

Edgar Filing: YSEEK INC - Form 10QSB

YSEEK INC
Form 10QSB
November 06, 2003

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

FORM 10-QSB

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

For the quarterly period ended September 30, 2003

or

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

Commission file number: 0-25097

ADVANCED 3-D ULTRASOUND SERVICES, INC. f/k/a/ YSEEK, INC.
(Exact Name of Small Business Issuer in Its Charter)

Florida
(State or other jurisdiction of
incorporation or organization)

65-0783722
(I.R.S. Employer
Identification No.)

7732 N. Mobley Drive, Odessa, Florida
(Address of principal executive offices)

33556
(Zip Code)

Registrant's telephone number, including area code: (813) 926-3298

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

The number of shares of the registrant's common stock, par value \$.0001 per
share, outstanding as of September 30, 2003, was 44,231,765.

Part I - Financial Information

Advanced 3-D Ultrasound Services, Inc.
(Formerly Yseek, Inc.)

FINANCIAL STATEMENTS

September 30, 2003

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ADVANCED 3-D ULTRASOUND SERVICES, INC. (FORMERLY YSEEK, INC.)
BALANCE SHEET

| | September 30, 2003 |
|--|-----------------------|
| | (unaudited) |
| ASSETS | |
| Current assets | |
| Cash | \$ 137 |
| Total Assets | \$ 137 |
| | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| Current liabilities | |
| Accounts payable and accrued expenses | \$ 44,559 |
| Commitments and contingencies | |
| Stockholders' equity | |
| Common stock; \$.0001 par value; 50,000,000 shares authorized; 44,231,765 shares issued and outstanding | 4,423 |
| Paid in capital | 8,520,400 |
| Accumulated deficit | (8,569,245) |
| Total stockholders' equity | (44,422) |
| Total Liabilities and Stockholders' Equity | \$ 137 |

The accompany notes are an integral part of the financial statements.
Advanced 3-D Ultrasound Services, Inc. (Formerly Yseek, Inc.)

ADVANCED 3-D ULTRASOUND SERVICES, INC. (FORMERLY YSEEK, INC.)
STATEMENTS OF OPERATIONS

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenues | \$ - | \$ - | \$ - | \$ - |

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Expenses

| | | | | |
|--|-------------|-------------|--------------|----------|
| Selling, general and administrative | 34,009 | 23,297 | 153,682 | 60,9 |
| Total expenses | 34,009 | 23,297 | 153,682 | 60,9 |
| Other income (expense) | | | | |
| Interest expense | - | 6,002 | (9) | (2,8 |
| Total other income (expense) | - | 6,002 | (9) | (2,8 |
| Loss from continuing operations | (34,009) | (17,295) | (153,691) | (63,4 |
| Discontinued operations | | | | |
| Loss from discontinued operations of internet business | - | 543 | - | 33,3 |
| Net loss | \$ (34,009) | \$ (17,838) | \$ (153,691) | \$ (96,8 |
| Loss per common share | | | | |
| From continuing operations | \$ - | \$ - | \$ - | \$ - |
| Discontinued operations - loss from operations | - | - | - | - |
| Total loss per share | \$ - | \$ - | \$ - | \$ - |
| Weighted average common | | | | |
| shares outstanding | 43,660,098 | 24,051,989 | 40,748,691 | 22,894, |

The accompany notes are an integral part of the financial statements.
Advanced 3-D Ultrasound Services, Inc. (Formerly Yseek, Inc.)

ADVANCED 3-D ULTRASOUND SERVICES, INC. (FORMERLY YSEEK, INC.)
STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

| | Nine Months E September 3 |
|---|------------------------------|
| | 2003 (unaudited) |
| Cash flows from operating activities | |
| Net loss | \$ (153,691) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Stock issued to consultants | 15,000 |
| Amortization | - |
| Decrease (increase) in receivables | - |

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| | |
|---|-----------|
| Increase in accounts payable and accrued expenses | 5,530 |
| Total adjustments | 20,530 |
| Net cash used in operating activities | (133,161) |
| Cash flows from financing activities | |
| Payments on notes payable | - |
| Proceeds from issuance of loans payable | - |
| Net advances from a stockholder | - |
| Proceeds from sale of common stock | 126,300 |
| Net cash provided by financing activities | 126,300 |
| Net increase (decrease) in cash | (6,861) |
| Cash, beginning of period | 6,998 |
| Cash, end of period | \$ 137 |

The accompanying notes are an integral part of the financial statements.
Advanced 3-D Ultrasound Services, Inc. (Formerly Yseek, Inc.)

Supplemental disclosures of noncash investing and financing activities:

In September, 2002, the Company received a stock subscription for 700,000 common shares in exchange for a future cash payment of \$10,500

Supplemental disclosure of cash flow information:

The Company paid \$9 and \$2,853 in interest for the nine months ended September 30, 2003 and 2002, respectively.

NOTES TO FINANCIAL STATEMENTS

September 30, 2003

The information presented herein as of September 30, 2003, and for the three and nine-months ended September 30, 2003 and 2002, is unaudited.

(1) Organization:

The Company changed its name from Yseek, Inc. to Advanced 3-D Ultrasound Service, Inc. on May 2, 2003.

(2) Basis of Presentation:

The accompanying financial statements of Advanced 3-D Ultrasound Services, Inc. (Formerly Yseek, Inc.) (the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal required adjustments) considered necessary for a fair presentation have been included.

Operating results for the nine-month period ended September 30, 2003, are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the financial statements

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and footnotes included in the Company's annual report of Form 10-KSB for the year ended December 31, 2002.

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

(3) Loss on Impairment of Software License and Discontinued Operations:

Late in 2000, the Company launched an internet search portal called Yseek.com based on a ten-year license it acquired in late 2000. During 2001 and 2002, the Company entered into several short-term revenue sharing agreements with internet host sites to generate traffic to the site and generate revenues. The Company's management with internet related experience resigned from the Company in September 2002.

In December 2002, current management determined they would dispose of their software license for an internet search portal called Yseek.com due to the lack of revenues, experience of current management with internet businesses and due to the lack of funds available to generate sufficient revenues from the site. Management will attempt to sell the license however there is not an active market for such an asset, and no buyer is presently identified. As of December 31, 2002, the net book value of the license was \$517,754. The Company recognized a loss from impairment of \$517,754 in 2002. The Company discontinued internet operations in December 2002.

Amortization expense on software license, which is included in loss from discontinued operations, was \$32,700 for the nine months ended September 30, 2002.

ADVANCED 3-D ULTRASOUND SERVICES, INC. (FORMERLY YSEEK, INC.)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

(3) Loss on Impairment of Software License and Discontinued Operations:(Continued)

Summarized results of internet operations for the nine months ended September 30, 2003 and 2002, are as follows:

| | Nine Months Ended September 30, | |
|-----------------------------------|------------------------------------|-------------|
| | 2003 | 2002 |
| Net sales | \$ - | \$ - |
| Operating loss | \$ - | \$ (33,329) |
| Loss from discontinued operations | \$ - | \$ (33,329) |

(4) Stock Transactions:

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During the nine months ended September 30, 2003, the Company sold 8,420,000 shares of common stock for cash of \$126,300.

On February 1, 2003, the Company entered into a consulting agreement with an individual to investigate a potential business opportunity for a period of ninety days. In exchange for services, the consultant will receive \$10,000 and 1,000,000 common shares. The Company recognized an expense of \$15,000 related to the shares issued which represents the market value of the shares.

(5) Subsequent Events:

Subsequent to September 30, 2003, the Company sold 1,600,000 shares of common stock for cash of \$24,000.

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

PLAN OF OPERATION

During the first eight months of 2002, the Company's board of directors and officers were affiliated with companies and individuals with substantial experience in the internet industry. Prior to 2002, strategic alliances and consulting agreements had allowed the Company to acquire management and marketing expertise with these individuals and companies. In September 2002 these officers and directors elected new officers and directors and then resigned. The new officers and directors have been involved with the company since its inception, except for the period from April 2001 to September 2002.

In late 2000, the Company acquired a ten-year software license for the use of a keyword biddable search engine and related domain names. The Company entered into two traffic promotion agreements whereby each promoter provided hits to the Company web site. The Company issued stock in exchange for these agreements enabling the Company to move forward on its plans without the use of any funds. The stock issued under the traffic promotion agreements was returned in September 2002. New management elected in September 2002 has decided not to pursue an Internet related business and therefore recognized an impairment loss for the unamortized value of the search engine in the fourth quarter of 2002. Management will attempt to sell the remaining term of the license however there is no ready market and the ultimate proceeds, if any, cannot be determined.

The Company's plans include acquiring or developing profitable business ventures. On February 1, 2003, the Company entered into a consulting agreement with an individual to investigate a potential business opportunity for a period of ninety days. In exchange for these services, the consultant will receive \$10,000 and 1,000,000 common shares. Currently the Company is actively pursuing the business of 3-D fetal photography. 3-D fetal photography provides clear color photographs of an unborn child. The Company believes recent improvements make this technology practical and desired by parents. In response to the Company's decision to pursue this business venture, the Company received shareholder approval to pursue this venture and therefore changed its name to Advanced 3-D Ultrasound Services, Inc. at its shareholders meeting on May 2, 2003.

The Company is currently working on the business model for a 3-D fetal photography center and a marketing plan for the first center. The Company is also pursuing a lease for the center, determining the design of such space and negotiating with vendors to provide equipment. The Company is also pursuing trademark protection.

The Company's plans to develop a profitable 3-D fetal photography business will

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require additional funds. The Company has adopted a subscription agreement to raise \$300,000 of which \$200,000 will be used for fetal photography development and \$100,000 used for working capital. In the second and third quarters of 2003, the Company received an additional \$43,050 and \$26,250, respectively from the sales of common stock.

From September 2002 through December 2002, the Company received \$138,730 from sales of common stock, of which \$35,000 was from one of the new officers who is a major stockholder. This initial funding was used primarily to pay off debts and to fund minimal administrative costs. In the first quarter of 2003, the Company received an additional \$57,000 from sales of common stock. This funding was used to fund administrative costs and to fund the consulting agreement noted in a preceding paragraph. The Company plans to fund its near-term operations through additional sales of common stock.

As of September 30, 2003 the Company had little available cash. However, the Company's operations are currently minimal and the cash outflows have been substantially reduced. Additionally the Company's officers and board members have agreed to fund the Company's current level of operations if necessary. Additionally, the Company sold stock subsequent to September 30, 2003 totaling \$24,000.

In October 2002 the Company entered into employment agreements with its vice president and treasurer. The employment agreements are for the period October 1, 2002 through September 30, 2003. Compensation under both agreements will be 4,500,000 common shares valued at \$.01 per share. Bonuses can be paid at the discretion of the Board.

Item 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)) within 90 days prior to the filing of this report, has concluded that, based on such evaluation, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company, including its consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Quarterly Report on Form 10-QSB was being prepared.

(b) Changes in internal controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. Accordingly, no corrective actions were required or undertaken.

Part II.

Item. 2. Changes in Securities

From July 1, 2003 to September 30, 2003, Registrant sold a total of 1,750,000 common shares for a cash purchase price of \$.015 per share as follows:

| Name | Number Common Shares Purchased | Date |
|------|--------------------------------|------|
|------|--------------------------------|------|

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| | | |
|---------------------------|---------|----------|
| Theodore Grevas | 350,000 | 07-07-03 |
| Gurwitz Enterprises, Ltd. | 500,000 | 07-08-03 |
| Timothy T. Berrong | 500,000 | 08-14-03 |
| Douglas W. Kile | 100,000 | 08-29-03 |
| Ian Stewart | 200,000 | 09-04-03 |
| Craig Huber | 100,000 | 09-11-03 |

All sales were made pursuant to Section 4(2) of the 1933 Act. The proceeds of the sale of these securities (\$26,250.00) were used to provide operating capital.

Item 6. Exhibits and Reports on Form 8-K

Exhibits

| Exhibit | Description | Number |
|---------|--|--------------------------------------|
| (2) | Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession..... | None |
| (4) | Instruments defining the rights of holders, including Indentures | None |
| (10) | Material contracts | None |
| (11) | Statement re: computation of per share earnings..... | Note 2 to Financial Statements |
| (15) | Letter re: Unaudited Interim Financial Information..... | None |
| (18) | Letter on change in accounting principles..... | None |
| (19) | Report Furnished to Security Holders | None |
| (22) | Published report regarding matters submitted to vote..... | None |
| (23) | Consents of Experts and Counsel..... | None |
| (24) | Power of Attorney..... | None |
| (99) | Additional Exhibits..... | None |
| | 99.1 Certification of CEO and CFO..... | * |
| | 99.2 Section 1350 certification | * |

* Filed herewith

(b) REPORTS ON FORM 8-K:

Report on Form 8-K filed November 4, 2003, reporting Item 4.

SIGNATURES

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

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YSEEK, INC.

Dated: November 6, 2003

By: /s/ David Weintraub

David Weintraub
Chief Executive Officer
Chief Financial Officer