Good Times Restaurants Inc.
Form 10-Q
August 10, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 26, 2018

OR

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

Commission File Number: 0-18590

(Exact Name of Registrant as Specified in Its Charter)

NEVADA	84-1133368
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

141 UNION BLVD, SUITE 400, LAKEWOOD, CO 80228

(Address of Principal Executive Offices, Including Zip Code)

(303) 384-1400

(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 preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or, an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company”, and “emerging growth company”, in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
(Do not check if smaller reporting company)	Emerging growth company

If an emerging growth company, indicated by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

As of August 10, 2018, there were 12,471,765 shares of the Registrant's common stock, par value $0.001 per share, issued and outstanding.

Form 10-Q

Quarter Ended June 26, 2018

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PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Good Times Restaurants Inc. and Subsidiaries Condensed Consolidated Balance Sheets (Unaudited)

(*In thousands, except share and per share data*)

	Jun 26, 2018	Sep 26, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$3,186	$4,337
Receivables, net of allowance for doubtful accounts of $0	702	573
Prepaid expenses and other	312	296
Inventories	906	847
Notes receivable	14	13
Total current assets	5,120	6,066
PROPERTY AND EQUIPMENT:		
Land and building	5,002	5,001
Leasehold improvements	25,852	21,159
Fixtures and equipment	23,732	20,945
Total property and equipment	54,586	47,105
Less accumulated depreciation and amortization	(21,473)	(18,636)
Total net property and equipment	33,113	28,469
Assets held for sale	0	1,221
OTHER ASSETS:		
Notes receivable, net of current portion	35	46
Deposits and other assets	233	240
Trademarks	3,900	3,900
Other intangibles, net	41	61
Goodwill	15,150	15,150
Total other assets	19,359	19,397
TOTAL ASSETS:	$57,592	$55,153
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	$17	$17
Accounts payable	4,447	3,311
Deferred income	97	41
Other accrued liabilities	3,383	3,547
Total current liabilities	7,944	6,916
LONG-TERM LIABILITIES:		

Maturities of long-term debt and capital lease obligations due after one year	$5,126	$5,339
Deferred and other liabilities	7,204	5,614
Total long-term liabilities	12,330	10,953
STOCKHOLDERS' EQUITY:		
Good Times Restaurants Inc. stockholders' equity:		
Preferred stock, $.01 par value; 5,000,000 shares authorized, no shares issued and outstanding as of 06/26/18 and 09/26/17	0	0
Common stock, $.001 par value; 50,000,000 shares authorized, 12,468,326 and 12,427,280 shares issued and outstanding as of 06/26/18 and 09/26/17, respectively	12	12
Capital contributed in excess of par value	59,242	58,939
Accumulated deficit	(25,090)	(24,380)
Total Good Times Restaurants Inc. stockholders' equity	34,164	34,571
Non-controlling interests	3,154	2,713
Total stockholders' equity	37,318	37,284
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$57,592	$55,153

See accompanying notes to condensed consolidated financial statements

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Good Times Restaurants Inc. and Subsidiaries Condensed Consolidated Statements of Operations (Unaudited)

(In thousands except share and per share data)

	Quarter Ended		Year to Date	
	Jun 26, 2018	Jun 27, 2017	Jun 26, 2018	Jun 27, 2017
NET REVENUES:				
Restaurant sales	$25,990	$21,518	$71,929	$55,981
Franchise royalties	185	184	515	515
Total net revenues	26,175	21,702	72,444	56,496
RESTAURANT OPERATING COSTS:				
Food and packaging costs	7,833	6,822	22,154	17,591
Payroll and other employee benefit costs	9,155	7,546	26,076	20,216
Restaurant occupancy costs	1,850	1,484	5,278	4,207
Other restaurant operating costs	2,373	1,896	6,626	5,003
Preopening costs	610	819	1,683	1,737
Depreciation and amortization	937	753	2,665	2,086
Total restaurant operating costs	22,758	19,320	64,482	50,840
General and administrative costs	2,069	1,831	5,884	5,222
Advertising costs	565	514	1,587	1,357
Franchise costs	11	28	32	80
Asset impairment costs	0	0	72	0
Gain on restaurant asset sale	(9)	(6)	(26)	(17)
INCOME (LOSS) FROM OPERATIONS	781	15	413	(986)
Other expenses:				
Interest expense, net	(96)	(49)	(270)	(105)
Other income (loss)	0	(1)	0	(1)
Total other expenses, net	(96)	(50)	(270)	(106)
NET INCOME (LOSS)	$685	$(35)	$143	$(1,092)
Income attributable to non-controlling interests	(381)	(212)	(853)	(499)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$304	$(247)	$(710)	$(1,591)
BASIC AND DILUTED INCOME (LOSS) PER SHARE:				
Net income (loss) attributable to Common Shareholders	$.02	$(.02)	$(.06)	$(.13)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	12,468,326	12,301,007	12,460,467	12,296,793
Diluted	12,665,172	N/A	N/A	N/A

See accompanying notes to condensed consolidated financial statements

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Good Times Restaurants Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Fiscal Year to Date	
	Jun 26, 2018	Jun 27, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$143	$(1,092)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,849	2,244
Accretion of deferred rent	414	422
Amortization of lease incentive obligation	(313)	(205)
Asset impairment costs	72	0
Stock-based compensation expense	303	609
Recognition of deferred gain on sale of restaurant building	(26)	(19)
Loss on disposal of assets	0	2
Changes in operating assets and liabilities:		
Change in:		
Receivables and other	(128)	(646)
Inventories	(59)	(157)
Deposits and other	(59)	(124)
Change in:		
Accounts payable	194	745
Deferred liabilities	1,258	1,257
Accrued and other liabilities	(21)	(161)
Net cash provided by operating activities	4,627	2,875
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(6,560)	(11,178)
Proceeds from sale leaseback transaction	1,397	1,927
Payment for the purchase of non-controlling interests	0	(54)
Payments received from franchisees and others	10	9
Net cash used in investing activities	(5,153)	(9,296)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on notes payable and long-term debt	1,400	4,100
Principal payments on notes payable and long-term debt	(1,613)	(21)
	(412)	96

Net contributions (distributions) received by (paid to) non-controlling interests		
Net cash provided by (used in) financing activities	(625)	4,175
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,151)	(2,246)
CASH AND CASH EQUIVALENTS, beginning of period	4,337	6,330
CASH AND CASH EQUIVALENTS, end of period	$3,186	$4,084
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$276	$55
Change in accounts payable attributable to the purchase of property and equipment	$942	$682

See accompanying notes to condensed consolidated financial statements

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GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Tabular dollar amounts in thousands, except share and per share data)

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Good Times Restaurants Inc. and its wholly-owned subsidiaries, Good Times Drive Thru, Inc. (“Drive Thru”), BD of Colorado, LLC (“BD of Colo”), Bad Daddy’s Franchise Development, LLC (“BDFD”) and Bad Daddy’s International, LLC (“BDI”) (together referred to as the “Company”, “we” or “us”). All significant intercompany balances and transactions have been eliminated in consolidation.

Drive Thru is engaged in the business of developing, owning, operating and franchising hamburger-oriented drive-through restaurants under the name Good Times Burgers & Frozen Custard. Most of our Good Times restaurants are located in the front-range communities of Colorado, but we also have franchised restaurants in Wyoming. BD of Colo, BDI and BDFD are engaged in the business of licensing, owning and operating full-service hamburger-oriented restaurants under the name Bad Daddy’s Burger Bar.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles and practices of the United States of America (“GAAP”) for interim financial information. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all of the normal recurring adjustments necessary to present fairly the financial position of the Company as of June 26, 2018 and the results of its operations and its cash flows for the fiscal quarters ended June 26, 2018 and June 27, 2017. Operating results for the fiscal quarters ended June 26, 2018 are not necessarily indicative of the results that may be expected for the year ending September 25, 2018. The condensed consolidated balance sheet as of September 26, 2017 is derived from the audited financial statements but does not include all disclosures required by generally accepted accounting principles. As a result, these condensed consolidated financial statements should be read in conjunction with the Company's Form 10-K for the fiscal year ended September 26, 2017.

Fiscal Year – The Company’s fiscal year is a 52/53-week year ending on the last Tuesday of September. In a 52-week fiscal year, each of the Company’s quarterly periods consist of 13 weeks. The additional week in a 53-week fiscal year is added to the first quarter, making such quarter consist of 14 weeks.

Advertising Costs – We utilize Advertising Funds to administer certain advertising programs for both the Good Times and Bad Daddy's brands that benefit both us and our franchisees. We and our franchisees are required to contribute a percentage of gross sales to the fund. As the contributions to these funds are designated and segregated for advertising, we act as an agent for the franchisees with respect to these contributions. We consolidate the Advertising Funds into our financial statements on a net basis, whereby contributions from franchisees, when received, are recorded as offsets to reported advertising expenses. Contributions to the Advertising Funds from our franchisees were $264,000 and $271,000 for the first three fiscal quarters of 2018 and 2017, respectively.

Note 2. Goodwill and Intangible Assets

The following table presents goodwill and intangible assets as of June 26, 2018 and September 26, 2017 (in thousands):

	June 26, 2018			September 26, 2017		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Intangible assets subject to amortization:						
Franchise rights	116	(75)	41	116	(57)	59
Non-compete agreements	15	(15)	0	15	(13)	2
	$131	$(90)	$ 41	$131	$ (70)	$ 61
Indefinite-lived intangible assets:						
Trademarks	$3,900	$0	$ 3,900	$3,900	$ 0	$ 3,900
Intangible assets, net	$4,031	$(90)	$ 3,941	$4,031	$ (70)	$ 3,961
Goodwill	$15,150	$				

Our consolidated financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our consolidated financial statements and the related notes that appear elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "CDN$" refer to Canadian dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report, the terms "we", "us" and "our" mean Bulldog Technologies Inc., formerly Northward Ventures, Inc., the term "Bulldog BC" refers to Bulldog Technologies Inc., a British Columbia, Canada corporation, and the term "Bulldog Nevada" refers to Bulldog Technologies Inc., a Nevada corporation.

General Overview

We were incorporated under the laws of the State of Nevada on June 18, 2002. Until we entered into the acquisition with Bulldog BC and the merger with Bulldog Nevada, our focus was on the exploration of a mineral claim known as the North Manchester Property, located in the Sudbury Mining Division, Province of Ontario, Canada. We hold an option to acquire a 70% interest in the North Manchester Property mineral claim and is exercisable by us if we meet certain minimum required exploration expenditure requirements. The North Manchester Property is subject to a 1% net smelter return royalty, in favor of Klondike Bay Minerals, the optionor. To date, we have not undertaken any exploration activity on the North Manchester Property. We do not intend on expending any more funds on this property and will accordingly let the option lapse.

Acquisition of Bulldog BC and Merger with Bulldog Nevada

On November 10, 2003, we completed the acquisition of 695,800, or 98%, of the shares of Bulldog BC in exchange for issuing 695,800 shares of our common stock. The stockholders of Bulldog BC were entitled to receive one share of our common stock for each share of Bulldog BC. After the acquisition closed on November 10, 2003, Bulldog BC became our subsidiary.

The merger of Bulldog Nevada and Bulldog Acquisition Corp. was completed effective as of November 10, 2003. As a result of the merger, we acquired 9,081,500 issued and outstanding shares in Bulldog Nevada in exchange for agreeing to issue 9,081,500 shares of our common stock to the stockholders of Bulldog Nevada. The stockholders of Bulldog Nevada were entitled to receive one share of our common stock for each share of Bulldog Nevada. After the merger closed on November 10, 2003, Bulldog Nevada became our wholly-owned subsidiary. After completion of this merger, we merged Bulldog Acquisition Corp. with our company. As part of this merger, we changed our name from "Northward Ventures, Inc." to "Bulldog Technologies Inc." to reflect our newly acquired business.

Bulldog BC and Bulldog Nevada

Bulldog BC carries on the business of developing and commercializing security systems for the cargo transportation industry. Bulldog Nevada was incorporated primarily to facilitate the financing of Bulldog BC. Bulldog Nevada's primary asset consisted of an inter-corporate loan to Bulldog BC that was outstanding in the amount of $1,122,197 as at August 31, 2003. Mr. John Cockburn is sole officer, director and the principal shareholder of each of Bulldog BC and Bulldog Nevada. Other than the loan from Bulldog Nevada to Bulldog BC, there was no direct legal relationship between the two companies.

Business of Bulldog BC

Bulldog BC's business is the development, manufacture and sale of the Bulldog Online Security System, which is commonly referred to as "BOSS", designed to prevent cargo theft from containers, tractor-trailers and cargo vans. Bulldog BC developed a compact, portable and electronic security device that attaches to the locking-rod of trailers and containers while in transit or storage. Bulldog BC has developed a BOSS for use on trucks that communicates with a pager which is carried by the driver. This system is known as the Road BOSS. The driver is alerted at attempts to access the cargo. The Road BOSS interfaces with satellite truck tracking systems. The business has also developed a BOSS for security of storage yard containers that alerts dispatch personnel of theft. This system is known as the Yard BOSS.

To date, Bulldog BC has three different BOSS product lines, which provide the company with the ability to tailor a yard or road based security system to the exact needs of the individual customer.

- RB-100 Yard BOSS - This is a portable external unit for containers/tractor trailers which provides yard security personnel the ability to monitor the movement and door seal of parked trailers or containers. The Yard BOSS provides a visible theft deterrent, uses motion sensors to prevent the movement of the trailer, and locking rod contacts to monitor the opening of the trailer doors.

- RB-200 Road BOSS - This is a portable external double-attachment unit that secures a container/tractor trailer while in transit. This system is configured for use with a satellite asset management system or stand-alone pager. The RB-200 provides a visible theft deterrent and uses contact sensors on the locking rods to monitor the opening of the trailer doors.

- RB-300 Road BOSS Internal - This is an internal unit utilizing magnetic contact sensors for securing roll-up and sliding doors. This system can be configured for use with either the Road BOSS satellite tracking system, stand-alone pager, or Yard BOSS secure lot systems. The RB-300 provides the ability to monitor multiple doors, and allows for monitoring without alerting would-be thieves to its presence.

PLAN OF OPERATIONS AND CASH REQUIREMENTS

We anticipate that we will require $1 million for the twelve months ended February 28, 2005 to secure initial product orders and build market channels, support customer trials, complete independent market and product evaluations, recruit additional senior management, conduct continued research and development on our new products, launch a marketing program and to ramp up our manufacturing capabilities. As part of the acquisition and the merger, we received gross proceeds of $520,000 from a part and parcel private placement, which included the issuance of share purchase warrants to acquire up to an additional 520,000 shares of our common stock at $1.00 per share for a period of five years. If the investor exercises the share purchase warrants, we will receive another $520,000 in gross proceeds. We may also receive cash if we begin generating revenues prior to February 28, 2005.

On April 13, 2004, we completed the private placement of 2,219,611 shares of our common stock and share purchase warrants to purchase up to 1,664,708 shares of our common stock for aggregate gross proceeds of $4,994,125. With respect to 554,902 of the share purchase warrants, they are exercisable at $3.50 per share for a period of five years and with respect to 1,109,806 warrants they are exercisable at $2.25 per share for the period ending the earlier of 14 months from the closing date or eight months from the date a registration statement, filed in connection with this private placement is declared effective. As part of this private placement, we agreed to pay a finder's fee of 6% on the gross proceeds plus any monies we receive from the exercise of the warrants.

Marketing

We will promote our products primarily through industry trade shows targeting the trucking, container transportation, insurance satellite, railcar and military business. We will also develop company and product awareness by contacting all major trucking, security and insurance associations with press releases and product information. We anticipate that we will expend approximately $350,000 on sales and marketing activities including the salaries for employees and consultants involved in sales and marketing.

Research and Development

We will continue our research and development on the following new products:

- Vehicle, boat and airplane security. This unit is designed to protect transportation vehicles by attaching to the entrance door or window and transmitting to a pager.

- Container unit with a scanner. This unit is designed to scan bar codes on containers as they enter holding yards which will provide inventory control.

- Container unit with camera. The unit is similar to Yard BOSS but with the addition of a digital camera that will monitor an individual tampering with the container.

- Mobile home unit. The unit has a built in passive infrared detector and works in conjunction with a pager.

- Internal global positioning unit. The unit would be incorporated into all of our current and future products and would allow tracking of any trucks or containers.

We anticipate expending approximately $100,000 on research and development activities, which would include the purchase of lab equipment to conduct these activities and the production of future prototypes.

Manufacturing

We are in the process of producing a mould which will be used to manufacture the plastic housing for our products. We are also planning on producing inventory in anticipation of the sales we expect to generate. We expect to spend $200,000 on ramping up the manufacturing process.

Employees

In addition to our existing staff we will be hiring an additional inside sales person and administrative staff. We expect that we will expend $200,000 in salaries during the twelve months ended February 28, 2005, not including salaries for those employees and consultants involved in marketing and investor relations.

General and Administrative Expenses

We expect to spend $150,000 on general and administrative expenses including legal and auditing fees, rent, office equipment and other administrative related expenses.

Future Operations

Presently, we have not generated any revenues sufficient to meet operating and capital expenses. We have incurred operating losses since inception. As noted above, the management of our company projects that we may require an additional $1.0 million to fund our ongoing operating expenses, working capital requirements for the period ended February 28, 2005. These estimates do not include any potential capital requirements that may be needed should we identify any products or business acquisitions that may add value to our current product and service offerings.

As at February 29, 2004, we had a working capital deficiency of $23,085. As a result of the completion of the private placement in April 2004, we have sufficient funds to satisfy our cash requirements for the period ended February 28, 2005.

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual consolidated financial statements for the year ended August 31, 2003 and the financial statements of our subsidiary for the year ended August 31, 2003, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon successful and sufficient market acceptance of our current service offerings and any new service offerings that we may introduce, the continuing successful development of our service offerings and related technologies, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB 51." FIN No. 46 was effective for all variable interest entities ("VIEs") created or acquired after January 31, 2003. The primary objectives of FIN No. 46 are to provide guidance on the identification of entities for which control is achieved through means other than voting rights and how to determine when and which business enterprises should consolidate the VIE. This new model for consolidation applies to an entity for which either: (1) the equity investors do not have a controlling financial interest; or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN No. 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. As amended in December 2003, the effective dates of FIN No. 46 for public entities that are small business issuers, as defined ("SBIs"), are as follows: (a) For interests in special-purpose entities: periods ended after December 15, 2003; and (b) For all other VIEs: periods ending after December 15, 2004. The December 2003 amendment of FIN No. 46 also includes transition provisions that govern how an SBI which previously adopted the pronouncement (as it was originally issued) must account for consolidated VIEs.

The implementation of this new standard is not expected to have a material effect on our consolidated financial statements.

On May 15, 2003, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. Further, SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. SFAS No. 150 affects an entity's classification of the following freestanding instruments: a) Mandatorily redeemable instruments b) Financial instruments to repurchase an entity's own equity instruments c) Financial instruments embodying obligations that the issuer must or could choose to settle by issuing a variable number of its shares or other equity instruments based solely on (i) a fixed monetary amount known at inception or (ii) something other than changes in its own equity instruments d) SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The guidance in SFAS No. 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003.

The implementation of this new standard did not have a material effect on our consolidated financial statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our financial statements have been prepared on a going concern basis. We have accumulated a deficit of $3,694,852 from the inception of Bulldog BC to February 29,2004. Our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. We have historically satisfied our capital needs primarily by issuing equity securities and at February 29, 2004 we had a working capital deficiency of $23,085. We did however complete a private placement in April 2004 which raised aggregate gross proceeds of $4,994,125. Management plans to continue to provide for our capital needs by issuing equity securities. These financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Principals of consolidation

The Financial Statements include the accounts of Bulldog Technologies Inc., a Company incorporated under the laws of the Province of British Columbia Canada, Bulldog Technologies Inc. incorporated pursuant to Articles of Merger dated November 10, 2003 pursuant to the laws of the State of Nevada, wherein Northward Ventures Inc. ("Northward") and Bulldog Technologies Inc. merged. In November 2003, we closed an agreement with the stockholders of Bulldog BC and Bulldog

Nevada (companies under common control) whereby we acquired the issued and outstanding shares of Bulldog BC and Bulldog Nevada on a one for one basis in exchange for 710,000 and 9,081,500 shares of our common stock, respectively.

The acquisition was accounted for using the purchase method of accounting as applicable to reverse acquisitions because the former stockholders of Bulldog BC and Bulldog Nevada controlled approximately 49% of our common stock immediately upon conclusion of the transaction (including the private placement completed in connection with this transaction), a representative of Bulldog BC and Bulldog Nevada is now one of our directors and our sole officer and the continuing business is that of Bulldog BC and Bulldog Nevada. Under reverse acquisition accounting, the post-acquisition entity is accounted for as a recapitalization of Bulldog BC and Bulldog Nevada. The value assigned to our common stock was $796.

In accordance with provisions governing the accounting for reverse acquisitions, the figures presented in our consolidated financial statements as at August 31, 2003 and for the three and six months ended February 29, 2004 are those of Bulldog BC and Bulldog Nevada, combined.

Research and development

All costs pertaining to research and development are charged to expense as incurred.

Stock Compensation

We have previously engaged in a number of transactions where we have used our common stock as consideration for services or in settlement of debt and payables. In such situations, the value attributable to the service or debt settlement is largely determined based on the quoted market price of our common stock around the respective agreement dates.

Interim reporting

The accompanying unaudited consolidated interim financial statements have been prepared by us in accordance with the rules and regulations of Regulation S-B as promulgated by the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited consolidated interim financial statements contain all adjustments necessary (consisting of normal recurring accruals) to present fairly the financial information contained therein. The accompanying unaudited interim consolidated financial statements do not include all disclosures required by generally accepted accounting principles in the United States of America. The results of operations for the three-month period ended November 30, 2003, are not necessarily indicative of the results to be expected for the year ending August 31, 2004. These unaudited statements should be read in conjunction with the Audited Financial Statements of Bulldog Technologies Inc. a Nevada corporation and Bulldog Technologies Inc a British Columbia company which were filed under form 8K/A dated November 24 2003 and the 10-KSB filed October 24 2003.

RISK FACTORS

Much of the information included in this quarterly report includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other "forward-looking statements" involve various risks and uncertainties as outlined below. We caution readers of this quarterly report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward-looking statements". In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

Our new business operations will be subject to a number of risks and uncertainties, including those set forth below:

We have had negative cash flows from operations and if we are not able to obtain further financing our business operations may fail.

Our company has had negative cash flows from operations. Our business plan calls for significant expenses necessary to bring the Bulldog Online Security Systems to market. We will require additional financing to complete the financing required to bring our products into commercial operation, finance working capital and pay for operating expenses and capital requirements until we achieve a positive cash flow. We have estimated that we will require approximately $1 million to carry out our business plan in the year ended August 31, 2004. On April 13, 2004, we completed a private placement for gross proceeds of $4,994,125 which is sufficient funds to satisfy our cash requirements for the balance of the year ended August 31, 2004. However, there is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that:

- we incur unexpected costs in completing the development of our technology or encounter any unexpected technical or other difficulties;

- we incur delays and additional expenses as a result of technology failure;

- we are unable to create a substantial market for our services; or

- we incur any significant unanticipated expenses.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our proposed business plans.

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If the stock price declines, there can be no assurance that we can raise additional capital or generate funds from operations sufficient to meet our obligations.

If we issue additional shares in the future this may result in dilution to our existing stockholders.

Our Certificate of Incorporation authorizes the issuance of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. Our board of directors have the authority to issue additional shares up to the authorized capital stated in the certificate of incorporation. Our board of directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares may result in a reduction of the book value or market price of the outstanding shares of our common stock. If we do issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. Further, any such issuance may result in a change of control of our corporation.

There is a high risk of business failure due to the fact that Bulldog BC has not commenced commercial operations.

Although Bulldog BC has begun the initial stages of production of the Bulldog Online Security Systems, there is no assurance that it will be able to successfully develop sales of its systems and thus we will have no way to evaluate the likelihood that we will be able to operate the business successfully.

Potential investors should be aware of the difficulties normally encountered in developing and commercialising new industrial products and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the commercialisation process that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to development, manufacture and financing of the Bulldog Online Security Systems products.

Prior to commercialization of the Bulldog Online Security Systems products, it is anticipated that we will incur increased operating expenses without realizing any revenues. It is therefore expected that we will incur significant losses into the foreseeable future. If we are unable to generate significant revenues from the business, or if the business is found to be unmarketable, we will not be able to earn profits or continue operations.

There is no history upon which to base any assumption as to the likelihood that we will prove successful in our new venture, and there is no assurance that we will be able to generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, the business will most likely fail.

If a market for our common stock does not develop, stockholders may be unable to sell their shares.

There is currently a limited market for our common stock, which trades on the OTC Bulletin Board. Trading of stock on the OTC Bulletin Board is frequently thin and highly volatile. There is no assurance that a market will develop in the stock after the corporate reorganization, in which case it will be difficult for stockholders to sell their stock.

Penny stock rules will limit the ability of our stockholders to sell their stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

NASD sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the NASD (National Association of Securities Dealers Inc.) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

Substantially all our assets and a majority of our directors and officers will be located outside the United States, with the result that it may be difficult for investors to enforce within the United States any judgments obtained against us or any of our directors or officers.

Substantially all of our assets are located outside the United States and we do not currently maintain a permanent place of business within the United States. In addition, all of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, you may be effectively prevented from pursuing remedies under U.S. federal securities laws against our directors or officers.

We may face larger and better-financed competitors.

Although management is not aware of similar products which would compete directly with Bulldog Online Security Systems, it is anticipated that larger, better-financed companies will develop products similar or superior to the Bulldog Online Security Systems. Such competition will potentially affect our chances of achieving profitability, and ultimately adversely affect our ability to continue as a going concern.

We could lose our competitive advantages if we are not able to protect any proprietary technology and intellectual property rights against infringement, and any related litigation could be time-consuming and costly.

Our success and ability to compete depends to a significant degree on our proprietary technology incorporated in our online security system. Other than filing a patent in the United States and registering the domain name www.bulldog-tech.com, we have not taken any action to protect our proprietary technology and proprietary computer software. We have not registered any trademarks. If any of our competitors copies or otherwise gains access to our proprietary technology or software or develops similar technologies independently, we would not be able to compete as effectively. We also consider our service marks, particularly our family of unregistered trademarks including Bulldog, Road Boss and Yard Boss, invaluable to our ability to continue to develop and maintain the goodwill and recognition associated with our brand. The measures we take to protect the proprietary technology software, and other intellectual property rights, which presently are based upon a combination of copyright, trade secret and trademark laws, may not be adequate to prevent their unauthorised use. Further, the laws of foreign countries may provide inadequate protection of such intellectual property rights. We may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. In addition, notwithstanding any rights we have secured in our intellectual property, other persons may bring claims against us that we have infringed on their intellectual property rights, including claims based upon the content we license from third parties or claims that our intellectual property right interests are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with our service marks or require us to make changes to our website or other of our technologies.

Our services may become obsolete and unmarketable if we are unable to respond adequately to rapidly changing technology and customer demands.

Our industry is characterised by rapid changes in technology and customer demands. As a result, our products may quickly become obsolete and unmarketable. Our future success will depend on our ability to adapt to technological advances, anticipate customer demands, develop new products and enhance our current products on a timely and cost-effective basis. Further, our products must remain competitive with those of other companies with substantially greater resources. We may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, we may not be able to adapt new or enhanced services to emerging industry standards, and our new products may not be favourably received.

Unless we can establish significant sales of our current products, our potential revenues may be significantly reduced.

We expect that a substantial portion, if not all, of our future revenue will be derived from the sale of our security products. We expect that these product offerings and their extensions and derivatives will account for a majority, if not all, of our revenue for the foreseeable future. Broad market acceptance of our security products is, therefore, critical to our future success and our ability to generate revenues. Failure to achieve broad market acceptance of our security products, as a result of competition, technological change, or otherwise, would significantly harm our business. Our future financial performance will depend primarily on the successful introduction and market acceptance of our current security product offerings, and on the development, introduction and market acceptance of any future enhancements. There can be no assurance that we will be successful in marketing our current product offerings or any new product offerings, applications or enhancements, and any failure to do so would significantly harm our business.

Item 3. Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures as of the end of the period covered by this quarterly report, being February 29, 2004. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's president and chief executive officer. Based upon that evaluation, our company's president and chief executive officer concluded that our company's disclosure controls and procedures are effective. There have been no significant changes in our company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is accumulated and communicated to management, including our company's president and chief executive officer as appropriate, to allow timely decisions regarding required disclosure.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

Other than as set forth below, we know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

On June 21, 2001, Reliability Engineering Associates Limited commenced a lawsuit in the Supreme Court of British Columbia (Vancouver Registry No. S013516) against Bulldog BC claiming CDN$85,600 (for a design fee of CDN$80,000 plus GST), $12,198 (on account of delay costs), general damages, special damages, court ordered interest and costs for services performed pursuant to a written agreement dated for reference October 30, 2000. On October 17, 2001, Bulldog BC filed a Statement of Defence and Counterclaim. Bulldog BC's defence alleges that the services were not performed or were performed negligently or inadequately and as a result no monies are owing to Reliability. We believe that there is no substantive merit to the claims made by Reliability and we intend to vigorously defend the action. Bulldog BC's counterclaim alleges that since Reliability did not provide the services contracted for, it should return 200,000 shares that Bulldog BC issued to Reliability in advance towards payment. Accordingly, Bulldog BC is seeking an order that Reliability return 200,000 shares of Bulldog BC's common stock or, alternatively, that the shares be cancelled; in the alternative, damages for breach of contract; costs and court ordered interest.

On May 5, 2003, Ronald G. Cranfield commenced a lawsuit in the Supreme Court of British Columbia (Vancouver Registry No. S032402) against Bulldog BC and John Cockburn claiming damages of CDN$61,669 for a loan that he made to Bulldog BC. Mr. Cranfield claims that John Cockburn personally guaranteed the loans. Mr. Cranfield and Bulldog BC have settled this claim for the amount of CDN$59,000 which was fully paid on December 15, 2003. On December 29, 2003 a Consent Order was filed in the Supreme Court of British Columbia dismissing the proceedings without costs to either party.

On February 4, 2004, SNJ Capital Ltd. commenced a lawsuit against our company, our subsidiary and John Cockburn. SNJ Capital is claiming that, pursuant to a contract that it entered into with our company, our subsidiary and John Cockburn on August 1, 2001, that it is entitled to a $5,800 finders fee on certain monies raised by our company and 979,150 shares of our common stock in connection with the recent merger between Northward Ventures Inc. and Bulldog Technologies Inc. We believe that there is no substantive merit to the claims made by SNJ Capital and we intend to vigorously defend the action.

On March 5, 2004, we received a demand letter from counsel for Alexander Potter, a former employee of the Company. Mr. Potter is claiming that we owe him one month's salary ($4,000) and 25,000 shares of our common stock.

Item 2. Changes in Securities.

Recent Sales of Unregistered Securities

On December 21, 2003, we issued 23,000 shares of our common stock to two of our directors in consideration for their services as directors of our company. We issued the shares in an offshore transaction to non-U.S. Persons relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On January 16, 2004, we issued 500,000 shares of our common stock to one of our directors and officers in consideration for his services as a director and officer of our company. We issued the shares in an offshore transaction to a non-U.S. Person relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On January 16, 2004, we issued 12,500 shares of our common stock to one of our officers in consideration for his services as an officer of our company. We issued the shares in an offshore transaction to a non-U.S. Person relying on Regulation S, Regulation D and/or Section 4(2) of the Securities Act of 1933.

On January 22, 2004, we issued an aggregate of 600,000 shares to two individuals in settlement of fees owing to the individuals for consulting services provided by the individuals to our company. We issued the shares in an offshore transaction to a non-U.S. Person relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On February 25, 2004, we granted a total of 175,000 options to five persons who are members of our advisory board of directors of our company allowing the holders to acquire 175,000 shares common stock of our company at $0.50 per share on or before February 25, 2009. For those persons resident in the United States, we granted the options to accredited investors relying on Regulation D, Section 4(6) and/or Section 4(2) of the Securities Act. For those persons resident outside of the United States, we granted the options in an offshore transaction to non-US Persons relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

On January 16, 2004, we issued 500,000 shares of our common stock to one of our directors and officers in consideration for his services as a director and officer of our company. We issued the shares in an offshore transaction to a non-U.S. Person relying on Regulation S and/or Section 4(2) of the Securities Act of 1933. We are currently in the process of reviewing the terms of the employment contract pursuant to which the 500,000 shares were issued including restrictions as to the future resale of the shares.

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.

Reports of Form 8-K

On January 27, 2004, we filed a Form 8-K Current report announcing the completion of initial road testing of our Road Boss™ cargo security product and that the Road Boss™ security products are in full production.

Exhibits Required by Item 601 of Regulation S-B.

Exhibit Number/Description

(2) Plan of Acquisition

2.1 Agreement and Plan of Merger dated October 28, 2003 between Northward Ventures Inc., Bulldog Technologies Inc., a Nevada corporation, Bulldog Acquisition Corp. and John Cockburn (3)

2.2 Share Purchase Agreement dated October 28, 2003 between Northward Ventures Inc., Bulldog Technologies Inc., a British Columbia company, John Cockburn and the remaining shareholders of Bulldog Technologies Inc., a British Columbia company (3)

(3) Articles of Incorporation

3.1 Articles of Incorporation (1)

3.2 Bylaws (1)

3.3 Articles of Merger between Bulldog Acquisition Corp. and Northward Ventures, Inc. (5)

(10) Material Contracts

10.1 Option Agreement dated July 29, 2002 (1)

10.2 Option amendment dated July 15, 2003 (2)

10.3 Export Finance Facility Agreement, dated July 10, 2001, between I Trade Finance Inc. and Bulldog Technologies Inc., a British Columbia company (4)

10.4 Agreement, dated June 11, 2001, between Ronald Cranfield, Bulldog Technologies Inc., a British Columbia company and John Cockburn (4)

10.5 Addendum, dated December 11, 2001, to Agreement, dated June 11, 2001, between Ronald Cranfield, Bulldog Technologies Inc., a British Columbia company and John Cockburn (4)

10.6 Subscription Agreement, dated November 7, 2003, between Antares Investment Ltd. and Northward Ventures, Inc. (4)

10.7 Investor Registration Rights Agreement, dated November 7, 2003, between Antares Investment Ltd. and Northward Ventures, Inc. (4)

10.8 Lease Agreement dated June 16, 2003, between Ace Fire Prevention Ltd. and Bulldog Technologies Inc., a British Columbia company (4)

10.9 Director Services Agreement, dated November 17, 2003, between Bulldog Technologies Inc. and Boo Jock Chong (5)

10.10 Director Services Agreement, dated November 17, 2003, between Bulldog Technologies Inc. and James McMillan (5)

10.11 Employment Agreement, dated November 17, 2003 between Bulldog Technologies Inc. and Samuel Raich (5)

10.12 Employment Agreement, dated December 1, 2003, between Bulldog

Technologies Inc. and Alexander Potter (5)

10.13 Employment Agreement, dated December 24, 2003, between Bulldog Technologies Inc. and John Cockburn (5)

10.14* Subscription Agreement, dated December 23, 2003, between Bulldog Technologies Inc. and Greg Burnett

10.15* Subscription Agreement, dated December 23, 2003, between Bulldog Technologies Inc. and Raymond Irvine

10.16* Packet Data Terminal 100 Distribution Agreement, dated January 27, 2004 Bulldog Technologies Inc. and EMS Technologies Canada, Ltd.

10.17* Distribution Agreement, dated March 3, 2004 between Bulldog Technologies Inc. and Nettel S.A.

(21) Subsidiaries of Bulldog Technologies Inc.

Bulldog Technologies Inc. (incorporated in British Columbia)

(31)

302 Certifications

31.1* Certification of Principal Executive Officer and Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32) 906 Certifications

32.1* Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference from our Form SB-2 that was originally filed with the commission on September 28, 2002

(2) Previously submitted with our Annual Report on Form 10-KSB filed on October 24, 2003

(3) Previously submitted with our Current Report on Form 8-K filed on November 4, 2003

(4) Previously submitted with our Current Report on Form 8-K filed on November 20, 2003, as amended on November 24, 2003

(5) Previously submitted with our Quarterly Report on Form 10-QSB filed on January 21, 2004.

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John Cockburn
John Cockburn, President and Chief Executive Officer
(Principal Executive Officer, Principal Financial Officer
and Principal Accounting Officer
Date: April 19, 2004