

OSK CAPITAL III CORP
Form 10KSB
April 08, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB

Annual report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2003.

Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _
to _.

OSK CAPITAL III CORP.

(Name of small business in its charter)

| | | |
|--|---------------------|-----------------------------------|
| Nevada | 0-30023 | 84-1491676 |
| (State or other jurisdiction of incorporation) | Commission File No. | (IRS Employer Identification No.) |

| | |
|---------------------------------------|----------|
| P.O. Box 461029, Glendale, Colorado | 80246 |
| Address of Principal Executive Office | Zip Code |

Issuer's telephone number: (303) 394-1187

Securities to be registered under Section 12(b) of the Act:

Title of each class

N/A

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Securities to be registered under Section 12(g) of the Act:

Common Stock

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 ____

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ____

State issuer's revenue for its most recent fiscal year: \$ -0-

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked priced of such stock, as of a specified date within the past 60 days (See definition of affiliate in Rule 12b-2): -0-

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

(Issuers involved in bankruptcy proceedings during the past five years):

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ____ No ____

(Applicable only to corporate registrants) State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,316,000 as of December 31, 2003.

(Documents incorporated by reference. If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g. Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

The Company was incorporated under the laws of the State of Nevada on March 2, 1999, and is in the early developmental and promotional stages. To date, the Company's only activities have been organizational ones, directed at developing its business plan and raising its initial capital. The Company has not commenced any commercial operations. The Company has no full-time employees and owns no real estate.

At the end of its fiscal year ending December 31, 2003, the Company has not identified any business opportunity that it plans to pursue, nor has the Company reached any agreement or definitive understanding with any person concerning an acquisition.

No assurance can be given that the Company will be successful in finding or acquiring a desirable business opportunity, given the limited funds that are expected to be available for acquisitions, or that any acquisition that occurs will be on terms that are favorable to the Company or its stockholders.

The Company's search has been directed toward enterprises which have a desire to become a public corporation and which have a business plan designed to allow them to take advantage of opportunities available to public entities. This includes entities which have been recently organized, with no operating history, or a history of losses attributable to under-capitalization or other factors, entities in need of funds to develop a new product or service or to expand into a new market, entities which desire to use their securities to make acquisitions, and entities which have a combination of these characteristics.

In searching for investment opportunities, the Company is not restricted to any particular geographical area or industry. Therefore, subject to economic conditions, limitations on its ability to locate available business opportunities, and other factors, the Company has substantial discretion in selecting an appropriate business opportunity.

In connection with any acquisition, it is highly likely that an amount of stock constituting control of the Company would be issued by the Company or purchased from the Company's current principal shareholders by the target entity or its controlling shareholders.

Other Entities

The officers, directors and principal shareholders of the Company are also the officers, directors and principal shareholders of eight other corporations which were formed at the same time as the Company. Each of these other corporations has the same business plan as the Company.

Investigation and Selection of Business Opportunities

To a large extent, a decision to participate in a specific business opportunity may be made upon management's analysis of the quality of the other company's management and personnel, the anticipated acceptability of new products or marketing concepts, the merit of technological changes, and numerous other factors which are difficult, if not impossible, to analyze through the application of any objective criteria. In many instances, it is anticipated that the historical operations of a specific firm may not necessarily be indicative of the potential for the future because of the possible need to shift marketing approaches substantially, expand significantly, change product emphasis, change or substantially augment management, or make other changes.

Because the Company may participate in a business opportunity with a newly organized firm or with a firm which is entering a new phase of growth, it should be emphasized that the Company will incur further risks, because

management in many instances will not have proved its abilities or effectiveness, the eventual market for such company's products or services will likely not be established, and such company may not be profitable when acquired.

It is anticipated that the Company will not be able to diversify, but will essentially be limited to one such venture because of the Company's limited financing. This lack of diversification will not permit the Company to offset potential losses from one business opportunity against profits from another, and should be considered an adverse factor affecting any decision to purchase the Company's securities.

It is emphasized that management of the Company may effect transactions having a potentially adverse impact upon the Company's shareholders pursuant to the authority and discretion of the Company's management to complete acquisitions without submitting any proposal to the stockholders for their consideration. Company management does not generally anticipate that it will provide holders of the Company's securities with financial statements, or any other documentation, concerning a target company or its business prior to any merger or acquisition. In some instances, however, the proposed participation in a business opportunity may be submitted to the stockholders for their consideration, either voluntarily by Company management which elects to seek the stockholders' advice and consent, or because state law so requires.

The analysis of business opportunities will be undertaken by or under the supervision of the Company's executive officers and directors. Although there are no current plans to do so, Company management might hire an outside consultant to assist in the investigation and selection of business opportunities, and in that event, might pay a finder's fee. Since Company management has no current plans to use any outside consultants or advisors to assist in the investigation and selection of business opportunities, no policies have been adopted regarding use of such consultants or advisors, the criteria to be used in selecting such consultants or advisors, the services to be provided, the term of service, or regarding the total amount of fees that may be paid. However, because of the limited resources of the Company, it is likely that any such fee the Company agrees to pay would be paid in stock and not in cash. Otherwise, the Company anticipates that it will consider, among other things, the following factors:

- (1) Potential for growth and profitability, indicated by new technology, anticipated market expansion, or new products;
- (2) Strength and diversity of existing management, or management prospects that are scheduled for recruitment;
- (3) Capital requirements and anticipated availability of required funds, to be provided from operations, through the sale of additional securities, through joint ventures or similar arrangements, or from other sources;
- (4) The Company's perception of how any particular business opportunity will be received by the investment community and by the Company's stockholders;
- (5) The availability of audited financial statements for the business opportunity; and
- (6) Whether, following the business combination, the financial condition of the business opportunity would be, or would have a significant prospect in the foreseeable future of becoming sufficient to enable the securities of the Company to qualify for listing on an exchange or on a national automated securities quotation system, such as NASDAQ.

No one of the factors described above will be controlling in the selection of a business opportunity, and management will attempt to analyze all factors appropriate to the opportunity and make a determination based upon reasonable investigative measures and available data. Potential investors must recognize that, because of the Company's limited capital available for investigation and management's limited experience in business analysis, the Company may not

discover or adequately evaluate adverse facts about the opportunity to be acquired.

The Company is unable to predict when it may participate in a business opportunity and it has not established any deadline for completion of a transaction. It expects, however, that the process of seeking candidates, analysis of specific proposals and the selection of a business opportunity may require several additional months or more.

Company management believes that various types of potential merger or acquisition candidates might find a business combination with the Company to be attractive. These include acquisition candidates desiring to create a public market for their shares in order to enhance liquidity for current shareholders, acquisition candidates which have long-term plans for raising equity capital through the public sale of securities and believe that the possible prior existence of a public market for their securities would be beneficial, and acquisition candidates which plan to acquire additional assets through issuance of securities rather than for cash, and believe that the possibility of development of a public market for their securities will be of assistance in that process. Acquisition candidates which have a need for an immediate cash infusion are not likely to find a potential business combination with the Company to be an attractive alternative.

Form of Acquisition

It is impossible to predict the manner in which the Company may participate in a business opportunity. Specific business opportunities will be reviewed as well as the respective needs and desires of the Company and the promoters of the opportunity and, upon the basis of that review and the relative negotiating strength of the Company and such promoters, the legal structure or method deemed by management to be suitable will be selected. Such structure may include, but is not limited to, share exchanges, mergers, agreements for purchase of and sale of stock or assets, leases, licenses, joint ventures and other contractual arrangements. The Company may act directly or indirectly through an interest in a partnership, corporation or other form of organization. Implementing such structure may require the merger, consolidation or reorganization of the Company with other corporations or forms of business organization. In addition, the present management and stockholders of the Company most likely will not have control of a majority of the voting shares of the Company following a reorganization transaction. As part of such a transaction, the Company's directors may resign and new directors may be appointed without any vote by stockholders.

It is likely that the Company will acquire its participation in a business opportunity through the issuance of Common Stock or other securities of the Company. Although the terms of any such transaction cannot be predicted, it should be noted that in certain circumstances the criteria for determining whether or not an acquisition is a so-called "tax free" reorganization under the Internal Revenue Code of 1986, depends upon the issuance to the stockholders of the acquired company of more than 80% of the common stock of the combined entities immediately following the reorganization. If a transaction were structured to take advantage of these provisions rather than other "tax free" provisions provided under the Internal Revenue Code, the Company's stockholders in such circumstances would retain in the aggregate 20% or less of the total issued and outstanding shares. This could result in substantial additional dilution in the equity of those who were stockholders of the Company prior to such reorganization. Any such issuance of additional shares might also be done simultaneously with a sale or transfer of shares representing a controlling interest in the Company by the current officers, directors and principal shareholders. (See "Description of Business - General").

It is anticipated that any securities issued in any reorganization would be issued in reliance upon exemptions, if any are available, from registration under applicable federal and state securities laws. In some circumstances, however, as a negotiated element of the transaction, the Company may agree to register such securities either at the time the transaction is consummated, or under certain conditions or at specified times thereafter. The issuance of substantial additional securities and their potential sale into any trading market that might develop in the Company's securities may have a depressive effect upon such market.

The Company will participate in a business opportunity only after the negotiation and execution of a written agreement. Although the terms of such agreement cannot be predicted, generally such an agreement would require specific representations and warranties by all of the parties thereto, specify certain events of default, detail the terms of closing and the conditions which must be satisfied by each of the parties thereto prior to such closing, outline the manner of bearing costs if the transaction is not closed, set forth remedies upon default, and include miscellaneous other terms.

As a general matter, the Company anticipates that it will enter into a letter of intent with the management, principals or owners of a prospective business opportunity prior to signing a binding agreement. Such a letter of intent will set forth the terms of the proposed acquisition but will not bind either the Company or the business opportunity to consummate the transaction. Execution of a letter of intent will by no means indicate that consummation of an acquisition is probable. Neither the Company nor the business opportunity will be bound to consummate the acquisition unless and until a definitive agreement concerning the acquisition as described in the preceding paragraph is executed. Even after a definitive agreement is executed, it is possible that the acquisition would not be consummated should either party elect to exercise any right provided in the agreement to terminate it on specified grounds.

It is anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a decision is made not to participate in a specific business opportunity, the costs theretofore incurred in the related investigation would not be recoverable. Moreover, because many providers of goods and services require compensation at the time or soon after the goods and services are provided, the inability of the Company to pay until an indeterminate future time may make it impossible to procure goods and services.

Competition

The Company expects to encounter substantial competition in its efforts to locate attractive opportunities, primarily from business development companies, venture capital partnerships and corporations, venture capital affiliates of large industrial and financial companies, small investment companies, and wealthy individuals. Many of these entities will have significantly greater experience, resources and managerial capabilities than the Company and will therefore be in a better position than the Company to obtain access to attractive business opportunities. The Company also will experience competition from other public "blind pool" companies, many of which may have more funds available than does the Company.

Administrative Offices

The Company currently maintains a mailing address at P.O. Box 461029, Glendale, Colorado 80246. Other than this mailing address, the Company does not currently maintain any other office facilities, and does not anticipate the need for maintaining office facilities at any time in the foreseeable future. The Company pays no rent or other fees for the use of this mailing address.

Employees

The Company is a development stage company and currently has no employees. Management of the Company expects to use consultants, attorneys and accountants as necessary, and does not anticipate a need to engage any full-time employees so long as it is seeking and evaluating business opportunities. The need for employees and their availability will be addressed in connection with the decision whether or not to acquire or participate in specific business opportunities. No remuneration will be paid to the Company's officers except as set forth under "Executive Compensation" and under "Certain Relationships and Related Transactions."

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. Except for historical matters, the matters discussed in this Form 10-KSB are forward-looking statements based on current expectations, and involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements under the following headings:

- (i) "Description of Business - General" - the general description of the Company's plan to seek a merger or acquisition candidate, and the types of business opportunities that may be pursued.
- (ii) "Description of Business - Investigation and Selection of Business Opportunities" - the steps which may be taken to investigate prospective business opportunities, and the factors which may be used in selecting a business opportunity.
- (iii) "Description of Business - Form of Acquisition" - the manner in which the Company may participate in a business acquisition.

The Company wishes to caution the reader that there are many uncertainties and unknown factors which could affect its ability to carry out its business plan in the manner described herein.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company currently maintains a mailing address at P.O. Box 461029, Glendale, Colorado 80246. The Company pays no rent for the use of this mailing address. The Company does not believe that it will need to maintain an office at any time in the foreseeable future in order to carry out its plan of operations described herein. The Company's telephone number is (303) 394-1187.

The Company currently has no investments in real estate, real estate mortgages, or real estate securities, and does not anticipate making any such investments in the future. However, the policy of the Company with respect to investment in real estate assets could be changed in the future without a vote of security holders.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any pending legal proceedings, and no such proceedings are known to be contemplated.

No director, officer or affiliate of the Company, and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to pending litigation.

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

No matters were submitted to a vote of the security holders of the Company during the fourth quarter of the fiscal year which ended December 31, 2003.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

There is not currently a public trading market for the Company's securities. Such securities are currently held of record by a total of approximately 36 persons.

No dividends have been declared or paid on the Company's securities, and it is not anticipated that any dividends will be declared or paid in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Certain statements in this report, including statements in the following discussion which are not statements of historical fact, are what are known as "forward looking statements," which are basically statements about the future. For that reason, these statements involve risk and uncertainty since no one can accurately predict the future. Words such as "plans," "intends," "will," "hopes," "seeks," "anticipates," "expects" and the like often identify such forward looking statements, but are not the only indication that a statement is a forward-looking statement. Such forward looking statements include statements concerning our plans and objectives with respect to the present and future operations of the Company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the Company to change such plans and objectives or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this report on Form 10KSB and in the Company's other filings with the Securities and Exchange Commission. No statements contained in the following discussion should be construed as a guarantee or assurance of future performance or future results.

The Company remains in the development stage. Since inception, it has received cash proceeds of \$6,770 from sale of stock, and has issued shares for services valued at \$60,900. It has also received additional cash contributions of \$8,428 from certain shareholders without the issuance of additional shares. The Company has expended a portion of its cash in furtherance of its business plan, including primarily expenditure of funds to pay legal and accounting expenses, and has recorded the full value of the stock issued for services as a general, selling, and administrative expense. Consequently, the Company's balance sheet for the fiscal year ended December 31, 2003, reflects a current asset value of \$1,739, which is in the form of cash and cash equivalents, current liabilities of \$38, and a deficit of \$74,397 accumulated during the development stage.

Results of Operations

During the period from March 2, 1999 (inception) through December 31, 2003, the Company has accumulated a deficit of \$74,397. During this period, the Company has engaged in no significant operations other than organizational activities, acquisition of capital, preparation and filing of the registration of its securities under the Securities Exchange Act of 1934, as amended, compliance with its periodical reporting requirements, and efforts to locate a suitable merger or acquisition candidate. No revenues were received by the Company during this period.

From the date of filing of its registration statement under the Securities Exchange Act of 1934 (March 20, 2000) until the end of the first quarter of 2002, the Company filed all required periodic reports under the Securities Exchange Act of 1934. After completing the filing of the report on Form 10QSB for the period ended March 31, 2002, the Company ceased filing reports in order to avoid incurring additional legal and accounting expenses.

After the first quarter of 2002, the Company remained dormant for the remainder of 2002 and throughout most of 2003. The Company incurred no expenses for legal and accounting fees after the third quarter of 2003, and it also ceased all efforts related to seeking a suitable merger or acquisition candidate during the period it remained dormant.

Plan of Operations and Need for Additional Financing

The Company's plan of operations for most of 2003 was to remain dormant in order to avoid incurring legal and accounting fees related to compliance with its reporting obligations. However, in December 2003, the Company elected to begin taking the steps necessary to file all delinquent reports and to once again become current in compliance with its reporting obligations under the Securities Exchange Act of 1934. As of the date of filing of this report on Form 10KSB for the period ended December 31, 2003, the Company is current in compliance with its reporting obligations under the Securities Exchange Act of 1934.

For the fiscal year ending December 31, 2004, the Company's plan of operations is to remain current in compliance with its reporting obligations under the Securities Exchange Act of 1934 and to engage in efforts to locate a suitable merger or acquisition candidate. The Company will require additional capital in order to pay the costs associated with making required filings and seeking out suitable merger or acquisition candidates.

No specific commitments to provide additional funds have been made by management or other stockholders, and the Company has no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the location of a merger or acquisition candidate. Accordingly, there can be no assurance that any additional funds will be available to the Company to allow it to cover its expenses. Notwithstanding the foregoing, to the extent that additional funds are required, the Company anticipates receiving such funds in the form of advancements from current shareholders without issuance of additional shares or other securities, or through the private placement of restricted securities rather than through a public offering.

The Company may also seek to compensate providers of services by issuances of stock in lieu of cash. For information as to the Company's policy in regard to payment for consulting services, see "Certain Relationships and Transactions."

ITEM 7. FINANCIAL STATEMENTS.

See following pages.

OSK Capital III Corp.

(A Development Stage Company)

Report of Independent Public Accountants

Balance Sheet

Statements of Loss and Accumulated Deficit

Statement of Stockholders' Equity

Statements of Cash Flows

Notes to Financial Statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders of
OSK Capital III Corp.

We have audited the accompanying balance sheet of OSK Capital III Corp. (a development stage company) as of December 31, 2003, and the related statements of operations, stockholders' equity, and cash flows for each of the years ended December 31, 2003 and 2002, and for the period from inception (March 2, 1999) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OSK Capital III Corp. as of December 31, 2003 and the results of its operations and cash flows for each of the years ended December 31, 2003 and 2002, and for the period from inception (March 2, 1999) to December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado
March 16, 2004

/s/ COMISKEY & COMPANY

PROFESSIONAL CORPORATION

OSK Capital III Corp.

(A Development Stage Company)

BALANCE SHEET

December 31, 2003

ASSETS

CURRENT ASSETS

| | |
|---------------------------|------------------------|
| Cash and cash equivalents | <u>\$ 1,739</u> |
| Total current assets | <u>1,739</u> |
| TOTAL ASSETS | \$ <u>1,739</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | |
|---------------------------|--------------|
| Accounts payable | <u>\$ 38</u> |
| Total current liabilities | 38 |

STOCKHOLDERS' EQUITY

| | |
|--|------------------------|
| Common stock, \$0.001 par value; 25,000,000 shares authorized; 3,316,000 shares issued and outstanding | 3,316 |
| Additional paid-in capital | 72,782 |
| Deficit accumulated during the development stage | <u>(74,397)</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ <u>1,739</u> |

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

OSK Capital III Corp.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

| | For the period from inception (March 2, 1999) to December 31, <u>2003</u> | For the year ended December 31, <u>2003</u> | For the year ended December 31, <u>2002</u> |
|--|--|--|--|
| REVENUES | \$ - | \$ - | \$ - |
| EXPENSES | | | |
| Selling, general and administrative | <u>74,397</u> | <u>1,213</u> | <u>4,094</u> |
| Total expenses | <u>74,397</u> | <u>1,213</u> | <u>4,094</u> |
| NET LOSS | (74,397) | (1,213) | (4,094) |
| Accumulated deficit | | | |
| Balance, beginning of period | = | <u>(73,184)</u> | <u>(69,090)</u> |
| Balance, end of period | \$ <u>(74,397)</u> | \$ <u>(74,397)</u> | \$ <u>(73,184)</u> |
| NET LOSS PER SHARE | \$ <u>(0.02)</u> | \$ <u>(NIL)</u> | \$ <u>(NIL)</u> |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | <u>3,284,612</u> | <u>3,316,000</u> | <u>3,316,000</u> |

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

OSK Capital III Corp.

(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

For the period from inception (March 2, 1999) to December 31, 2003

| | <u>Common stock</u> | | <u>Additional</u> | <u>Deficit</u> | <u>Total</u> |
|--|---------------------|---------------|-------------------|--------------------|----------------------|
| | <u>Number of</u> | <u>Amount</u> | <u>paid-in</u> | <u>accumulated</u> | <u>stockholders'</u> |
| | <u>shares</u> | | <u>capital</u> | <u>during the</u> | <u>equity</u> |
| | | | | <u>development</u> | |
| | | | | <u>stage</u> | |
| Common stock issued for cash and services, May 26, 1999 at \$0.02 per share | 3,150,000 | \$ 3,150 | \$ 59,850 | \$ - | \$ 63,000 |
| Common stock issued for cash, May 26, 1999 at \$0.02 per share | 31,000 | 31 | 589 | - | 620 |
| Net loss for the period ended December 31, 1999 | = | = | = | <u>(60,897)</u> | <u>(60,897)</u> |
| Balance, December 31, 1999 | 3,181,000 | 3,181 | 60,439 | (60,897) | 2,723 |
| Common stock issued for services, April 5, 2000 at \$0.03 per share | 35,000 | 35 | 1,015 | - | 1,050 |
| Common stock issued for cash, April 19, 2000 at \$0.03 per share | 100,000 | 100 | 2,900 | - | 3,000 |
| Net loss for the year ended December 31, 2000 | = | = | = | <u>(5,942)</u> | <u>(5,942)</u> |
| Balance, December 31, 2000 | 3,316,000 | 3,316 | 64,354 | (66,839) | 831 |
| Shareholder contributions November 16, 2001 | - | - | 1,978 | - | 1,978 |
| Net loss for the year ended December 31, 2001 | = | = | = | <u>(2,251)</u> | <u>(2,251)</u> |
| Balance, December 31, 2001 | 3,316,000 | 3,316 | 66,332 | (69,090) | 558 |
| Shareholder contributions September 23, 2002 | - | - | 3,750 | - | 3,750 |
| Net loss for the year ended December 31, 2002 | = | = | = | <u>(4,094)</u> | <u>(4,094)</u> |
| Balance, December 31, 2002 | 3,316,000 | 3,316 | 70,082 | (73,184) | 214 |
| Shareholder contributions | - | - | 2,700 | - | 2,700 |
| Net loss for the year ended December 31, 2003 | = | = | = | <u>(1,213)</u> | <u>(1,213)</u> |

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| | | | | | |
|----------------------------|------------------|-----------------|------------------|-------------|-----------------|
| Balance, December 31, 2003 | <u>3,316,000</u> | \$ <u>3,316</u> | \$ <u>72,782</u> | \$ (74,397) | \$ <u>1,701</u> |
|----------------------------|------------------|-----------------|------------------|-------------|-----------------|

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

OSK Capital III Corp.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

| | For the period from inception (March 2, 1999) to December 31, <u>2003</u> | For the year ended December 31, <u>2003</u> | For the year ended December 31, <u>2002</u> |
|--|--|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | \$ (74,397) | \$ (1,213) | \$ (4,094) |
| Adjustments to reconcile net loss to net cash flows from operating activities: | | | |
| Increase (decrease) in accounts payable | 38 | 38 | (426) |
| Stock issued for services | <u>60,900</u> | = | = |
| Net cash flows from operating activities | (13,459) | (1,175) | (4,520) |
| CASH FLOWS FROM INVESTING ACTIVITIES | - | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Shareholder contributions | 8,428 | 2,700 | 3,750 |
| Issuance of common stock | <u>6,770</u> | = | = |
| Net cash flows from financing activities | <u>15,198</u> | <u>2,700</u> | <u>3,750</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,739 | 1,525 | (770) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | = | <u>214</u> | <u>984</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ <u>1,739</u> | \$ <u>1,739</u> | \$ <u>214</u> |

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

OSK Capital III Corp.

(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1. Summary of Significant Accounting Policies

Development Stage Company

OSK Capital III Corp. (a development stage company) (the "Company") was incorporated under the laws of the State of Nevada on March 2, 1999. The principal office of the corporation is P.O. Box 461029, Glendale, Colorado 80220.

The Company is a new enterprise in the development stage as defined by Statement No. 7 of the Financial Accounting Standards Board and has not engaged in any business other than organizational efforts. It has no full-time employees and owns no real property. The Company intends to operate as a capital market access corporation by registering with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. After this, the Company intends to seek to acquire one or more existing businesses that have existing management, through merger or acquisition. Management of the Company will have virtually unlimited discretion in determining the business activities in which the Company might engage.

Accounting Method

The Company records income and expenses on the accrual method.

Fiscal Year

The fiscal year of the corporation is December 31.

Loss per Share

Loss per share was computed using the weighted average number of shares outstanding during the period. Shares issued to insiders in anticipation of a public offering have been accounted for as outstanding since inception.

Organization Costs

Costs to incorporate the Company are charged to expense as incurred.

Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amount.

Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that effect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Consideration of Other Comprehensive Income Items

SFAF 130 -- Reporting Comprehensive Income, requires companies to present comprehensive income (consisting primarily of net income plus other direct equity changes and credits) and its components as part of the basic financial statements. For the year ended December 31, 2003 and 2002, the Company's financial statements do not contain any changes in equity that are required to be reported separately in comprehensive income.

Stock Basis

Shares of common stock issued for other than cash have been assigned amounts equivalent to the fair value of the service or assets received in exchange.

2. Stockholders' Equity

As of December 31, 2003, 25,000,000 shares of the Company's \$0.001 par value common stock had been authorized, of which 3,316,000 were issued and outstanding.

3. Related Party Transactions

As of the date hereof, two shareholders are acting as officers and directors of the Company, and are the owners of 2,000,000 shares of its issued and outstanding common stock, constituting approximately 60% of the Company's issued and outstanding common stock. The shares were issued for cash of \$0.001 per share and services provided which have been valued at a total of \$38,000.

Officers and directors are reimbursed for all out-of-pocket expenses.

4. Income Taxes

The Company has Federal net operating loss carryforwards of approximately \$74,396 expiring between the years 2019 through 2021. The tax benefit of these net operating losses is approximately \$16,183 and has been offset by a full allowance for realization. For the year ended December 31, 2003, the allowance increased by \$2,251. This carryforward may be limited upon consummation of a business combination under IRC Section 381.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company has had no change in, or disagreements with, its principal independent accountant since the date of inception.

ITEM 8A. CONTROLS AND PROCEDURES.

The Securities and Exchange Commission defines the term disclosure controls and procedures to mean a company's controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. The Company maintains such

a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms.

Based on an evaluation performed, the Company's certifying officers have concluded that the disclosure controls and procedures were effective as of December 31, 2003, to provide reasonable assurance of the achievement of these objectives.

There was no change in the Company's internal control over financial reporting during the quarter ended December 31, 2003, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The directors and executive officers currently serving the Company are as follows:

| Name | Age | Positions Held and Tenure |
|--------------------|-----|--|
| Deborah A. Salerno | 49 | President and a Director since March, 1999 |
| Frank L. Kramer | 60 | Secretary, Treasurer, and a Director since March, 1999 |

The directors named above will serve until the next annual meeting of the Company's stockholders. Thereafter, directors will be elected for one-year terms at the annual stockholders' meeting. Officers will hold their positions at the pleasure of the board of directors, absent any employment agreement, of which none currently exists or is contemplated. There is no arrangement or understanding between any of the directors or officers of the Company and any other person pursuant to which any director or officer was or is to be selected as a director or officer.

The directors and officers will devote their time to the Company's affairs on an "as needed" basis, which, depending on the circumstances, could amount to as little as two hours per month, or more than forty hours per month, but more than likely will fall within the range of five to ten hours per month.

Biographical Information

DEBORAH A. SALERNO

Deborah A. Salerno, 49, is the Company's President and a director, positions she has held since March 1999. She is president and sole owner of DAS Consulting LLC, a private entity located in New York City providing financial consulting services to corporations since 1988. Ms. Salerno was formerly president and a director of Bishop Equities, Inc., a position she resigned from in March 1999. She has also acted as president and director of New York Regional Rail Corp. (1999) and as secretary and director of Park Hill Capital I Corp. (1999) and Franklyn Resources I, Inc. (1999). Ms. Salerno is the secretary/treasurer and a director of Franklyn Resources II, Inc. and Franklyn Resources III, Inc. and a director and president of OSK Capital II Corp. and Park Hill Capital III Corp. Ms. Salerno is also the secretary/treasurer and a director of Park Hill Capital II Corp.

FRANK L. KRAMER

Mr. Kramer is the Secretary, Treasurer and a director of the Company. He retired in 2001 from his activities as a self-employed financial consultant, a pursuit he had engaged in for twenty years. He currently serves as an officer and/or director in a number of private shells which registered their securities under the Securities and Exchange Act of

1934. These shells are currently for sale and/or merger, and thus could be considered as being in competition with the Company. Mr. Kramer does intend to present the Company as a first priority to any private opportunity which is available. Details with respect to these public shells and other blind pool merger transactions he has been involved with in the past are set forth below.

Following his graduation from Louisiana State University with a degree in Business Administration in 1964, Mr. Kramer served as an officer for three years in the U.S. Navy, whereupon he was employed by New York Life Insurance Company in the capacity of general manager until he entered into his financial consultant activities.

Compliance With Section 16(a) of the Exchange Act.

Deborah A. Salerno is delinquent in filing an Annual Statement of Beneficial Ownership of Securities on Form 5 for the fiscal year ending December 31, 2003.

Audit Committee and Audit Committee Financial Expert

The entire board of directors of the Company serves as its audit committee. The Company does not have an audit committee financial expert serving on its audit committee because it believes that the time and expense associated with locating such a financial expert is not justified during the time that the Company remains in the development stage as a blind pool or blank check company.

Code of Ethics

The Company has adopted a code of ethics which applies to its principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions. A copy of this code of ethics is attached to this Form 10KSB as an exhibit.

ITEM 10. EXECUTIVE COMPENSATION.

No officer or director received any remuneration from the Company during the fiscal year. Until the Company acquires additional capital, it is not intended that any officer or director will receive compensation from the Company other than reimbursement for out-of-pocket expenses incurred on behalf of the Company. See "Certain Relationships and Related Transactions." The Company has no stock option, retirement, pension, or profit-sharing programs for the benefit of directors, officers or other employees, but the Board of Directors may recommend adoption of one or more such programs in the future.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth, as of the end of the Company's most recent fiscal year, the number of shares of Common Stock owned of record and beneficially by executive officers, directors and persons who hold 5.0% or more of the outstanding Common Stock of the Company. Also included are the shares held by all executive officers and directors as a group.

| Name and Address | Number of Shares Owned Beneficially | Percent of Class Owned |
|--|-------------------------------------|------------------------|
| Frank L. Kramer ⁽¹⁾ ⁽²⁾ 5330 E. 17 th Ave. Parkway Denver, CO 80220 | 1,150,000 | 34.68% |
| Deborah A. Salerno ⁽¹⁾ 355 South End, 22B New York, NY 10280 | 1,000,000 | 30.15% |

| | | |
|--|-----------|--------|
| John P. O'Shea 355 South End, 22B New York, NY 10280 | 1,000,000 | 30.15% |
| All directors and executive officers (2 persons) | 2,150,000 | 64.83% |

(1) The person listed is an officer, a director, or both, of the Company.

(2) Includes 150,000 shares owned by Mr. Kramer's spouse, of which Mr. Kramer may be deemed to be the beneficial owner.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Indemnification of Officers and Directors

The Articles of Incorporation and the Bylaws of the Company do not provide for indemnification of officers, directors or controlling persons. The General Corporation Law of the State of Nevada (NRS 78.7502) provides that, "to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding...or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorney's fees, actually and reasonably incurred by him in connection with the defense."

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in that Act and is, therefore, unenforceable.

Exclusion of Liability

Nevada Statutes exclude personal liability of its directors to the Company and its stockholders for monetary damages for breach of fiduciary duty except in certain specified circumstances. Accordingly, the Company will have a much more limited right of action against its directors than otherwise would be the case. This provision does not affect the liability of any director under federal or applicable state securities laws.

Conflicts of Interest

None of the officers of the Company will devote more than a portion of his time to the affairs of the Company. There will be occasions when the time requirements of the Company's business conflict with the demands of the officers' other business and investment activities. Such conflicts may require that the Company attempt to employ additional personnel. There is no assurance that the services of such persons will be available or that they can be obtained upon terms favorable to the Company.

Each of the Company's officers and directors also are officers, directors, or both of several other Colorado based development-stage corporation in the same business as the Company. These companies may be in direct competition with the Company for available opportunities.

Company management, and other principal shareholders of the Company, intend to actively negotiate or otherwise consent to the purchase of a portion of their common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. Members of management acquired their initial shares for cash of \$0.001 and services valued at \$0.019 per share. Additional shares were issued for cash and services at per share prices ranging from \$0.01 to \$0.03. The total purchase price for all presently issued and outstanding shares was \$67,670, of which \$6,770 was paid in cash, and \$60,900 was paid in the form of performance of services. It is anticipated that a substantial premium may be paid by the purchaser in conjunction with any sale of shares by officers, directors or affiliates of the Company

which is made as a condition to, or in connection with, a proposed merger or acquisition transaction. The fact that a substantial premium may be paid to Company officers, directors and affiliates to acquire their shares creates a conflict of interest for them and may compromise their state law fiduciary duties to the Company's other shareholders. In making any such sale, Company officers, directors and affiliates may consider their own personal pecuniary benefit rather than the best interests of the Company and the Company's other shareholders, and the other shareholders are not expected to be afforded the opportunity to approve or consent to any particular buy-out transaction involving shares held by members of Company management.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The Exhibits listed below are filed as part of this Annual Report.

3.1 Articles of Incorporation (incorporated by reference from Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on March 20, 2000).

3.2 Bylaws (incorporated by reference from Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on March 20, 2000).

4.1 Specimen Common Stock Certificate (incorporated by reference from Registration Statement on Form 10-SB filed with the Securities and Exchange Commission on March 20, 2000).

31.1 Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.

31.2 Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) No reports on Form 8-K were filed by the Company during the last quarter of its fiscal year ending December 31, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed by Comiskey & Co for audit of the Company's annual financial statements were \$ 1,800 for the fiscal year ended December 31, 2003, and \$2,400 for the fiscal year ended December 31, 2002. The aggregate fees billed by Comiskey & Co for review of the Company's financial statements included in its quarterly reports on Form 10-QSB were \$600 during the period ended December 31, 2003 and \$583 during the period ended December 31, 2002.

Audit-Related Fees

Comiskey & Co did not bill the Company any amounts for assurance and related services that were related to its audit or review of the Company's financial statements during the fiscal years ending December 31, 2003 or December 31, 2002.

Tax Fees

The aggregate fees billed by Comiskey & Co. for tax compliance, advice and planning were \$0 for the fiscal year ended December 31, 2003 and \$0 for the fiscal year ended December 31, 2002.

All Other Fees

Comiskey & Co did not bill the Company for any products and services other than the foregoing during the fiscal years ended December 31, 2003 and December 31, 2002.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OSK CAPITAL III CORP.

By: /S/ DEBORAH A. SALERNO
Deborah A. Salerno, President and a Director

Date: April 8, 2004

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /S/ DEBORAH A. SALERNO
Deborah A. Salerno, President and a Director

Date: April 8, 2004

By: /S/ FRANK L. KRAMER
Frank L. Kramer, Secretary and a Director

Date: April 8, 2004