

SECURITIES AND EXCHANGE COMMISSION

FORM 10KSB/A

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

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FILER

INTERNATIONAL AUTOMATED SYSTEMS INC

CIK: **820380** | IRS No.: **870447580** | State of Incorporation: **UT** | Fiscal Year End: **0630**
Type: **10KSB/A** | Act: **34** | File No.: **033-16531-D** | Film No.: **96620225**
SIC: **7372** Prepackaged software

Mailing Address
512 SOUTH 860 EAST
AMERICAN FORK UT 84003

Business Address
512 SOUTH 660 EAST
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 December 31, 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 December 31, 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 December 31, 1995, and the results of its operations from June 30, 1995, through December 31, 1995, and from October 1, 1995, through December 31, 1995, and changes in its financial position from inception through December 31, 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 from those financial statement included in the prior filing on Form 10-QSB for the same period. 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 December

31, 1995, Registrant had cash of \$6,933 compared to cash of \$10,049 as of June 30, 1995. Cash decreased because of increases in inventory and pre-paid expenses. Total current assets were \$70,081 and total assets were \$192,728 compared to \$10,049 and \$86,465 respectively as of June 30, 1995. As of December 31, 1995 Registrant had total liabilities of \$447,390 and negative shareholders' equity of \$(254,662) compared to total liabilities of \$167,977 and total shareholders' deficit of \$(81,512) as of June 30, 1995. Note payable to a related party increased from \$134,029 to \$418,616. The increase in the note payable represents cash advances from a shareholder in the form of short-term borrowings which are non-interest bearing and are due upon demand. During the period inventory increased from zero to \$55,889 as the Company commenced to manufacture its Automatic Fingerprint Identification Machine. As of December 31, 1995, the ratio of current assets to current liabilities was approximately .16 to one. As of December 31, 1995, and June 30, 1995, the Company was technically insolvent because liabilities exceeded assets.

Results of Operation. For the quarter ended December 31, 1995, Registrant had total revenues of \$14,655 compared to total revenues of \$1,500 for the same period a year earlier and gross profit of \$3,675 and \$1,500 respectively. For the quarter ended December 31, 1995, Registrant had expenses of \$101,763 compared to expenses of \$21,312 for the same period a year earlier. The increase in income was cause by the Company's first sales. For the quarter ended December 31, 1995, Registrant had net loss of \$(98,415) compared to a net loss of \$(19,941) for the same period a year earlier. The increase in net loss is attributable to the increase in general and administrative expenses and research and development expenses. General and administrative expenses for the same period a year earlier were \$8,111 compared to \$25,924 for the quarter ended December 31, 1995, for an increase of \$17,813. Research and development expenses were \$12,739 a year earlier compared to \$75,105 for the quarter ended December 31, 1995, an increase of \$62,366.

For the six month period ended December 31, 1995, the Company had total revenues of \$22,520 compared to \$3,000 for the same period a year earlier. The Company had sales of \$19,520 and equipment lease income of \$3,000 and gross profit of \$9,087 and \$3,000 respectively. Total expenses were \$181,566 compared to

\$31,713 for the same period a year earlier. General and administrative expenses for the period increased from \$10,991 to \$43,012. These expenses increased because of operational activities and start up costs the Company incurred in connection with the initial production of its Automatic Fingerprint Identification Machine. Net loss for the six month period was \$(173,150) compared to net loss a year earlier of \$(28,842). The net loss per share for the period was \$(.02) compared to \$(0.00) a year earlier.

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, Kourosh Khalili 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 8-14-96

International Automated Systems, Inc.

By s/Neldon Johnson
President and Chief Executive Officer

By s/Neldon Johnson
Chief Financial Officer