

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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### FILER

#### BIOETHICS LTD

CIK: **894560** | IRS No.: **870485312** | State of Incorporation: **NV** | Fiscal Year End: **1231**  
Type: **10KSB** | Act: **34** | File No.: **033-55254-41** | Film No.: **99574374**  
SIC: **6770** Blank checks

Mailing Address	Business Address
8092 SOUTH JUNIPER COURT SOUTH WEBER UT 84405	8092 SOUTH JUNIPER COURT SOUTH WEBER UT 84405 8014768110

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

Annual Report Pursuant  
to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the fiscal year ended  
December 31, 1998

Commission file number

BIOETHICS, LTD.

(Name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation)

87-0485312  
(IRS employer identification  
no.)

8092 South Juniper Court, South  
Weber, Utah 84405  
(Address of principal executive  
offices)

(801) 476-8110  
(Registrant's telephone number,  
including area code)

Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.    XX    Yes        No

Indicate by check mark if disclosure of delinquent filers pursuant to  
Item 405 of Regulation S-K is not contained herein, and will not 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-K or any  
amendment to this Form 10-K.    XX

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Issuers revenues for its most recent fiscal year: None.

The aggregate market value of voting stock held by non-affiliates of the registrant at December 31, 1998: The common voting stock of the registrant is not publicly traded and has no readily ascertainable fair market value.

Shares outstanding of the registrant's common stock as of March 15, 1999: 11,000,000.

Bioethics, Ltd.

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ON FORM 10-KSB  
YEAR ENDED DECEMBER 31, 1998

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PART I

Item 1. Description of Business.

Business Development

Bioethic, Ltd. (the "Company or "Registrant") was incorporated in 1990 as a Nevada corporation. The Company has not yet generated any significant revenues and is considered a development stage company.

In May 1998, the former officers and directors of the Registrant resigned from their respective positions. Prior to said resignations, they appointed Mr. Mark J. Cowan as the sole member of the Board of Directors of the Registrant and as the new President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer of the Registrant and they approved and closed on the sale of 10,000,000 shares of Common Stock at an aggregate purchase price of \$40,000 in a private offering, which shares represent approximately ninety-one percent (91%) of the outstanding shares of common stock of the Registrant. Mr. Cowan purchased 2,500,000 shares of common stock in such private offering with personal funds which shares represent approximately twenty-three percent (23%) of the total issued and outstanding common stock of the Registrant. Various other investors purchased the remaining 7,500,000 shares of common stock in the private offering. The sale of the shares resulted in a change in the control of the Company.

#### Business of Issuer

The Company has no current business operations. The Company's business plan is to seek one or more potential business ventures that, in the opinion of management, may warrant involvement by the Company. The Company recognizes that because of its limited financial, managerial and other resources, the type of suitable potential business ventures which may be available to it will be extremely limited. The Company's principal business objective will be to seek long-term growth potential in the business venture in which it participates rather than to seek immediate, short-term earnings. In seeking to attain the Company's business objective, it will not restrict its search to any particular business or industry, but may participate in business ventures of essentially any kind or nature. It is emphasized that the business objectives discussed are extremely general and are not intended to be restrictive upon the discretion of management.

The Company will not restrict its search for any specific kind of firms, but may participate in a venture in its preliminary or development stage, may participate in a business that is already in operation or in a business in various stages of its corporate existence. It is impossible to predict at this stage the status of any venture in which the Company may participate, in that the venture may need additional capital, may merely desire to have its shares publicly traded, or may seek other perceived advantages which the Company may offer. In some instances, the business endeavors may involve the acquisition of or merger with a corporation which does not need substantial additional cash but which desires to establish a public trading market for its common stock.

There is no assurance that the Company will be able to successfully identify and negotiate a suitable potential business venture.

Except for the Company's sole officer and director, who works for the Company on a part time basis, the Company has no other employees. The Company presently maintains its business office at 8092 South Juniper Court, South Weber, Utah 84405, which is the home-business office of its President.

Item 2. Description of Properties.

The Company has no significant assets or operating capital. The current sole officer and director has expressed his intent to borrow funds to the extent possible, to fund the costs of operating the Company until some type of business venture can be completed.

Item 3. Legal Proceedings.

The Company is not a party to, nor are its properties the subject of, any pending legal proceedings and no such proceedings are known to the Company to be threatened or contemplated by or against it.

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

No matter was submitted to a vote of the security holders during the 4th quarter of the fiscal year covered by this report.

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PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Market Information

To the knowledge of current management, there is no public trading market for the Company's common stock.

Holder

At March 15, 1998, there were approximately 385 holders of record of the Company's common stock.

## Dividends

The Company has not declared any cash dividends within the past two years on its common stock. The Company does not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize available funds, if any, for the development of the Company's business.

## Sales of Equity Securities

The Company has not sold any securities during the period of this report that have not been previously reported.

## Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto.

### Plan of Operation

The Company has no business operations, and very limited assets or capital resources. The Company's business plan is to seek one or more potential business ventures that, in the opinion of management, may warrant involvement by the Company. The Company recognizes that because of its limited financial, managerial and other resources, the type of suitable potential business ventures which may be available to it will be extremely limited. The Company's principal business objective will be to seek long-term growth potential in the business venture in which it participates rather than to seek immediate, short-term earnings. In seeking to attain the Company's business objective, it will not restrict its search to any particular business or industry, but may participate in business ventures of essentially any kind or nature. It is emphasized that the business objectives discussed are extremely general and are not intended to be restrictive upon the discretion of management.

The Company will not restrict its search for any specific kind of firms, but may participate in a venture in its preliminary or development stage, may participate in a business that is already in operation or in a business in various stages of its corporate existence. It is impossible to predict at this stage the status of any venture in which the Company may participate, in that the venture may need additional capital, may merely desire to have its shares publicly traded, or may seek other perceived advantages which the Company may offer. In some instances, the business endeavors may involve the acquisition of or merger with a corporation which does not need substantial additional cash but which desires to establish a public trading market for its common stock.

The Company does not have sufficient funding to meet its long term cash needs. The Company believes that its current cash will be sufficient to support the Company's planned operations for the next twelve months. The current sole officer and director has expressed his intent that to the extent necessary the Company will seek to raise additional funds through the sale of equity securities or by borrowing to funds until a suitable business venture can be completed. Management does not anticipate raising funds during the next twelve months. There is no assurance that the Company will be able to successfully identify and/or negotiate a suitable potential business venture or raise additional funds if and when needed.

The Company has experienced net losses during the development stage (1990 to present) and has had no significant revenues during such period. During the past two fiscal years the Company has had no business operations. In light of these circumstances, the ability of the Company to continue as a going concern is significantly in doubt. The attached financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Year 2000

The Company has assessed its state of year 2000 preparedness and determined that year 2000 issues will not materially effect the Company's business, results of operations or financial condition. The Company assessment is based in part on the fact that the Company does not presently conduct any business, has no operations, has only nominal assets comprised primarily of cash on deposit with a federally insured bank and does not own a computer or any software.

Forward-Looking Statements

When used in this Form 10-K or other filings by the Company with the Securities and Exchange Commission, in the Company's press releases or other public or shareholder communications, or in oral statements made with the approval of an authorized officer of the Company's executive officers, the words or phrases "would be", "will allow", "intends to", "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project", or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, and advises readers that forward-looking statements involve various risks and uncertainties. The Company does not undertake, and specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statement.

Item 7. Financial Statements

See attached financial statements.

Item 8. Changes In and Disagreements With Accountants on Accounting and

## Financial Disclosure

The Company is not aware, and has not been advised by its auditors, of any disagreement on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

### PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act

Identify Directors and Executive Officers

Set forth below is certain information concerning each of the directors and executive officers of the Company as of March 15, 1999:

Name	Age	Position	With Company Since
----	---	-----	-----
Mark Cowan (1)	31	Director, President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer	1998

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Mark Cowan. Mr. Cowan has been with the Company since May 1998. Since that time he has been the Company's sole officer and director. Mr. Cowan works for the Company on a part time basis. Since September 1998, Mr. Cowan has been principally employed as a mortgage broker for a company that he owns. From 1996 through early 1999 Mr. Cowan worked as a loan officer for a mortgage company. From 1994 to 1996 Mr. Cowan sold real estate for a residential real estate development company. Mr. Cowan holds a B.S. in physiology from Brigham Young University and has done graduate work in molecular genetics at Weber State University. Mr. Cowan holds no other directorships in reporting companies.

Identify Significant Employees

The Company has no significant employees.



## Family Relationships

None.

## Involvement in Certain Legal Proceedings

Mr. Cowan has not been involved in any material legal proceedings which occurred within the last five years of any type as described in Regulation S-K.

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

The Company does not have a class of equity securities registered pursuant to Section 12 of the Exchange Act. As a result, no reports are required to be filed pursuant to Section 16(a).

## Item 10. Executive Compensation

During the last fiscal year, the Company's sole officer and director did not receive any salary, wage or other compensation. During the current fiscal year the Company has no present plans to pay compensation to its sole officer and director. There are presently no ongoing pension or other plans or arrangements pursuant to which remuneration is proposed to be paid in the future to any of the officers and directors of the Company.

## Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information with respect to the beneficial ownership of the common stock of the Company as of March 15, 1999, for: (i) each person who is known by the Company to beneficially own more than 5 percent of the Company's common stock, (ii) each of the Company's directors, (iii) each of the Company's Named Executive Officers, and (iv) all directors and executive officers as a group. As of March 15, 1999, the Company had 11,000,000 shares of common stock outstanding.

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned	Percentage of Shares Beneficially Owned	Position
-----	-----	-----	-----
Mark Cowan	2,500,000	23%	Director, President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer
Windsor Development 2522 Alice Drive West Jordan, Utah 84084	2,000,000	18%	

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(1) Except where otherwise indicated, the address of the beneficial owner is deemed to be the same address as the Company.

Item 12. Certain Relationships and Related Transactions.

In May 1998, the former officers and directors of the Registrant resigned from their respective positions. Prior to said resignations, they appointed Mr. Mark J. Cowan as the sole member of the Board of Directors of the Registrant and as the new President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer of the Registrant and they approved and closed on the sale of 10,000,000 shares of Common Stock at an aggregate purchase price of \$40,000 in a private offering, which shares represent approximately ninety-one percent (91%) of the outstanding shares of common stock of the Registrant. Mr. Cowan purchased 2,500,000 shares of common stock in such private offering with personal funds which shares represent approximately twenty-three percent (23%) of the total issued and outstanding common stock of the Registrant. Various other investors purchased the remaining 7,500,000 shares of common stock in the private offering. The sale of the shares resulted in a change in the control of the Company.

Item 13. Exhibits and Reports on Form 8-K.

Exhibits

Listed on page 10 hereof.

Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the fourth quarter ended December 31, 1998.

SIGNATURES

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

Bioethics, Ltd.  
(Registrant)

Date: March 25, 1999

By /s/ Mark Cowan

Mark Cowan  
Chairman, Chief Executive  
Officer, Chief Financial  
Officer and Secretary

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.

Signature	Title	Date
----- /s/ Mark Cowan	----- Chairman, Chief Executive Officer, Chief Financial Officer and Secretary	----- March 25, 1998
Mark Cowan		

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
3(i)	Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3(i).1 of the Company's Form 10-Q, dated June 30, 1998).
3(ii)	Bylaws of the Company (Incorporated by reference to Exhibit 3(ii).1 of the Company's Form 10-Q, dated June 30, 1998).
27	Financial Data Schedule

BIOETHICS, LTD.  
[A Development Stage Company]

FINANCIAL STATEMENTS

DECEMBER 31, 1998

PRITCHETT, SILER & HARDY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

BIOETHICS, LTD.  
[A Development Stage Company]

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### INDEPENDENT AUDITORS' REPORT

Board of Directors  
BIOETHICS, LTD.  
Salt Lake City, Utah

We have audited the accompanying balance sheet of Bioethics, Ltd. [a development stage company] at December 31, 1998, and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 1998 and from inception on July 26, 1990 through December 31, 1998. 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 audit. The financial statements of Bioethics, Ltd. as of and for the years ended December 31, 1997 and 1996 and for the period from inception on July 26, 1990 through December 31, 1997 were audited by other auditors whose report, dated January 31, 1998, expressed an unqualified opinion on these financial statements. The financial statements for the period from inception on July 26, 1990 through December 31, 1997 reflect a net loss of \$1,000 of the total net loss. The other auditors report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such prior periods, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements audited by us present fairly, in all material respects, the financial position of Bioethics, Ltd. as of December 31, 1998, and the results of its operations and its cash flows for the year ended December 31, 1998 and for the period from inception through December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Pritchett, Siler & Hardy, P.C.

March 15, 1999  
Salt Lake City, Utah

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BIOETHICS, LTD.  
[A Development Stage Company]

BALANCE SHEETS

ASSETS

	December 31, 1998	December 31, 1997
CURRENT ASSETS:		
Cash in bank	\$ 35,564	\$ -
	<u>35,564</u>	<u>-</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ 899	\$ -
Total Current Liabilities	<u>899</u>	<u>-</u>
STOCKHOLDERS' EQUITY:		
Common stock, \$.001 par value, 25,000,000 shares authorized, 11,000,000 and 1,000,000 shares issued and outstanding	11,000	1,000
Capital in excess of par value	30,000	-
Deficit accumulated during the		

development stage	(6,335)	(1,000)
Total Stockholders' Equity	<u>34,665</u>	<u>-</u>
	<u>\$ 35,564</u>	<u>\$ -</u>

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

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BIOETHICS, LTD.  
[A Development Stage Company]

STATEMENTS OF OPERATIONS

	For the Year Ended December 31,			From Inception on July 26, 1990 Through December 31, 1998
	1998	1997	1996	
REVENUE :				
Sales	\$ -	\$ -	-	\$ -
EXPENSES:				
General and administrative	5,335	-	-	6,335
LOSS BEFORE INCOME TAXES	(5,335)	-	-	(6,335)
CURRENT TAX EXPENSE	-	-	-	-

DEFERRED TAX EXPENSE	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET LOSS	\$ (5,335)	\$ -	-	\$ (6,335)
	<hr/>	<hr/>	<hr/>	<hr/>
LOSS PER COMMON SHARE	\$ (.00)	\$ (.00)	\$ (.00)	\$ (.00)
	<hr/>	<hr/>	<hr/>	<hr/>

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

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BIOETHICS, LTD.  
[A Development Stage Company]

STATEMENT OF STOCKHOLDERS' EQUITY

FROM THE DATE OF INCEPTION ON JULY 26, 1990

THROUGH DECEMBER 31, 1998

	Common Stock		Capital in Excess of Par Value	Deficit Accumulated During the Development Stage
	Shares	Amount		
	<hr/>	<hr/>	<hr/>	<hr/>
BALANCE, July 26, 1990	-	\$ -	\$ -	\$ -
Issuance of 1,000,000 shares common stock for cash, July, 1990 at \$.001 per share	1,000,000	1,000	-	-
Net loss for period ended December 31, 1990	-	-	-	(1,000)
	<hr/>	<hr/>	<hr/>	<hr/>



BALANCE, December 31, 1990	1,000,000	1,000	-	(1,000)
Net loss for period ended December 31, 1991	-	-	-	-
BALANCE, December 31, 1991	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1992	-	-	-	-
BALANCE, December 31, 1992	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1993	-	-	-	-
BALANCE, December 31, 1993	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1994	-	-	-	-
BALANCE, December 31, 1994	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1995	-	-	-	-
BALANCE, December 31, 1995	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1996	-	-	-	-
BALANCE, December 31, 1996	<u>1,000,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net loss for period ended December 31, 1997	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

[Continued]

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BIOETHICS, LTD.  
[A Development Stage Company]

STATEMENT OF STOCKHOLDERS' EQUITY

FROM THE DATE OF INCEPTION ON JULY 26, 1990

THROUGH DECEMBER 31, 1998

[Continued]

	Common Stock		Capital in	Deficit
	Shares	Amount	Excess of	Accumulated
			Par Value	During the
				Development
				Stage
BALANCE, December 31, 1997	1,000,000	\$1,000	\$ -	\$(1,000)
Issuance of 10,000,000 shares common stock for cash, May, 1998 at \$.004 per share	10,000,000	10,000	30,000	-
Net loss for the period ended December 31, 1998	-	-	-	(5,335)
BALANCE, December 31, 1998	11,000,000	\$11,000	\$30,000	\$(6,335)

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

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BIOETHICS, LTD.  
[A Development Stage Company]

STATEMENTS OF CASH FLOWS

For the Year Ended  
December 31,

From Inception  
on July 26,  
1990 Through

	1998	1997	1996	December 31, 1998
Cash Flows from Operating Activities:				
Net loss	\$ (5,335)	\$ -	\$ -	\$ (6,335)
Adjustments to reconcile net loss to net cash used by operating activities:				
Depreciation and amortization	-	-	-	-
Changes in assets and liabilities:				
Accounts payable	899	-	-	899
Net Cash to Operating Activities	(4,436)	-	-	(5,436)
Cash Flows from Investing Activities:				
Payment of organization costs	-	-	-	-
Net Cash to Investing Activities	-	-	-	-
Cash Flows from Financing Activities:				
Proceeds from common stock issuance	40,000	-	-	41,000
Net Cash from Financing Activities	40,000	-	-	41,000
Net Increase (Decrease) in Cash	35,564	-	-	35,564
Cash at Beginning of Period	-	-	-	-
Cash at End of Period	\$35,564	\$ -	\$ -	\$35,564

Supplemental Disclosures of Cash Flow information:

Cash paid during the period for:

Interest	\$ -	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -	\$ -

Supplemental schedule of Noncash Investing and Financing Activities:

For the period ended December 31, 1998:  
None

For the period ended December 31, 1997:  
None

For the period ended December 31, 1996:  
None

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

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BIOETHICS, LTD.  
[A Development Stage Company]

#### NOTES TO FINANCIAL STATEMENTS

##### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company was organized under the laws of the State of Nevada on July 26, 1990. The Company has not yet generated significant revenues from its planned principal operations and is considered a development stage company as defined in SFAS No. 7. The Company was organized to provide a vehicle for participating in potentially profitable business ventures which may become available through the personal contacts of, and at the complete discretion of, the Company's officers and directors. The Company has, at the present time, not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

Loss Per Share - The computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with statement of Financial Standard No. 128, "Earnings Per Share" [See Note 6].

Statement of Cash Flows - For purposes of the statement of cash flows, the Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimated.

Recently Enacted Accounting Standards - SFAS No. 130, "Reporting Comprehensive

Income", SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" SFAS No. 132, "Employer's Disclosure about Pensions and Other Postretirement Benefits", SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 134, "Accounting for Mortgage-Backed Securities." were recently issued. SFAS No. 130, 131, 132, 133 and 134 have no current applicability to the Company or their effect on the financial statements would not have been significant.

#### NOTE 2 - COMMON STOCK

During July 1990, in connection with its organization, the Company issued 1,000,000 shares of its previously authorized, but unissued common stock. Total proceeds from the sale of stock amounted to \$1,000 (or \$.001 per share).

During May 1998, the Company issued 10,000,000 shares of its previously authorized, but unissued common stock. Total proceeds from the sale of stock amounted to \$40,000 (or \$.004 per share). The issuance of common stock resulted in a change in control of the Company [See Note 5].

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BIOETHICS, LTD.  
[A Development Stage Company]

#### NOTES TO FINANCIAL STATEMENTS

#### NOTE 3 - INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". FASB 109 requires the Company to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards. At December 31, 1998, the Company has available unused operating loss carryforwards of approximately \$6,000, which may be applied against future taxable income and which expire in 2005 through 2013.

The amount of and ultimate realization of the benefits from the operating loss carryforwards for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company, and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the loss carryforwards the Company has established a valuation allowance equal to the amount of the loss carryforwards and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The net deferred tax assets are approximately \$2,000 and \$400 as of December 31, 1998 and 1997, respectively, with an offsetting valuation allowance at each year end of the same amount resulting in a change in the valuation allowance of approximately \$1,600 during 1998.

NOTE 4 - RELATED PARTY TRANSACTIONS

Management Compensation - The Company has not paid any compensation to its officers and directors.

Office Space - The Company has not had a need to rent office space. An officer/shareholder of the Company is allowing the Company to use his home as a mailing address, as needed, at no expense to the Company.

NOTE 5 - CHANGES IN CONTROL

During May 1998, the Company raised \$40,000 through the sale of 10,000,000 shares of common stock. The shares sold represent approximately ninety-one percent (91%) of the outstanding shares of common stock of the Company resulting in a change in control of the Company. The proceeds from the stock sale will be used to pay for legal and accounting fees and for management to search for possible business opportunities. The former officers and directors of the Company resigned and an individual holding approximately 23% of the outstanding common stock was appointed as the sole member of the Board of Directors of the Company and as the new President, Chief Executive Officer, Chief Financial Officer, and Secretary/Treasurer of the Company.

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BIOETHICS, LTD.  
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EARNINGS (LOSS) PER SHARE

The following data show the amounts used in computing income (loss) per share and the effect on income and the weighted average number of shares of dilutive potential common stock for the periods presented:

	For the Year Ended			From Inception
	December 31,			on July 26,
	1998	1997	1996	1990 Through
				December 31,
				1998
Income (loss) available to common stockholders used in income (loss) per share	\$ (5,335)	\$ -	\$ -	\$ (6,335)
Weighted average number of common shares outstanding used in earnings per share				

during the period                    7,684,932   1,000,000   1,000,000   1,792,208

\_\_\_\_\_

Dilutive earnings per share was not presented, as the Company had no common equivalent shares for all periods presented that would effect the computation of diluted earnings (loss) per share.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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