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ARMITEC INC
Form 10QSB
July 05, 2001

1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20459

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended: March 31, 2001

Commission File Number: 0-11419

Armitec, Inc.

(Exact Name of Registrant as specified in its charter

Delaware

22-2435595

(State or other jurisdiction of incorporation or
organization

(I.R.S. Employer
Identification No.)

2965 B-2 Cobb Parkway, Atlanta, Georgia

30339

Address of Principal executive offices of Incorporation
or organization

Zip Code

770-980-9806

Registrants 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 and 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 last 90 days.

YES

NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practical date.

| CLASS | No. of shares Outstanding on March 31, 2001 |
|--------------------|---|
| Common Stock | 18,808,632 |
| Par Value \$.00167 | |
| Per share | |

1

2

ARMITEC, INC.

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(A DEVELOPMENT STAGE COMPANY)

TABLE OF CONTENTS

Part I Financial Information

Item 1. Financial Statements:

Consolidated Condensed Balance Sheets

March 31, 2001 (unaudited) and December 31, 2000.....

Consolidated Condensed Statements of Operations for the three months ended March 31, 2001 (unaudited), and cumulative from commencement of development stage through March 31, 2001 (unaudited).....

Consolidated Condensed Statements of Cash Flows for the three months ended March 31, 2001 (unaudited), and cumulative from commencement of development stage through March 31, 2001 (unaudited).....

Consolidated Statement of Changes in Stockholders' Equity for the period from December 31, 1999 to March 31, 2001 (unaudited).....

Notes to Financial Statements (unaudited).....

Item 2. Plan of operation.....

Part II Other Information

Item 1. Legal Proceedings.....

Item 2. Changes in Securities and Use of Proceeds.....

Item 3. Defaults Upon Senior Securities.....

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

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K.....

ARMITEC, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED CONDENSED BALANCE SHEETS

March 31, December 31
2001 2000
(unaudited)

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ASSETS

| | | |
|-------------------------|-----------|-----------|
| CURRENT ASSETS-cash | \$ -- | \$ 100 |
| <hr/> | | |
| OTHER ASSETS | | |
| Deferred offering costs | | 21,251 |
| Other receivables | 79,451 | |
| <hr/> | | |
| Total other assets | 79,451 | 21,251 |
| <hr/> | | |
| | \$ 79,451 | \$ 21,351 |
| <hr/> | | |

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

| | | |
|---------------------------|-----------|-----------|
| Accounts payable | \$ 71,024 | \$ 51,250 |
| Bank overdraft | 8,083 | |
| Related party obligations | 159,860 | 173,687 |
| <hr/> | | |
| Total Current Liabilities | 238,967 | 224,937 |
| <hr/> | | |

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY (DEFICIT)

| | | |
|---|-------------|-----------|
| Common stock, par value \$.0016; 50,000,000 shares authorized; 18,808,632 issued and outstanding | 30,094 | 30,094 |
| Paid-in capital | 24,033 | 24,033 |
| Common stock subscriptions | 1,606,741 | |
| Common stock subscriptions receivable | (1,500,000) | |
| (Deficit) accumulated during the development stage | (320,384) | (257,713) |
| <hr/> | | |
| Total Stockholders' Equity (Deficit) | (159,516) | (203,586) |
| <hr/> | | |
| | \$ 79,451 | \$ 21,351 |
| <hr/> | | |

The accompanying notes are an integral part of these financial statements

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| | Three Months Ended March 31, 2001 ----- | from July 24 2000 (commencement of development stage) to March 31, 2001 ----- |
|---|---|--|
| REVENUES | \$ -- | \$ -- |
| EXPENSES | | |
| General and administrative | 61,031 | 281,829 |
| Interest | 1,640 | 3,588 |
| | ----- | ----- |
| Total expenses | 62,671 | 285,417 |
| | ----- | ----- |
| NET (LOSS) | \$ (62,671) | \$ (285,417) |
| | ===== | ===== |
| NET (LOSS) PER SHARE | (*) | |
| | ===== | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 18,808,632 | |
| | ===== | |

(*) less than \$.01 per share

The accompanying notes are an integral part of these financial statements

4

5

ARMITEC, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| Three Months Ended March 31, 2001 ----- | Cumulative from July 24, 2000 (commencement of development stage) to March 31, 2001 ----- |
|---|---|
|---|---|

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CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|-------------|--------------|
| Net (loss) | \$ (62,671) | \$ (285,417) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Common stock issued for services | | 18,160 |
| Changes in operating assets and liabilities: | | |
| Increase (decrease) in accounts payable | 19,775 | 71,025 |
| | ----- | ----- |
| Net Cash (Used) by Operating Activities | (42,896) | (196,232) |
| | ----- | ----- |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|-------------------------------------|----------|-----------|
| Increase in other receivables | (79,451) | (79,451) |
| Increase in deferred offering costs | | (21,251) |
| | ----- | ----- |
| Net Cash to financing activities | (79,451) | (100,702) |
| | ----- | ----- |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|----------|----------|
| Increase in paid-in capital | | 1,000 |
| Increase in common stock subscriptions | 127,992 | 127,992 |
| Increase in related party obligations | | 173,687 |
| Decrease in related party obligations | (13,828) | (13,828) |
| | ----- | ----- |
| Net Cash to financing activities | 114,164 | 288,851 |
| | ----- | ----- |

| | | |
|------------------------|---------|---------|
| NET (DECREASE) IN CASH | (8,183) | (8,083) |
|------------------------|---------|---------|

| | | |
|------------------------------|-------|-------|
| CASH AT BEGINNING OF PERIOD, | 100 | -- |
| | ----- | ----- |

| | | |
|---------------------------------|------------|------------|
| BANK OVERDRAFT AT END OF PERIOD | \$ (8,083) | \$ (8,083) |
| | ===== | ===== |

SUPPLEMENTAL INFORMATION

| | | |
|---------------|----------|----------|
| Interest paid | \$ 1,640 | \$ 3,588 |
| | ===== | ===== |

NON-CASH ACTIVITIES

| | | |
|--|-----------|-----------|
| Deferred offering costs applied to common stock subscriptions received | \$ 21,251 | \$ 21,251 |
| | ===== | ===== |

The accompanying notes are an integral part of these financial statements

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| | Common Stock | | Paid-in Capital | Common Stock Subscri | |
|---|--------------|----------|--------------------|----------------------|----------------|
| | Shares | Amount | | Amount | Receiv |
| (audited) | | | | | |
| Balances, at inception | 15,947,542 | \$25,516 | \$ -- | -- | |
| Shares issued for compensation to employees @ \$.01 | 1,027,100 | 1,643 | 8,628 | | |
| Shares issued to settle debt @ \$.01 | 18,000 | 29 | 151 | | |
| Shares issued for outside services @ \$.01 | 1,815,990 | 2,906 | 15,254 | | |
| Net (loss) for the period | ----- | ----- | ----- | ----- | ----- |
| Balances, December 31, 2000 (unaudited) | 18,808,632 | \$30,094 | \$24,033 | -- | |
| Common stock subscribed, net of stock offering costs of \$21,251 | | | | 1,606,741 | (1,500,000) |
| Net (loss) for the three months ended March 31, 2001 | ----- | ----- | ----- | ----- | ----- |
| Balances, March 31, 2001 | 18,808,632 | \$30,094 | \$24,033 | \$ 1,606,741 | \$ (1,500,000) |
| | ===== | ===== | ===== | ===== | ===== |

The accompanying notes are an integral part of these financial statements

6

7

ARMITEC, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2000

NOTE 1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of March 31, 2001 and the results of its operations and cash flows for the three months ended March 31, 2001. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Form 10-KSB for the year ended December 31, 2000.

No comparative results of operations or cash flows for the three months ended March 31, 2000 are included in the accompanying financial statements as the legal accounting acquirer's incorporation was in July, 2000.

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ITEM 2. PLAN OF OPERATION

For the near term, the Company continues to pursue its business plan. It has had no significant revenues or operations since inception and is financially dependent on its shareholders, who have financed its existence to date. Management of the Company believes that its shareholders will continue to provide the finances the Company requires, without the need to raise additional capital for the near term.

Part II

Item 1. Legal Proceedings

NONE

Item 2. Changes in Securities and Use of Proceeds

NONE

Item 3. Defaults Upon Senior Securities

NONE

7

8

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

NONE

Item 5. Other Information

On March 20, 2001, Armitec, Inc., JRO Group, Inc. and the JRO Shareholders completed the previously announced Share exchange. In March 2001, a report of the accounts receivable status by a Special Master for the acquired company was presented to the Superior Court of Fulton County, pursuant to a request by the acquired company's bank. Based on this report and the subsequent events resulting therefrom, the acquired company is unable to finance its current assets as it had done formerly. On April 23, 2001, the parties mutually agreed to rescind the share exchange because of the foregoing, and the inability of JRO Group, Inc. to obtain the audits necessary for Armitec to complete its filings under the Securities Exchange Act of 1934. On that same date, Armitec and JRO entered into a letter of intent whereby Armitec will act as a receiver and liquidator over a one-year period. The proposed management agreement would provide that Armitec would issue shares of its common stock based on the success of the liquidation.

Item 6. Exhibits and Reports on Form 8-K:

Armitec filed a current report on Form 8-K on January 16, 2001 for the purposes of reporting the completion of the Share Exchange with Armitec.com, Inc., the execution of a Plan and Agreement to Exchange Stock by and among Armitec, JRO Group, Inc. and the shareholders of JRO Group, Inc., and the resignation of William S. Bryant and Donald S. Carman as officers and directors of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned

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thereto duly authorized.

ARMITEC, INC.

July 3, 2001

/s/ Bruce R. Davis

President and Chief Executive Officer