

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

PROHEALTH MEDICAL TECHNOLOGIES INC
Form 10QSB
October 11, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-QSB

(Mark one)

X Quarterly Report Under Section 13 or 15(d) of the Securities Exchange
----- Act of 1934

For the quarterly period ended September 30, 2002

----- Transition Report Under Section 13 or 15(d) of the Securities Exchange
Act of 1934

For the transition period from _____ to _____

Commission File Number: 2-90519

ProHealth Medical Technologies, Inc
(Exact name of small business issuer as specified in its charter)

Nevada

59-2262718

(State of incorporation)

(IRS Employer ID Number)

211 West Wall Street, Midland, TX 70701-4556
(Address of principal executive offices)

(915) 682-1761
(Issuer's telephone number)

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

State the number of shares outstanding of each of the issuer's classes of common
equity as of the latest practicable date: October 10, 2002: 10,145,640

Transitional Small Business Disclosure Format (check one): YES NO X

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

ProHealth Medical Technologies, Inc.

Form 10-QSB for the Quarter ended September 30, 2002

Table of Contents

	Page

Part I - Financial Information	
Item 1 Financial Statements	3
Item 2 Management's Discussion and Analysis or Plan of Operation	10
Part II - Other Information	
Item 1 Legal Proceedings	12
Item 2 Changes in Securities	12
Item 3 Defaults Upon Senior Securities	12
Item 4 Submission of Matters to a Vote of Security Holders	12
Item 5 Other Information	12
Item 6 Exhibits and Reports on Form 8-K	12
Signatures	13

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

ProHealth Medical Technologies, Inc.
Balance Sheets
September 30, 2002 and 2001

(Unaudited)

	September 30, 2002	September 30, 2001
	-----	-----
Assets		
Current Assets		
Cash in bank	\$ 135	\$ 135
	-----	-----
Total Assets	\$ 135	\$ 135
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable - trade	\$ --	\$ --
	-----	-----
Total liabilities	--	--
	-----	-----
Commitments and contingencies		
Shareholders' Equity (Deficit)		
Common stock - \$0.0001 par value		
100,000,000 shares authorized		
10,145,640 shares issued and outstanding, respectively	1,015	1,015
Additional paid-in capital	815,182	815,182
Accumulated deficit	(816,062)	(816,062)
	-----	-----
Total Shareholders' Equity (Deficit)	135	135
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 135	\$ 135
	=====	=====

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

3

ProHealth Medical Technologies, Inc.
Statements of Operations and Comprehensive Income
Nine and Three months ended September 30, 2002 and 2001

(Unaudited)

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

	Nine months ended September 30, 2002	Nine months ended September 30, 2001	Three months ended September 30, 2002	Three m end Septemb 2
Revenues	\$ --	\$ --	\$ --	\$
Expenses				
General and administrative expenses	--	8,372	--	
Loss before Income Taxes	--	(8,372)	--	
Provision for Income Taxes	--	--	--	
Net Loss	--	(8,372)	--	
Other Comprehensive Income	--	--	--	
Comprehensive Income	\$ --	\$ (8,372)	\$ --	\$
Loss per weighted-average share of common stock outstanding, computed on Net Loss - basic and fully diluted	nil	\$ (0.01)	nil	\$
Weighted-average number of shares of common stock outstanding	10,145,640	365,420	1 0,145,640	7

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

4

ProHealth Medical Technologies, Inc.
Statements of Cash Flows
Nine months ended September 30, 2002 and 2001

(Unaudited)

	Nine months ended September 30, 2001	Nine months ended September 30, 2000
Cash Flows from Operating Activities		

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

Net Loss	\$	--	\$	(8,372)
Adjustments to reconcile net income to net cash provided by operating activities				
Increase in Accounts payable - trade		--		(1,493)
Net cash used in operating activities		--		(9,865)
Cash Flows from Investing Activities		--		--
Cash Flows from Financing Activities				
Proceeds from private placement of common stock		--		10,000
Increase (Decrease) in Cash and Cash Equivalents		--		135
Cash at beginning of period		135		--
Cash at end of period	\$	135	\$	135
Supplemental Disclosures of Interest and Income Taxes Paid				
Interest paid during the period	\$	--	\$	--
Income taxes paid (refunded)	\$	--	\$	--

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

5

ProHealth Medical Technologies, Inc.

Notes to Financial Statements

Note A - Organization and Description of Business

ProHealth Medical Technologies, Inc. (Company) was originally incorporated on January 26, 1983 under the laws of the State of Florida as Datalink Systems, Inc.

The Company has had no operations, assets or liabilities since 1989. The Company intends to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

Note B - Preparation of Financial Statements

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has adopted a year-end of December 31.

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-KSB for the year ended December 31, 2001. The information presented within these interim financial statements may not include all disclosures required by accounting principles generally accepted in the United States of America and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-QSB, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending December 31, 2002.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented

For segment reporting purposes, the Company operated in only one industry segment during the periods represented in the accompanying financial statements and makes all operating decisions and allocates resources based on the best benefit to the Company as a whole.

6

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note C - Going Concern Uncertainty

The Company's majority stockholder maintains the corporate status of the Company and provides all nominal working capital support on the Company's change in

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

control in November 1999.

In September 2001, the Company sold 10,000,000 restricted, unregistered shares of common stock at \$0.001 per share, for gross proceeds of \$10,000, to the Company's President to provide working capital to satisfy all debts incurred in the maintenance of the corporate entity.

Because of the Company's lack of operating assets, the Company's continuance is fully dependent either future sales of securities or upon its current management and/or advances or loans from significant stockholders or corporate officers to provide sufficient working capital to preserve the integrity of the corporate entity.

There is no assurance that the Company will be able to obtain additional funding through the sales of additional securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company's need for capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

Note D - Summary of Significant Accounting Policies

1. Cash and cash equivalents

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

2. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. At September 30, 2002 and 2001, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note D - Summary of Significant Accounting Policies - Continued

3. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of September 30, 2002 and 2001, respectively, the Company had no warrants and/or options outstanding.

Note E - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

Note F - Income Taxes

The components of income tax (benefit) expense for the nine months ended September 30, 2002 and 2001, respectively, are as follows:

	Nine months ended September 30, 2002	Nine months ended September 30, 2001
	-----	-----
Federal:		
Current	\$ --	\$ --
Deferred	--	--
	-----	-----
	--	--
	-----	-----
State:		
Current	--	--
Deferred	--	--
	-----	-----
	--	--

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

	-----	-----
Total	\$ --	\$ --
	=====	=====

8

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note F - Income Taxes - Continued

At September 30, 2002, as a result of a November 1999 change in control, the Company has a net operating loss carryforward of approximately \$12,700 to offset future taxable income. Subject to current regulations, this carryforward will begin to expire in 2019. The amount and availability of the net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

The Company's income tax expense (benefit) for the nine months ended September 30, 2002 and 2001, respectively, differed from the statutory federal rate of 34 percent as follows:

	Nine months ended September 30, 2002	Nine months ended September 30, 2001
	-----	-----
Statutory rate applied to loss before income taxes	\$ --	\$ (2,846)
Increase (decrease) in income taxes resulting from:		
State income taxes	--	--
Other, including reserve for deferred tax asset	--	2,846
	-----	-----
Income tax expense	\$ --	\$ --
	=====	=====

Temporary differences, consisting primarily of statutory deferrals of expenses for organizational costs and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and liabilities as of September 30, 2001 and 2000, respectively:

September 30, 2002	September 30, 2001
-----------------------	-----------------------

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

	-----	-----
Deferred tax assets		
Net operating loss carryforwards	\$ 4,300	\$ 4,080
Less valuation allowance	(4,300)	(4,080)
	-----	-----
Net Deferred Tax Asset	\$ --	\$ --
	=====	=====

Note G - Common Stock Transactions

On September 25, 2001, the Company sold 10,000,000 shares of restricted, unregistered common stock at \$0.001 per share for gross proceeds of \$10,000, pursuant to a private placement memorandum to the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

9

Part I - Item 2

Management's Discussion and Analysis of Financial Condition and Plan of Operation

(1) Caution Regarding Forward-Looking Information

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-QSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

(2) Results of Operations, Liquidity and Capital Resources and Plan of Operation

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

Results of Operations

The Company had no revenue for the respective nine and three month periods ended September 30, 2002 and 2001, respectively.

General and administrative expenses for the nine months ended September 30, 2002 and 2001 were approximately \$-0- and \$8,372, respectively. General and administrative expenses during these years consisted principally of fees associated with the maintenance of the Company's shareholder ledger. The Company realized a net loss of approximately \$-0- and \$8,372 for the nine months ended September 30, 2002 and 2001, respectively.

The Company does not expect to generate any meaningful revenue or incur more than nominal operating expenses unless and until such time that the Company begins meaningful operations.

Liquidity and Capital Resources

At September 30, 2002, and for all periods subsequent thereto, the Company had working capital and cash on deposit of approximately \$135.

On September 25, 2001, the Company sold 10,000,000 shares of restricted, unregistered common stock at \$0.001 per share for gross proceeds of \$10,000, pursuant to a private placement memorandum to Glenn A. Little, the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

10

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company's need for capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

Plan of Business

General

The Company intends to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Pending negotiation and consummation of a combination, the Company anticipates that it will have, aside from carrying on its search for a combination partner, no business activities, and, thus, will have no source of revenue. Should the Company incur any significant liabilities prior to a combination with a private company, it may not be able to satisfy such liabilities as are incurred.

If the Company's management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is foreseeable that such efforts will exhaust the Company's ability to continue to seek such combination opportunities before any successful combination can be consummated. In that event, the Company's common stock will become worthless and holders of the Company's common stock will receive a nominal distribution, if any, upon the Company's liquidation and dissolution.

Combination Suitability Standards

In its pursuit for a combination partner, the Company's management intends to consider only combination candidates which are profitable or, in management's view, have growth potential. The Company's management does not intend to pursue any combination proposal beyond the preliminary negotiation stage with any combination candidate which does not furnish the Company with audited financial statements for at least its most recent fiscal year and unaudited financial statements for interim periods subsequent to the date of such audited financial statements, or is in a position to provide such financial statements in a timely manner. The Company will, if necessary funds are available, engage attorneys and/or accountants in its efforts to investigate a combination candidate and to consummate a business combination. The Company may require payment of fees by such combination candidate to fund the investigation of such candidate. In the event such a combination candidate is engaged in a high technology business, the Company may also obtain reports from independent organizations of recognized standing covering the technology being developed and/or used by the candidate. The Company's limited financial resources may make the acquisition of such reports difficult or even impossible to obtain and, thus, there can be no assurance that the Company will have sufficient funds to obtain such reports when considering combination proposals or candidates. To the extent the Company is unable to obtain the advice or reports from experts, the risks of any combined enterprise's being unsuccessful will be enhanced. Furthermore, to the knowledge of the Company's officers and directors, neither the candidate nor any of its directors, executive officers, principal shareholders or general partners:

11

- (1) will not have been convicted of securities fraud, mail fraud, tax fraud, embezzlement, bribery, or a similar criminal offense involving misappropriation or theft of funds, or be the subject of a pending investigation or indictment involving any of those offenses;
- (2) will not have been subject to a temporary or permanent injunction or restraining order arising from unlawful transactions in securities, whether as issuer, underwriter, broker, dealer, or investment advisor, may be the subject of any pending investigation or a defendant in a

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

pending lawsuit arising from or based upon allegations of unlawful transactions in securities; or

- (3) will not have been a defendant in a civil action which resulted in a final judgement against it or him awarding damages or rescission based upon unlawful practices or sales of securities.

The Company's officers and directors will make these determinations by asking pertinent questions of the management of prospective combination candidates. Such persons will also ask pertinent questions of others who may be involved in the combination proceedings. However, the officers and directors of the Company will not generally take other steps to verify independently information obtained in this manner which is favorable. Unless something comes to their attention which puts them on notice of a possible disqualification which is being concealed from them, such persons will rely on information received from the management of the prospective combination candidate and from others who may be involved in the combination proceedings.

Part II - Other Information

Item 1 - Legal Proceedings

None

Item 2 - Changes in Securities

None

Item 3 - Defaults on Senior Securities

None

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

The Company has held no regularly scheduled, called or special meetings of shareholders during the reporting period.

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

Exhibits

- 99.1 CEO/CFO Certification Pursuant to 18 USC, Section 1330, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused

Edgar Filing: PROHEALTH MEDICAL TECHNOLOGIES INC - Form 10QSB

this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ProHealth Medical Technologies, Inc.

Dated: October 10, 2002

/s/ Glenn A. Little.

Glenn A. Little
President, Chief Executive Officer
Chief Financial Officer and Director