

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB/A

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

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### FILER

#### INTERNATIONAL AUTOMATED SYSTEMS INC

CIK: **820380** | IRS No.: **870447580** | State of Incorporation: **UT** | Fiscal Year End: **0630**  
Type: **10QSB/A** | Act: **34** | File No.: **033-16531-D** | Film No.: **96620224**  
SIC: **7372** Prepackaged software

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AMERICAN FORK UT 84003

Business Address  
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AMERICAN FORK UT 84003  
801763996

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

For Quarter Ended September 30, 1995

Commission File Number 33-16531-D

INTERNATIONAL AUTOMATED SYSTEMS, INC.

(Exact name of registrant as specified in its  
charter)

UTAH 87-0447580  
(State or other jurisdiction of Employer  
incorporation or organization) (IRS  
Identification No.)

512 South 860 East  
American Fork, Utah 84003  
(Address of principal executive offices)

Registrant's telephone number  
including area code (801)763-9965

Not Applicable  
Former Address, if changed since last  
report

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 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

As of September 30, 1995, registrant had 9,006,600  
shares of common stock, no par value per share, issued  
and outstanding after deducting shares held in the  
corporate treasury.

PART I  
ITEM I - FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by International Automated Systems, Inc. (the "Company" or the "Registrant"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of September 30, 1995 and the results of its operations from June 30, 1995, through September 30, 1995, and changes in its financial position from inception through September 30, 1995, have been made. The results of its operations for such interim period is not necessarily indicative of the results to be expected for the entire year. The financial statements in this amendment have changed significantly from those financial statements included in the prior filing on Form 10-QSB for the period ended September 30, 1995. The primary changes were caused by different treatment of consulting services which the Company performed for its major shareholder during the periods shown in the financial statements.

Registrant is a development stage company. Historically its primary activities have been research and development for products based on high technology. Such development has significant risks.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources. As of September 30, 1995, Registrant had no cash compared to cash of \$10,049 as of June 30, 1995. Cash declined because of

increases in computer and electronic equipment and inventory. Registrant has total assets of \$122,890 and total liabilities of \$277,381 and a negative shareholders' equity of \$(154,491) as of September 30, 1995, compared to total assets of \$86,465, total liabilities of \$167,707 and a negative shareholders' deficit of \$81,512 as of June 30, 1995. During the quarter the note payable to a related party increased by \$110,968 from \$134,029 to \$244,997 as of September 30, 1995. As of June 30, 1995, Registrant had cash and total current assets of \$10,049 and had current liabilities of \$153,964 and shareholders' equity of \$(81,512). As of September 30, 1995, the ratio of current assets to current liabilities was approximately .06 to 1.0. The Company is technically insolvent because liabilities exceed assets.

Results of Operation. For the quarter ended September 30, 1995, Registrant had revenues of \$7,865 compared to total revenues of \$1,500 for the same period a year earlier. For the quarter ended September 30, 1995, Registrant had total expenses of \$78,046 compared to expenses of \$10,400 for the same period a year earlier. The increase in income reflects funds received from sales and an equipment lease. All the increase is attributable to sales of \$6,365. Cost of sales was \$2,454 yielding gross profit of \$5,411. For the quarter ended September 30, 1995, Registrant had a net of loss of \$(72,979) compared to a net loss of \$(8,900) for the same period a year earlier. The increase in the net loss is attributable primarily to an increase of \$52,790 in research and development expenses. Net loss per share was \$(0.01) compared to a loss of \$(0.0) for the same period in 1994.

Part II.

Item 1. Legal Proceedings.

On July 2, 1996, the Company and its president were named as defendants in a proposed class action lawsuit filed on behalf of certain shareholders seeking damages for violations of the federal securities laws. The Complaint was claims to be brought on behalf of all persons and entities who purchased shares of common stock of the Company during the period of May 13, 1996, to June 27, 1996. The suit seeks damages based on the decrease in the Company's stock price in the trading market because the Company made allegedly material misrepresentations concerning new technology being developed. On August 8, 1996, an amended complaint was filed which increased the number of plaintiffs, added

and modified certain allegations, and changed the proposed period from April 3, 1996, to June 27, 1996. This lawsuit is in its preliminary stages. The final outcome of the litigation cannot be determined. The Company intends to defend vigorously the litigation. No provision for any liability that may result from any adverse adjudication has been made in the accompanying financial statements and any effect on future financial statements is unknown. The lawsuit is now captioned Edouard Serfaty, David D. Baker, Michael Berry, Margaret Moskes, Craig Swapp, Linda M. Baker, Robert H. Baker, Kouros Khilili and Ariel Tzadik, v. International Automated Systems, Inc., and Neldon P. Johnson, Civil No. 2:96 CV 0583 C, filed in the United States District Court for the District of Utah, Central Division.

Item 2. Changes in Securities.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Matters Submitted to a Vote of the Company's Shareholders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits, Financial Statements, Schedules and Reports on Form 8-K.

A. Exhibits.

Ex. 27 Financial Data Summary.

INTERNATIONAL AUTOMATED SYSTEMS,

INC.

(A Development Stage Company)

CONDENSED BALANCE SHEETS

(Unaudited)

December 31,

June 30,

1995

1995

ASSETS

Current Assets

Cash

\$

6,933 \$

10,049

Inventory

55,889	-
Prepaid expenses	
7,259	-
Total Current Assets	
70,081	10,049
Property and Equipment	
Computer and electronic equipment	
84,091	51,302
Furniture and fixtures	
3,591	3,591
Automobiles	
21,657	21,657
Total Property and Equipment	
109,339	76,550
Less: Accumulated depreciation	
(26,675)	(18,373)
Net Property and Equipment	
82,664	58,177

Other Assets	
Rights to technology	
54,444	31,416
Accumulated amortization	
(14,461)	(13,177)
Other Assets, Net	
39,983	18,239

Total Assets		\$
192,728	\$	86,465

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities		
Accounts payable		\$
8,000	\$	8,482
Deferred revenue		
5,000		8,000
Current portion - long term debt		
3,453		3,453
Note payable - related party		
418,616		134,029
Total Current Liabilities		
435,069		153,964

Long Term Debt	
12,321	14,013

Stockholders' Deficit	
Preferred stock, Class A, no par value, 5,000,000	

shares authorized, no shares issued or outstanding	-	-
Common stock, no par value, 45,000,000 shares authorized, 9,013,456 shares issued and outstanding		
at December 31, 1995 and June 30, 1995, respectively	372,599	372,599
Less: Treasury stock		
(3,325)	(3,325)	
Deficit accumulated during the development stage		
(623,936)	(450,786)	
Total Stockholders' Deficit		
(254,662)	(81,512)	
Total Liabilities and Stockholders' Deficit	\$	\$
192,728	\$	86,465

See the accompanying notes to the condensed financial statements.

INTERNATIONAL AUTOMATED SYSTEMS, INC.  
(A Development Stage Company)  
CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

For the Period

From Inception

(September

26, 1986)

				Three
Months Ended				
Six Months Ended			Through	
			December	
31,				
December 31,			December 31,	
			1995	
1994	1995		1994	
	1995			
Revenue				
Sales		\$	13,155	\$
- \$	19,520	\$	-	\$
	19,520			
Equipment lease income			1,500	
1,500	3,000		3,000	

	15,000			
Total Revenue			14,655	
1,500	22,520		3,000	
	34,520			
Cost of Sales			10,980	
-	13,433		-	
	13,433			
Gross Profit			3,675	
1,500	9,087		3,000	
	21,087			
Expenses				
General and administrative			25,924	
8,111	43,012			
10,991	278,469			
Research and development			75,105	
12,739	137,270		19,798	
	335,713			
Amortization			734	
462	1,284		924	
	16,341			
Total Expenses			101,763	
21,312	181,566		31,713	
	630,523			
Other Income/(Expense)				
Interest income			-	
-	-		-	
	1,912			
Interest expense			(327)	
(129)	(671)			
(129)	(16,412)			
Net Other Income/(Expense)			(327)	
(129)	(671)			
(129)	(14,500)			
Net Loss		\$	(98,415)	\$
(19,941)	\$	(173,150)	\$	
(28,842)	\$	(623,936)		
Net Loss Per Common Share		\$	(0.01)	\$
(0.00)	\$	(0.02)	\$	
(0.00)	\$	(0.09)		
Weighted Average Shares Outstanding			9,006,600	
8,906,600		9,006,600		
8,906,600		7,146,588		



See the accompanying notes to the condensed financial statements.

B. Reports on Form 8-K.

None

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: \_\_\_\_\_

International Automated Systems, Inc.

By \_\_\_\_\_  
President and Chief Executive Officer