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I TRACK INC
Form 10QSB/A
September 13, 2001

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

FORM 10-QSB/A-1
AMENDMENT NO. 1

(Mark One)

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

For the quarterly period ended: March 31, 2001

TRANSITION REPORT UNDER SECTION 13 OF 15(D) OF THE
EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 333-49388

I-TRACK, INC.

(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

91-1966948
(IRS Employer
Identification No.)

3031 COMMERCE DRIVE, BUILDING B, FORT GRATIOT, MICHIGAN 48058
(Address of principal executive offices)

(810) 469-3500
(Issuer's telephone number)

NOT APPLICABLE
(Former name, former address and former fiscal year,
if changed since last report)

State the number of shares outstanding of each of the issuer's
classes of common equity, as of the last practicable date:

18,700,000 SHARES OF COMMON STOCK, \$0.001 PAR VALUE,
AS OF MAY 14, 2001

Transitional Small Business Disclosure Format (check one); Yes _____ No X

I-TRACK, INC.

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I-TRACK, INC.
 F/K/A AVL SYS INTERNATIONAL, INC.
 (A DEVELOPMENT STAGE COMPANY)
 BALANCE SHEET
 MARCH 31, 2001
 (UNAUDITED)

ASSETS

Current assets:		
Cash	\$	1,252
Other assets:		
Deferred issuance costs		23,737

	\$	24,989
		=====

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

Current liabilities:		
Accounts payable	\$	14,974
Operating advance - related party		26,500

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	41,474

Stockholders' deficit:	
Preferred stock: 1,000,000 shares authorized, \$0.01 par value, none issued or outstanding	-
Common stock: 50,000,000 shares authorized, \$0.001 par value, 18,700,000 issued and outstanding	18,700
Deficit accumulated during the development stage	(35,185)
	=====
	(16,485)

	\$ 24,989
	=====

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

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I-TRACK, INC.
F/K/A AVL SYS INTERNATIONAL, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31, 2001 =====	FOR THE THREE MONTHS ENDED MARCH 31, 2000 =====
Revenue:	\$ 0	\$ 0
Costs and expenses:		
General and administrative expenses	69	459
Total costs and expenses	69	459
Net (loss)	\$ (69)	\$ (459)
Per share information: Basic and fully diluted		
Weighted average number of common shares outstanding	18,700,000 =====	18,700,000 =====
Net (loss) per common share	\$ (0.00) =====	\$ (0.00) =====

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

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I-TRACK, INC.
 F/K/A AVL SYS INTERNATIONAL, INC.
 (A DEVELOPMENT STAGE COMPANY)
 STATEMENTS OF CASH FLOWS
 (UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31, 2001 =====	FOR THE THREE MONTHS ENDED MARCH 31, 20 =====
Net cash provided by (used in) operating activities	\$ 14,010	\$ (45
Cash flows from investing activities:		
Net cash provided by investing activities	-	
Cash flows from financing activities:		
Proceeds from operating advance - related party	6,500	
Deferred offering costs	(23,737)	
Proceeds from issuance of stock	-	
Net cash provided by (used in) financing activities	(17,237)	
Net Increase (Decrease) in Cash	(3,227)	(45
Beginning Cash	4,479	47
Ending Cash	\$ 1,252	\$ 1

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

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I-TRACK, INC.
 F/K/A AVL SYS INTERNATIONAL, INC.

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(A DEVELOPMENT STAGE COMPANY)
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the audited financial statements of the Company as of December 31, 2000, including notes thereto, included in the Company's Registration Statement on Form SB-1.

NOTE 2: EARNINGS PER SHARE

The Company calculates net income (loss) per share as required by SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During the periods presented, common stock equivalents were not considered, as their effect would be anti-dilutive.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Unless the context otherwise requires, the terms "we", "our" and "us" refers to i-Track, Inc.

CAUTION

Certain statements in this Quarterly Report on Form 10-QSB, our audited financial statements for the fiscal year ended December 31, 2000 as filed in our registration statement on Form SB-1, as well as statements made by us in periodic press releases, oral statements made by our officials to analysts and shareholders in the course of presentations about ourselves, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of us to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Such factors include, among other things, (1) general economic and business conditions; (2) interest rate changes; (3) the relative stability of the debt and equity markets; (4) competition; (5) the availability

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and cost of our products; (6) demographic changes; (7) government regulations particularly those related to automatic vehicle location industry; (8) required accounting changes; (9) equipment failures, power outages, or other events that may interrupt Internet communications; (10) disputes or claims regarding our proprietary rights to our software and intellectual property; and (11) other factors over which we have little or no control.

SELECTED FINANCIAL DATA

Our selected financial data for the three months ended March 31, 2001 shown below is derived from our financial statements. The financial data derived from the statements should be read in conjunction with our financial statements and the notes included elsewhere in this report.

BALANCE SHEET DATA:	MARCH 31, 2001	DECEMBER 31, 2000
Current Assets	\$1,252	\$4,479
Total Assets	\$24,989	\$4,479
Current Liabilities	\$41,474	\$20,895
Stockholders' Deficiency	\$(16,485)	\$(16,416)
Working Capital Deficiency	\$(40,222)	\$(16,416)

STATEMENT OF LOSS DATA:	THREE MONTH PERIOD ENDED	
	MARCH 31, 2001	MARCH 31, 2000
Revenues	\$0	\$0
Net Loss	\$(69)	\$(459)
Net Loss per Share	\$(0.00)	\$(0.00)

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OVERVIEW

We were incorporated in the state of Nevada on March 8, 1999 by AVL Information Systems Ltd. and its principal officer and directors. AVL Information Systems Ltd. is a Canadian public company that owns and licenses certain technology and automatic vehicle location systems. On January 7, 2001, we entered into a non-exclusive worldwide International Distribution Agreement with AVL Information Systems Ltd. Under the agreement, we are licensed to market and distribute an automatic vehicle location system called the Spryte System(TM). The Spryte System(TM) integrates Global Positioning System technology, cellular-wireless communications and the Internet to enable companies to efficiently manage their mobile resources with location-relevant and time-sensitive information. While there are several ways to transmit information from a vehicle to a central location, we believe that the Spryte System(TM) provides significant value to customers by reducing their costs of doing business and increasing the productivity of their mobile resources.

We are in the development stage and have not generated any revenues. We have a cumulative net loss of \$35,185 through March 31, 2001. We have suffered losses from operations and require additional financing. Ultimately we need to generate revenues and successfully attain profitable operations. The marketing and distribution of the Spryte System(TM) may take years to complete and the amount of resulting revenues, if any, is difficult to determine. Our previous capital needs have been met by equity offerings, and we have issued common stock in

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exchange for services rendered and funds advanced by related parties. These factors raise substantial doubt about our ability to continue as a going concern. There can be no assurance that we will be able to market and distribute the Spryte System(TM). Even if we are able to market and distribute the system, there is no assurance that we will be able to generate revenues and attain profitable operations.

RESULTS FROM OPERATIONS

We have a limited operating history. We incurred a net loss of \$32,087 for the year ended December 31, 2000, and had a net loss of \$3,029 for the period ended December 31, 1999. For the three months ended March 31, 2001, we had a net loss of \$69, as compared to \$459 for the comparable 2000 period. The decreased loss for the current fiscal period was primarily due to the deferred issuance costs of \$23,737 for our initial public offering effort described below under "Additional Funding". We incurred significant legal and accounting expenses in connection with the preparation and filing of the registration statement.

LIQUIDITY AND FINANCIAL CONDITION

For the three months ended March 31, 2001, the statement of cash flows reflects net cash provided by operating activities of \$14,010, which was offset by net cash provided by financing activities of \$17,237. We incurred deferred offering costs of \$23,737 for the three months ended March 31, 2001. For the three months ended March 31, 2000, the only activity reflected was the net cash used of \$459 for operations. Our working capital deficiency increased to \$40,222 from \$16,416 at December 31, 2000 due to the deferred offering costs incurred during the period.

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Since we have no source of revenue, our working capital will be depleted by operating expenses and we will be dependent upon external sources of cash.

ADDITIONAL FUNDING

On November 6, 2000, we filed a registration statement on Form SB-1 with the SEC for an initial public offering of 2,500,000 units, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock. After several amended filings, our registration statement was declared effective on April 10, 2001. The units are being offered at \$0.10 per unit, and each warrant entitles the holder to purchase one share of common stock at the exercise price of \$0.50 per share, beginning anytime after the date of purchase until twelve months after completion of the initial offering. If we are able to sell all of the units in this offering, we believe the net proceeds of the offering will be sufficient to fund our operations for at least the next twelve months. If we are unable to sell all or a portion of the units, or obtain other sources of financing when needed, we may be forced to cease operations and abandon our business, and you may lose your entire investment.

PLAN OF OPERATION

At this time, we intend to establish relationships with a number of other companies to accelerate the implementation of the distribution agreement and the

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sale of the Spryte Systems(TM). We believe that our status as a U.S. publicly traded company will assist us in establishing strategic alliances because of our perceived level of credibility and access to capital in the U.S. markets. We intend to establish relationships with existing companies engaged in the automatic vehicle location industry, wireless carriers, manufacturers, distributors, and Internet companies. We intend to create relationships and to retain consultants and contractors with established connections in the telecommunication and application service provider industries. We foresee that compensation would be commission based. Depending upon the market acceptance of the Spryte System(TM), we may hire employees in the foreseeable future.

We believe that establishing a network of alliances, while not a small task, can be accomplished in a shorter period of time and at less cost than building a comparable direct sales infrastructure. It is our priority to establish a channel partner network in the U.S. and Canada, and recruit international channel partners as opportunities present themselves.

We expect to generate revenues by selling the Spryte Systems(TM) at cost plus margin. Under the distribution agreement, all orders are shipped common carrier FOB destination, and we are required to pay 30% of the total order price the time of ordering, 30% upon delivery of the order, and 40% within 30 days after installation. We believe the amount of margin will vary depending on the time, expense, and size of sale. We expect to realize revenues within the next three months.

We do not expect to purchase any significant equipment during the next twelve months, nor do we expect to hire a significant number of employees during that time period. We expect to finance our objectives through the proceeds of our initial public offering on Form SB-1.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not Applicable.

ITEM 2. CHANGES IN SECURITIES

Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

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

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

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Regulation
S-B Number

Exhibit

2.1 Articles of Incorporation (1)