FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

INTRAC INC

CIK:**50710**| IRS No.: **880471759** | State of Incorp.:**NV** | Fiscal Year End: **1231**
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SIC: **3827** Optical instruments & lenses

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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark one)

☒ **QUARTERLY REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2004

OR

☐ **TRANSITION REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______.

Commission file number 0-31114

INTRAC, INC.

(Exact name of small business issuer in its charter)

Nevada	**88-0741759**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

180 VARICK, 13TH FLOOR, NEW YORK, NEW YORK 10014
(Address of principal executive offices)

(310) 396-1691
(Issuer' s telephone number)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 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 ☒ NO ☐

The number of shares outstanding of the issuer’ s Common Stock, $.001 par value per share, as of July 15, 2004 is 99,989.

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

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Form 10-QSB

INTRAC, INC.

For the Quarter ended June 30, 2004

Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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INTRAC, INC.

UNAUDITED CONDENSED BALANCE SHEET

JUNE 30, 2004

	6/30/04 (unaudited)	12/31/03 (audited)
ASSETS		
CURRENT ASSETS:		
Cash	$ 100	$ 100
TOTAL CURRENT ASSETS AND TOTAL ASSETS	$ 100	$ 100
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
CURRENT LIABILITIES:		
Accrued interest and other expenses	$ 36,763	$ 44,068
Notes Payable−Stockholders	48,257	26,477
TOTAL CURRENT LIABILITIES	85,020	70,545
Convertible debenture	407,500	380,000
TOTAL LIABILITIES	492,520	450,545
STOCKHOLDERS' DEFICIENCY:		

Common stock, $.001 par value 500,000,000 shares authorized 99,989 shares issued and outstanding	100	100
Series A Preferred Stock, $.001 par value 5,000,000 shares authorized 200,000 shares issued and outstanding	200	200
Additional paid-in capital	3,112,447	3,112,447
Accumulated Deficit	(3,605,167)	(3,563.192)
TOTAL STOCKHOLDERS' DEFICIENCY	(492,420)	(450,445)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 100	$ 100

The accompanying notes are an integral part of the accompanying unaudited condensed financial statements

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INTRAC, INC.

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	**2003**	**2004**	**2003**
REVENUES				
Revenues	$–	$–	$–	$–
Forgiveness of Indebtedness	–	36,715	–	36,715
TOTAL REVENUES:	–	36,715	–	**36,715**
EXPENSES:				
General and administrative	4,240	13,616	14,475	18,616
TOTAL EXPENSES	4,240	13,616	14,475	18,616
PROFIT (LOSS) FROM OPERATIONS	(4,240)	23,099	(14,475)	18,099
OTHER INCOME (EXPENSE)				
Interest income (expense)	(13,750)	(13,750)	(27,500)	(27,500)
Debt conversion inducement	–	–	–	–
TOTAL OTHER INCOME (EXPENSE)	(13,750)	(13,750)	(27,500)	(27,500)

NET PROFIT (LOSS)	$(17,990)	$9,349	$(41,975)	$(9,401)
WEIGHTED AVERAGE SHARES	99,989	99,989	99,989	99,989
PROFIT (LOSS) PER SHARE	$(0.18)	$0.09	$(0.42)	$(0.09)

The accompanying notes are an integral part of the accompanying
unaudited condensed financial statements

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INTRAC, INC.

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(41,975)	$(9,401)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization of discount on debenture	27,500	27,500
Increase (Decrease) in accrued expenses	(7,575)	(44,576)
NET CASH USED BY OPERATING ACTIVITIES	(22,050)	(26,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
ADVANCES FROM SHAREHOLDERS	22,050	26,477
NET CASH PROVIDED BY FINANCING ACTIVITIES	22,050	26,477
NET (DECREASE) INCREASE IN CASH	–	–
CASH- BEGINNING OF PERIOD	100	100
CASH- END OF PERIOD	$100	$100

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Cash paid during the period for:		
Income taxes	$–	$–
Interest	$–	$–

The accompanying notes are an integral part of the accompanying unaudited condensed financial statements

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INTRAC, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

These interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting policies for interim financial information and with instructions for Form 10-QSB and Item 310 of Regulations S-B. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles for a complete set of annual financial statements.

The financial information as at June 30, 2004 and for the three-month period then ended are unaudited; however, such financial information includes all adjustments, consisting solely of normal recurring adjustments, which, in the opinion of management, are necessary for the fair presentation of the financial information in accordance with generally accepted accounting principles in the United States.

These financial statements have been prepared on a going concern basis in accordance with United States generally accepted accounting principles. The going concern basis of presentation assumes the Company will continue in operation throughout the next fiscal year and into the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Certain conditions, discussed below, currently exist which raise substantial doubt upon the validity of this assumption. The financial statements do not include any adjustments that might result from outcome of this uncertainty.

The Company has a stockholders' accumulated deficiency of $3,605,167 at June 30, 2004 and produced no cash flow from operations during the three months then ended. The Company plans to either complete a merger with another company or to obtain additional funds through future debt or equity financings over the next twelve months to offset any future cash flow deficiencies. Such merger may not take place and financings may not be available on reasonable terms, if at all. The resolution of this going concern issue is dependent on the realization of management's plans. If management is unsuccessful in completing a merger or raising future debt or equity financings, the Company may be required to reduce or cease its operations.

The results of operations for the six and three month periods ended June 30, 2004 are not necessarily indicative of the results to be expected for the year ended December 31, 2004. The condensed interim financial statements should be read in conjunction with the audited financial statements and notes, contained in the Form 10-KSB filed on February 4, 2004.

2. CONVERTIBLE DEBENTURE

During the six and three months ended June 30, 2004, the Company recorded no conversions of its Convertible Debenture and recorded interest expense of $27,500 and $13,750, respectively, for the six and three months ending June 30, 2004 on account of amortization of the discount on the original issuance of Convertible Debentures.

MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

SIX AND THREE MONTH PERIODS ENDED JUNE 30, 2004 COMPARED TO THE SIX AND THREE MONTH PERIODS ENDED JUNE 30, 2003.

REVENUES. The Company had no operations and therefore no operating revenues for the six and three month periods ended June 30, 2004 and 2003. During the three and six months months ended June 30, 2003, the Company recorded $36,715 forgiveness of indebtedness as a result of the compromise of certain accrued expenses.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses decreased by $4,141 to $14,475 for the six months ended June 30, 2004, from $18,616 for the six months ended June 30, 2003. General and administrative expenses decreased by $9,376 to $4,240 for the three months ended June 30, 2004, from $13,616 for the three months ended June 30, 2003. Costs decreased primarily due to the lack of ongoing operations and decreased costs of maintaining the Company. The Company ceased its prior operations in November 2001.

INTEREST EXPENSE. Interest expense for the six months ended June 30, 2004 and June 30, 2003 were $27,500 and $27,500, respectively, for the amortization of the Discount on the Debenture and the accrued interest thereon. There was no interest Income in either period. Interest expense for the three months ended June 30, 2004 and June 30, 2003 were $13,750 and $13,750, respectively, for the amortization of the Discount on the Debenture and the accrued interest thereon. There was no interest Income in either period.

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2004, the Company used $22,050 cash for operating activities as compared to cash used in the amount of $26,477 during the six months ended June 30, 2003. We intend to finance future operations from advances from shareholders and cash generated from additional proceeds from the Debenture. Notwithstanding, there are no guarantees that any additional cash will be generated from these sources or from any others. We are seeking to acquire business entities that will generate cash from operations.

There was a working capital deficit of $84,920 at June 30, 2004. The Company' s working capital deficit at June 30, 2003 was $34,506.

The Company had no investing activities for the three-month periods ended June 30, 2004 and June 30, 2003.

During the six months ended June 30, 2004, shareholders of the Company directly incurred costs and expenses of $26,477. No new shares were issued. The Company had no financing activities for the three month period ended June 30, 2004.

For the fiscal year ending December 31, 2004, the Company anticipates incurring a loss as a result of expenses associated with compliance with the reporting requirements of the Securities Exchange Act of 1934, and expenses associated with locating and evaluating acquisition candidates. The Company anticipates that until a business combination is completed, it will not generate revenues. It may also continue to operate at a loss after completing a business combination, depending upon the performance of the acquired business.

PLAN OF OPERATIONS AND NEED FOR ADDITIONAL FINANCING

During the fiscal year ending December 31, 2004, the Company plans to continue with efforts to seek, investigate, and, if warranted, acquire one or more properties or businesses, including but not limited to the proposed merger with Sunset Brands, Inc. (see Item 5, below). The Company also plans to file all required periodical reports and to maintain its status as a fully-reporting Company under the Securities Exchange Act of 1934. In order to proceed with its plans for the next year, it is anticipated that the Company may require additional capital in order to meet its cash needs. These include the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended, as well as any costs the Company may incur in seeking business opportunities.

No specific commitments to provide additional funds have been made by management or other stockholders. Other than as disclosed in Item 5, below, 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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

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

None.

Item 5. Other Information.

On or about May 25, 2004, the Company entered into an Agreement and Plan of Merger, dated as of May 25, 2004 (the "Merger Agreement"), by and among the Company, Sunset Brands, Inc., a Nevada corporation ("Sunset"), and Intrac Merger Sub, Inc., a Nevada corporation and wholly-owned subsidiary of the Company ("Merger Sub"), pursuant to which Merger Sub will merge with and into Sunset with Sunset surviving as a wholly-owned subsidiary of the Company (the "Merger"). Sunset is a privately-held company that intends to acquire and consolidate selected businesses in the low-carbohydrate food market. A copy of the Merger Agreement is attached to the Company' s Form 8-K filed on May 27, 2004 as Exhibit 2.1

As more specifically set forth in the Merger Agreement, each issued and outstanding share of Sunset common stock, par value $.0001 per share, (the "Sunset Common Stock") will be converted into shares of common stock of the Company. In addition, each outstanding option or warrant to acquire shares of Sunset Common Stock shall become an option to acquire the number of shares of the Company' s common stock calculated based on the same conversion ratio applicable to the Sunset Common Stock.

The Merger is subject to numerous conditions to closing, including a requirement that (i) Sunset complete the sale of at least $5.5 million in Units consisting of common stock and warrants to purchase common stock, (ii) holders of the Company' s outstanding 8% Convertible Debentures convert their Debentures into an aggregate of 1,500,000 shares of Common Stock, and (iii) holders of the Company' s Series A Preferred Stock convert their shares of Preferred Stock into the following Company securities: (A) one-year convertible promissory notes in the aggregate principal amount of $350,000, (B) an aggregate of 500,000 Series A Warrants to purchase common stock at an exercise price of $1.75 per share, and (C) an aggregate of 500,000 Series B Warrants to Purchase common stock at an exercise price of $2.30 per share.

Simultaneously or promptly following the Merger, it is expected that the Company or Sunset will acquire, by means of a merger, Low Carb Creations, Inc., a Washington corporation engaged in the development, marketing and sale of low-carbohydrate food products. Sunset has entered into a letter of intent to acquire Low Carb Creations, Inc.

Subject to certain anti-dilution adjustments, it is expected that, upon consummation of the Merger and the acquisition of Low Carb Creations, Inc., the former shareholders of Sunset and Low Carb Creations, Inc. will collectively own approximately 92.5% of the issued and outstanding common stock of the Company.

The Merger is expected to be treated as a tax-free reorganization for federal income tax purposes. The foregoing description of the Merger does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is incorporated herein by reference.

The Company does not have an independent Audit Committee of its Board of Directors. The entire Board of Directors functions as the Company' s Audit Committee. The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") and proposed U.S. Securities and Exchange Commission Rules currently under review to implement the Sarbanes-Oxley Act impose certain standards on listed companies relative to the maintenance and operations of Board of Directors Audit Committees, including but not limited to the requirement that Audit Committees be appointed, that membership of such committees comprise only independent directors, that a financial professional be among the membership of such committee and that such committee be afforded an adequate operating budget and be able to employ independent professional advisors. The Sarbanes-Oxley Act also requires that the Audit Committee oversee the work of a company' s outside auditors and that the outside auditors be responsible to the Audit Committee. At this time, the Company is not in compliance with the requirements of the Sarbanes-Oxley Act as they relate to independent Board of Directors Audit Committees. The Company believes that under the Rules of the U.S. Securities and Exchange Commission which implement these provisions of the Sarbanes-Oxley Act, it is not required to comply with its requirements relating to the appointment of an independent Audit Committee of its Board of Directors and conforming with the enumerated standards and guidelines because the Company is not a "Listed Company" as defined therein. Notwithstanding, the Company may ultimately be determined to not be incompliance therewith and may therefore face penalties and restrictions on its operations until it comes into full compliance. Additionally, the Company' s failure to comply with the provisions of the Sarbanes-Oxley Act could preclude it from being listed on NASDAQ or any other stock exchanges until it can show that it is in compliance.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit No.	Description
31.1	CEO Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	CFO Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

b. Reports on Form 8-K.

On May 28, 2004, we filed a Current Report on Form 8-K with the SEC under Items 5 and 7 (Other Events and Regulation FD Disclosure) for the purpose of disclosing the Company entering into the Merger Agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 12, 2004

Intrac, Inc.

By:	/s/ Royce Diener
Name:	Royce Diener
Title:	President and Chief Executive Officer

EXHIBIT 31.1 SECTION 302 CEO CERTIFICATION

CERTIFICATION OF ROYCE DIENER, PRESIDENT AND CHIEF EXECUTIVE OFFICE OF INTRAC, INC, PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Royce Diener, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Intrac, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the small business issuer' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the small business issuer' s internal control over financial reporting that occurred during the small business issuer' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer' s internal control over financial reporting; and

5. The small business issuer' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer' s auditors and the audit committee of the small business issuer' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer' s internal control over financial reporting.

Date: August 12, 2004

/s/ Royce Diener

Royce Diener

President and Chief Executive Officer

EXHIBIT 31.2 SECTION 302 CFO CERTIFICATION

CERTIFICATION OF GEOFFREY ALISON, CHIEF EXECUTIVE OFFICE OF INTRAC, INC, PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Geoffrey Alison, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Intrac, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the small business issuer' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the small business issuer' s internal control over financial reporting that occurred during the small business issuer' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer' s internal control over financial reporting; and

5. The small business issuer' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer' s auditors and the audit committee of the small business issuer' s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer' s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer' s internal control over financial reporting.

Date: August 12, 2004

/s/ Geoffrey Alison

Geoffrey Alison

Chief Financial Officer

EXHIBIT 32.1 SECTION 906 CERTIFICATION

CERTIFICATIONS OF ROYCE DIENER, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND GEOFFREY ALISON, CHIEF FINANCIAL OFFICER, PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officers of Intrac, Inc. ("Intrac") hereby certify that (a) Intrac' s Quarterly Report on Form 10-QSB for the quarter ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) of the Securities and Exchange Act of 1934 and (b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Intrac.

August 12, 2004

By:

/s/ ROYCE DIENER

Royce Diener

President and Chief Executive Officer
(Principal Executive Officer)

August 12, 2004

By:

/s/ GEOFFREY ALISON

Geoffrey Alison

Chief Financial Officer
(Principal Financial Officer)