	27,200	
Gross deferred tax assets	35,700	
Deferred tax liabilities - long-term:		
Depreciation	$ (19,700)	$
TOTALS	$ 16,000	$

NOTE K - RELATED PARTY TRANSACTIONS

Related Party Transactions:

Accounts receivable, affiliates consisted of the following:

	March 31 2004	Decemb 200
Noninterest bearing advances to and transfer of product at cost to Andrews North, Inc., a corporation in Cleveland, Ohio affiliated through common ownership interest to be repaid within one year	$ -	$ 2
Non-interest bearing advances of $-0- at March 31, 2004 and $90,000 at December 31, 2003 and sale of product of $5,326 at March 31, 2004 and $5,343 at December 31, 2003 to individuals related to the shareholders of the corporation to be repaid within one year	5,326	
TOTALS	$ 5,326	$ 3

Notes receivable officers amounted to $768,516 at March 31, 2004 and $679,405 at December 31, 2003 (See Note E).

The Company leases its retail facility from a shareholder under a five-year agreement with two five year renewal terms. The Company guarantees the debt on the building which amounted to approximately $350,000 at March 31, 2004.

Charges to operations amounted to $45,000 for the three months ended March 31, 2004 and 2003.

The following is a summary of future minimum lease payments under operating leases that have initial or remaining noncancellable terms in excess of one year as of March 31, 2004:

YEAR ENDING	AMOUNT
2004	$ 135,000
2005	180,000
2006	180,000
2007	180,000
2008	180,000
	$ 855,000

NOTE M - SUBSEQUENT EVENTS

On April 30, 2004, Giant Motorsports, Inc. purchased substantially all the assets of a motorcycle dealership in Chicago currently operating as Chicago Cycles for $2,925,000. The Chicago dealership will operate as a wholly owned subsidiary of Giant Motorsports, Inc.

17

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

This document includes statements that may constitute forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company would like to caution readers regarding certain forward-looking statements in this document and in all of its communications to shareholders and others, press releases, securities filings, and all other communications. Statements that are based on management's projections, estimates and assumptions are forward-looking statements. The words "believe," "expect," "anticipate," "intend," "will," and similar expressions generally identify forward-looking statements. While the Company believes in the veracity of all statements made herein, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies and known and unknown risks. Many of the uncertainties and contingencies can affect events and the Company's actual results and could cause its actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company.

GENERAL

The Company's goal is to become one of the largest dealers of powersports in the United States through acquisitions and internal growth.

The motorsports industry is highly fragmented with an estimated 4,000 retail stores throughout the United States. The Company is attempting to capitalize upon the consolidation opportunities available and increase its revenues and income by acquiring additional dealers and improving its performance and profitability.

Management plans to maximize the operating and financial performance of its dealerships by achieving certain efficiencies that will enhance internal growth and profitability. By consolidating functions within the Company, management believes it can reduce overall expenses, simplify dealership management and create economies of scale.

The Company will specifically target dealers in markets with strong buyer demographics that, due to under-management or under-capitalization, are unable to realize their market share potential and can benefit substantially from the Company's systems and operating strategy.

The Company, together with its two (2) wholly-owned subsidiaries, owns and operates two (2) retail powersport superstores. The Company's core brands include Suzuki, Yamaha, Honda, Ducat and Kawasaki. The Company superstores operate under the names "Andrews Cycles" and "Chicago Cycles." Andrews Cycles is located in Salem, Ohio, has approximately fifty (50) employees as of March 31, 2004 and operates from an approximately thirty-five thousand (35,000) square foot facility. Chicago Cycles is located in Chicago, Illinois, has approximately sixty (60) employees and operates from an approximately thirty thousand (30,000) square foot facility. The Company believes Andrews

Cycles and Chicago Cycles are two of the largest volume dealers of powersports in the Midwest.

On April 30, 2004, pursuant to an Asset Purchase Agreement (the "Asset Agreement"), dated as of April 30, 2004 by and among the Company, King's Motorsports, Inc., d/b/a Chicago Cycle ("Chicago Cycle"), Jason Haubner and Jerry Fokas, the two (2) shareholders of Chicago Cycle, the Company acquired (the "Acquisition"), substantially all of the assets of Chicago Cycle (the "Chicago Assets"). In consideration for the Chicago Assets and pursuant to the Asset Agreement, the Company (i) assumed certain specified liabilities of Chicago Cycle, and (ii) agreed to pay to Chicago Cycle $2,925,000, as follows: (a) $1,250,000 at the closing of the Acquisition (the "Initial Payment"), and (b) $1,675,000 through the issuance to Chicago Cycle of a 6% $1,675,000 aggregate principal amount promissory note (the "Note"). The principal amount of the Note matures as follows: (i) $500,000 on July 29, 2004, (ii) $250,000 on October 27, 2004, and (iii) the remaining $925,000, plus accrued but unpaid interest on April 30, 2005. The Note is secured by a second lien on the Chicago Assets pursuant to a Commercial Security Agreement dated as of April 30, 2004, by and among the Company and Chicago Cycle, and guaranteed pursuant to a Guaranty dated April 30, 2004 by and among Chicago Cycle, the Company, Russell Haehn and Gregory Haehn, the current executive officers, directors and controlling shareholders of the Company (each an "Executive," and, collectively, the "Executives").

To fund the $1,250,000 Initial Payment, the Company pursuant to a Term Note dated March 12, 2004, by and among the Company and The Fifth Third Bancorp Bank (the "Bank") borrowed $1,250,000 (the "Loan") from the Bank. The Loan matures on May 31, 2004, and bears interest at the rate of prime plus one percent (1%) per annum. The Company's payment obligations under the Loan are guaranteed by the Executives pursuant to a Secured Continuing Guaranty Unlimited dated as of March 12, 2004 by each Executive and the Bank. The Loan is also secured pursuant to a Security Agreement dated March 12, 2004 by and between the Bank and the Company, by a first priority lien on all of the assets of the Company (including, but not limited to, the Chicago Assets). The Company believes it will restructure the terms of the Loan to, among other items, extend the maturity date of the loan by converting the Loan into a 3-5 year term loan.

Pursuant to a Management Agreement dated April 30, 2004, by and among the Company and Chicago Cycle, in the event the Company does not receive dealership franchise approvals and floor plan financing by approximately August 30, 2004, the Company has the right to require Chicago Cycle to repurchase the Chicago Assets for $1,675,000.

In connection with the Acquisition and pursuant to the Asset Purchase Agreement, the Company entered into a Noncompetition Agreement ("Noncompetition Agreement"), dated April 30, 2004 with Mr. Haubner, pursuant to which Mr. Haubner agreed to limit his business activities to those not competing with Chicago Cycle until December 31, 2006. In consideration for the Noncompetition Agreement, the Company agreed to (i) pay to Mr. Haubner a monthly fee of $20,833 from January 20, 2005 through December 31, 2006, and (ii) provide Mr. Haubner with certain health insurance coverage.

Pursuant to an Employment Agreement ("Employment Agreement"), dated April 30, 2004 between the Company and Jerry Fokas (the "Employee"), the Company agreed to employ Mr. Fokas as

a sales manager for a two (2) year period. In consideration for such employment, the Company agreed to, among other things, pay to the Employee (i) a salary of $2,500 per week from May 1, 2004 to April 30, 2005, and $3,000 per week from May 1, 2005 to April 30, 2006, and (ii) a quarterly bonus equal to five percent (5%) of Chicago Cycle's quarterly earnings before interest, taxes, depreciation and amortization (as determined by the certified public accounting firm that regularly provides accounting services to Chicago Cycle and/or the Company).

On April 20, 2004, pursuant to a $500,000 aggregate principal amount promissory note bearing interest at the rate of fourteen (14%) percent per annum (the "Bridge Note"), the Company received from a third party lender (the "Lender") a $500,000 aggregate principal amount bridge loan (the "Bridge Loan"). All outstanding principal on the Bridge Note is due on October 19, 2004. To secure the repayment of principal and interest on the Bridge Note, each Executive (i) pledged to the Lender 150,000 shares (300,000 shares in the aggregate) of the common stock, par value $0.001 per share, of the Company (the "Common Stock") owned by each such Executive, and (ii) guaranteed the payment of all of the Company's payment obligations to the Lender under the Bridge Note. As partial consideration for the Bridge Loan, the Company issued to the Lender a five (5) year warrant to purchase 100,000 shares of Common Stock (the "Warrant Shares"), at an exercise price of $2.25. The Company also granted to the Lender certain piggyback registration rights with respect to the Warrant Shares. The Company used $500,000 Bridge Loan proceeds for working and operating capital.

On April 5, 2004, the Company changed its name from American Busing Corporation to Giant Motorsports, Inc.

On January 16, 2004, pursuant to a Stock Purchase and Reorganization Agreement dated as of December 30, 2003 (the "Agreement"), between, among others, the Company, W.W. Cycles, Inc. ("Cycles") and the Executives, the Company issued to the Executives and one (1) other Cycles' employee, an aggregate of 7,850,000 shares of Common Stock in exchange for all of the issued and outstanding shares of the capital stock of Cycles, resulting in Cycles becoming a wholly-owned subsidiary of the Company (the "Initial Acquisition"). On such date, the Executives also purchased an additional 150,000 shares of Common Stock from a then shareholder of the Company for an aggregate purchase price of $178,750. Simultaneously with the Closing of the Initial Acquisition, the then sole director and officer of the Company resigned as a director and officer of the Company and was replaced by the Executives. Russell A. Haehn became the Chairman, Chief Executive Officer, Secretary and a Director of the Company and Gregory A. Haehn became the President, Chief Operating Officer, Treasurer and a Director of the Company.

Immediately following the Initial Acquisition and the consummation of certain other related transactions, the Company had 10,425,000 issued and outstanding shares of Common Stock, of which the Executives owned in the aggregate, 7,850,000 shares of Common Stock, representing approximately 76.74% of the issued and outstanding shares of Common Stock. Of such amount, Russell A. Haehn owns 4,710,000 shares of Common Stock, Gregory A. Haehn owns 2,740,000 shares of Common Stock and a third prior shareholder of Cycles owns the remaining 400,000 shares of Common Stock. The Company also issued to a financial advisor six-year warrants to purchase up to 1,000,000 shares of the Common Stock in consideration for financial advisory services provided to

Cycles in connection with the Initial Acquisition and to the Company following the Initial Acquisition.

RESULTS OF OPERATIONS

Three months ended March 31, 2004, compared to the three months ended March 31, 2003.

Revenues

Revenues for the first three months of 2004 were $11,200,163 representing an increase of $1,609,519 (16.7%) from the $9,590,644 reported for the three months ending March 31, 2003. Our results were impacted positively by the inclusion of sales to Lehman Trikes, Inc. In addition, our sales increase can also be attributed to our aggressive marketing and advertising campaigns.

Cost of Sales

Cost of sales for the first quarter of 2004 increased by $1,280,871 (15.2%) from the same period in 2003. This increase reflects the additional cost of units needed to realize the increase in sales.

Operating Expenses

Selling, general and administrative expenses for the first quarter of 2004 were $1,104,225 an increase of $190,389 over the same period ended in 2003. The aggregate increase in such costs were principally related to approximately $141,000 of legal, accounting and auditing fees associated with the requirements of becoming a public entity ("Going Public Expenses"). Interest expense increased approximately $25,548 in the first quarter of 2004 as compared to the first quarter of 2003. This increase is primarily due to an increase in interest bearing floor plan inventory. We anticipate floor plan interest expense to decline over the remaining quarters of 2004 as the principal balance of our floor planned inventory is reduced.

Operating Income

Operating income for the three months ended March 31, 2004 increased by $138,259 to $385,075, as compared to $246,816 over the same period 2003. Operating income in 2004 was also substantially affected by approximately $141,000 of Going Public Expenses. This generally is a result of an increase of sales.

Income Before Taxes, Depreciation and Amortization

Income before provision for taxes and depreciation and amortization, for the first three months ended 2004 was $317,633, which is $116,728 greater than the comparable period last year. The income tax increase of $110,000 for the first quarter of 2004, as compared to the first quarter of 2003, is a result of the Company's tax filing status that changed from an S-Corp in the first quarter of 2003 to a C-Corp effective on January 1, 2004. Depreciation and amortization was approximately $20,374 for the first three months of 2004 as compared to $14,765 for the comparable period in 2003.

Net Income

Net income for the three months ended March 31, 2004 was $187,259 as compared to $186,140 for the comparable period in 2003. As discussed above, net income in 2004 was substantially affected by approximatley $141,000 of Going Public Expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity has been cash generated by operations and borrowings under various credit facilities. At March 31, 2004, we had $1,275,915 in cash and cash equivalents, compared to $587,917 at December 31, 2003. Until required for operations, our policy is to invest excess cash in bank deposits and money market funds. Net working capital at March 31, 2004 was $624,398 compared to $590,032 at December 31, 2003.

The Company receives floor plan financing from five different motorcycle manufacturers who the Company sells the manufacturer products for. The Company uses such floor plan financing to assist it in financing and carrying the Company's inventory necessary to achieve the Company's sales goals. Such manufacturer's collateral includes all unit inventory plus a general lien on all assets of Cycles.

On April 20, 2004, the Company borrowed from a third party lender (the "Lender") the $500,000 Bridge Loan, evidenced by the Bridge Note. All outstanding principal on the Bridge Note is due on October 19, 2004. To secure the repayment of principal and interest on the Bridge Note, each Executive (i) pledged to the Lender 150,000 shares (300,000 shares in the aggregate) of Common Stock owned by each such Executive, and (ii) guaranteed the payment of all of the Company's payment obligations to the Lender under the Bridge Note. As partial consideration for the Bridge Loan, the Company issued to the Lender the Bridge Warrant to purchase 100,000 Warrant Shares at an exercise price of $2.25 per share. The Company also granted to the Lender certain piggyback registration rights with respect to the Warrant Shares. The Company used $500,000 Bridge Loan proceeds for working and operating capital.

On March 12, 2004, the Company received the $1,250,000 Loan from the Bank, which it used for the Initial Payment for its Acquisition of Chicago Cycles. The Loan matures on May 31, 2004 and is guaranteed by each of the Executives. The Company believes it will restructure the terms of the Loan to, among other items, extend the maturity date by converting the Loan into a 3-5 year term loan.

Although the Company believes that its current borrowing facilities together with its cash generated from operations, will be adequate to meet the Company's working capital requirements for its current operating levels, the Company may in the future attempt to raise additional financing through the sale of its debt and/or equity securities.

SEASONALITY

The Company's two main products - Motorcycles and All Terrain Vehicles ("ATVs") are subject to seasonality. Traditionally, the motorcycle season begins in late February or early March and runs until September. In September/October, the

sale of ATVs increases while motorcycle sales decrease.

IMPACT OF INFLATION

General inflation in the economy has driven the operating expenses of many businesses higher, and, accordingly, the Company has experienced increased salaries and higher prices for supplies, goods and services. The Company continuously seeks methods of reducing costs and streamlining operations while maximizing efficiency through improved internal operating procedures and controls. While the Company is subject to inflation as described above, the Company's management believes that inflation currently does not have a material effect on its operating results, but there can be no assurance that this will continue to be so in the future.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

The Company does not have any material risk with respect to changes in foreign currency exchange rates, commodities prices or interest rates. The Company does not believe that it has any other relevant market risk with respect to the categories intended to be discussed in this item of this Report.

Item 4. Controls And Procedures

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) as of December 31, 2003, (the "Evaluation Date"), have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective to ensure the timely collection, evaluation, and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated under the Act. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the Evaluation Date.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

None

Item 3. Defaults upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits And Reports On Form 8-K

(a) Exhibits (Filed herewith)

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-4(a))

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-4(a))

32.1 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(b)).

32.2 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(b)).

(b) Reports on Form 8-K

(i) Current Report on Form 8-K filed with the SEC on May 11, 2004 (disclosing acquisition of Kings Motorsports, Inc. d/b/a Chicago Cycles).

(ii) Current Report on Form 8-K filed with the SEC on April 21, 2004 (disclosing $500,000 bridge loan)

(iii) Current Report on Form 8-K filed with the SEC on April 5, 2004 (disclosing name change to Giant Motorsports, Inc.)

(iv) Current Report on Form 8-KA, filed with the SEC on March 31, 2004 (filing Audited Financial Statements of W.W. Cycles, Inc. for years ended December 31, 2003 and 2002 and required pro-forma financial statements)

(v) Current Report on Form 8-K, filed with the SEC on February 27, 2004 (disclosing Letter of Intent of the Company's proposed acquisition of Kings Motorsports, Inc.

(vi) Current Report on Form 8-K, filed with the SEC on January 23, 2004 (disclosing the Company's acquisition of W.W. Cycles, Inc.

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.

GIANT MOTORSPORTS, INC.

Date: May 17, 2004 /s/Russell A. Haehn

Name: Russell A. Haehn
Title: Chairman of the Board of Directors, Chief Executive Officer and a Director (Principal Executive Officer)

Date: May 17, 2004 /s/Gregory A. Haehn

Name: Gregory A. Haehn
Title: President, Chief Operating Officer, Treasurer, Secretary and a Director (Principal Financial and Accounting Officer)