

Edgar Filing: YSEEK INC - Form 10QSB

YSEEK INC
Form 10QSB
August 14, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended June 30, 2002

or

TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT OF 1934
For the transition period from to

Commission file number: 0001058307

YSEEK, INC.
(Exact Name of Small Business Issuer in Its Charter)

Florida
(State or other jurisdiction of
incorporation or organization)

65-0783722
(I.R.S. Employer Identifi-
fication No.)

412 East Madison Street, Suite 1000, Tampa, Florida
(Address of principal executive offices)

33602
(Zip Code)

Registrant's telephone number, including area code: (813) 221-4429

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

The number of shares of the registrant's common stock, par value \$.0001 per
share, outstanding as of August 13, 2002 was 22,315,100.

Table of Contents to Form 10QSB

Part I - Financial Information	Page
Item 1. Financial Statements (unaudited)	
YSEEK, INC.	

FINANCIAL STATEMENTS

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JUNE 30, 2002

YSEEK, INC.

BALANCE SHEET

June 30, 2002
(unaudited)

ASSETS

Current assets

Cash
Other receivables

Total current assets

Software license, net

Other assets

Shareholder loan receivable, net

Total Assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable and accrued expenses
Current maturities of long-term debt

Total current liabilities

Long-term debt, less current maturities

Commitments and contingencies

Stockholders' equity

Common stock; \$.0001 par value; 50,000,000 shares
authorized; 22,315,100 shares issued and outstanding

Paid in capital

Accumulated deficit

Total stockholders' equity

Total Liabilities and Stockholders' Equity

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

YSEEK, INC.

STATEMENTS OF OPERATIONS

	Three Months Ended			2000
	June 30,			
	2002	2001		2000
	(unaudited)	(unaudited)		(unaudited)
Revenues	\$ 35	\$ 171	\$	2
Expenses				
Selling, general and administrative	34,201	827,415		70,3
Total expenses	34,201	827,415		70,3
Other income (expense)				
Interest income	-	2,888		-
Interest expense	(4,581)	(1,608)		(8,8
Total other income (expense)	(4,581)	1,280		(8,8
Net loss	\$ (38,747)	\$ (825,964)	\$	(78,9
Net loss per common share	\$ -	\$ (.03)	\$	
Weighted average common shares outstanding	22,315,100	24,715,100		22,315,1

The accompany notes are an integral part of the financial statements.

YSEEK, INC.

STATEMENTS OF CASH FLOWS

JUNE 30, 2002

Six Mon
Jun
2002
(unaudited)

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Cash flows from operating activities

Net loss	\$	(78,990)
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Adjustments to reconcile net loss to net cash used in operating activities:		
Contributed services		-
Stock issued to consultants		-
Depreciation and amortization		32,700
Write down of property and equipment due to impairment		-
Recovery of amortization expense due to stock recision		-
Loss from disposal of equipment		-
Decrease in allowance for doubtful accounts		(759)
Decrease in other receivables		1,284
Increase in interest receivable		-
Decrease in prepaid expenses		-
Increase (decrease) in accounts payable and accrued expenses		22,462
Total adjustments		55,687
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Net cash used in operating activities		(23,303)
 Cash flows from investing activities		
Decrease in deposits and other assets		-
 Cash flows from financing activities		
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Payments on notes payable		(2,374)
Proceeds from issuance of loans payable		22,564
Net advances from a stockholder		3,133
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Net cash provided by financing activities		23,323
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Net increase in cash		20
Cash, beginning of period		238
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Cash, end of period	\$	258

Supplemental disclosures of noncash investing and financing activities:

In June 2001, 3,000,000 shares of common stock were returned to the Company related to goodwill originally valued at \$2,562,500.

Supplemental disclosure of cash flow information:

The Company paid approximately \$759 and \$1,087 in interest for the six months ended June 30, 2002 and 2001, respectively.

The accompany notes are an integral part of the financial statements.

YSEEK, INC.

NOTES TO FINANCIAL STATEMENTS

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JUNE 30, 2002

The information presented herein as of June 30, 2002, and for the three and six-months ended June 30, 2002 and 2001, is unaudited.

(1) Basis of Presentation:

The accompanying financial statements of Yseek, Inc. (the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal required adjustments) considered necessary for a fair presentation have been included.

Operating results for the six-month period ended June 30, 2002, are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. For further information, refer to the financial statements and footnotes included in the Company's annual report of Form 10-KSB for the year ended December 31, 2001.

Net loss per common share is computed in accordance with the requirements of Statement of Financial Accounting Standards No. 128 (SFAS 128). SFAS 128 requires net loss per share information to be computed using a simple weighted average of common shares outstanding during the periods presented. In computing diluted loss per share, warrants exercisable into common shares were excluded because the effect is antidilutive.

(2) Reformation Agreement and Loss From Impairment of Assets:

In December 1999, the Company purchased all the outstanding stock of Rankstreet.com, Inc. In the transaction accounted for as a purchase, the total purchase price of \$2,763,510 (including the value of contingent shares issued in May 2000 and February 2001) was classified as goodwill. The goodwill was being amortized over five years and as of December 31, 2000, accumulated amortization totaled \$525,082.

Additionally, during 2000 the Company contracted with consultants to develop a web site for Rankstreet. The website was capitalized with a value of \$206,250 and was being amortized over three years. Accumulated amortization as of December 31, 2000 was \$59,289.

In April 2001, the existing management and Board of Directors of the Company resigned and were replaced by individuals with experience with internet based business. The new Board of Directors evaluated the website and the goodwill that was acquired in the purchase of Rankstreet.com, Inc. and deemed it to be impaired and of no future value to the Company.

Upon further investigation by the Company's new management it was determined that certain contingencies in the original acquisition agreement had not been met. In June 2001, the original stockholders of Rankstreet.com, Inc. entered into a reformation agreement with the Company. This agreement concluded that the 3,000,000 shares issued in December 1999 and May 2000 would be returned since the contingencies related to these shares had not been met. Those shares were returned to the Company in June 2001. This reformation results in a reduction in goodwill related to the Rankstreet acquisition of \$2,562,500, the original value of the shares issued. This resulted in the recovery of amortization in the amount of \$324,069. The Company recognized an impairment loss due to the Rankstreet website of \$129,773. The 2001 financial statements reflect this agreement.

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Item 2. Management's Discussion and Analysis or Plan of Operation

PLAN OF OPERATION

In the fourth quarter of 2000 and the first quarter of 2001, the Company entered into strategic alliances with companies and individuals with substantial experience in the Internet industry. The alliances allowed the Company to acquire management and marketing expertise through consulting agreements. Although these agreements expired near the end of 2001, certain individuals are continuing to provide very limited management and marketing experience in their roles as officers of the Company. Those individuals may resume providing additional services in the future, most likely in exchange for stock. This will allow the company to continue to move forward without the use of its limited funds.

Additionally, the Company acquired a ten-year software license for the use of a keyword biddable search engine and related domain names. The Company entered into two traffic promotion agreements whereby each promoter provided hits to the Company web site. The Company issued stock in exchange for these agreements enabling the Company to move forward on its plans without the use of any funds.

In April 2001, the Company's officers resigned. Individuals affiliated with the consultants noted above were elected to the Board of Directors. These individuals have substantial experience with profitable Internet companies and web sites.

The Company's plans for the next twelve months include the continued promotion of its Web search portal, Yseek.com. The search portal was launched in mid 2001 and the company has entered into several agreements with search engines during the 3rd and 4th quarters of 2001. Other companies owned by officers of the Company have continued to provide traffic to the Yseek site and the Company is providing other options for traffic generation alliances. The Company believes there will be sufficient traffic to make the site a profitable internet portal. The Company's officers and consultants are involved with the internet industry on a full time basis and are proceeding cautiously to attempt to learn from the success and failures of other internet companies.

Additionally the Company's expansion plans include acquiring and developing other profitable business ventures. The Company is currently actively exploring several possible acquisitions however there are no pending letters of intent, active negotiations or other plans.

In conjunction with planning the course of action for the next twelve months, the new Board of Directors investigated the viability of Rankstreet.com. Rankstreet was to be an all-in-one Web site including a directory, web counter and business to business Internet advertising agency. The Board determined that there was no value in pursuing the marketing and enhancement of the Rankstreet web site and has abandoned any such plans. Additionally, management determined that the contingencies stated in the acquisition agreement had not been met. In June, 2001, the former stockholders of Rankstreet.com, Inc. entered into a reformation agreement and returned 3,000,000 shares for which the contingencies were not met.

The Companies plans to market the Yseek.com search engine and to acquire and develop other profitable business ventures that will require additional funds. During 2001, the Company received \$95,000 in loans from a relative of a Board member, from two officers of the Company and a company owned by officers. During the 1st two quarters of 2002, the Company received \$22,564 from a company owned by officers. These loans all bear interest at 14% and are currently due on demand.

As of June 30, 2002 the Company had minimal available funds. However, most of

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the Company's operations are being conducted within the consulting agreements entered into in the fourth quarter of 2000 and the cash outflows have been substantially reduced. Additionally two of the Company's officers and board members have agreed to fund the Company's operations as they currently exist.

There is currently no expected purchase or sale of plant and equipment or expected significant changes in the number of employees.

Page 6

Item 6. Exhibits and Reports on Form 8-K

Exhibits

Exhibit	Description	Number
(2)	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession.....	None
(4)	Instruments defining the rights of holders, including Indentures	None
(10)	Material contracts	None
(11)	Statement re: computation of per share earnings.....	Note 1 to Financial Statements
(15)	Letter re: Unaudited Interim Financial Information.....	None
(18)	Letter on change in accounting principles.....	None
(19)	Report Furnished to Security Holders	None
(22)	Published report regarding matters submitted to vote.....	None
(23)	Consents of Experts and Counsel.....	None
(24)	Power of Attorney.....	None
(99)	Additional Exhibits.....	
	99.1 Certification of CEO.....	
	99.1 Certification of CFO.....	
(b)	REPORTS ON FORM 8-K:	

NONE

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

YSEEK, INC.

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Dated: August 14, 2002

By: /s/ Bruce Hammil

Bruce Hammil, President
Chief Executive Officer,
Chief Financial Officer and
Chief Operating Officer