

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]

Filing Date: **1996-08-26** | Period of Report: **1996-03-31**
SEC Accession No. **0000820380-96-000036**

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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.: **96620226**
SIC: **7372** Prepackaged software

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AMERICAN FORK UT 84003

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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 March 31, 1996

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 x No

As of March 31, 1996, registrant had 9,186,100 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 March 31, 1996, and the results of its operations from June 30, 1995, through March 31, 1996, and from January 1, 1996, through March 31, 1996, and changes in its financial position from inception through March 31, 1996, 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 statements included in the prior filing on Form 10-QSB/A for the period ended March 31, 1996. The primary changes were caused by differing 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 March 31, 1996, Registrant had cash of \$236,142 compared to cash of \$10,049 as of June 30, 1995. Cash increased because

of the sale of equity securities in the amount of \$706,000 yielding net proceeds after offering expenses of approximately \$680,000. Inventory increased to \$189,650. As of March 31, 1996, total current assets were \$455,064 and total assets were \$626,043 compared to total current assets \$10,049 and total assets \$86,465 as of June 30, 1995. As of March 31, 1996, Registrant had total liabilities of \$36,764 and shareholders' equity of \$497,526. As of June 30, 1995, Registrant had total current liabilities of \$153,964 and shareholders' equity of \$(81,512). The sale of shares of common stock caused the increase in shareholders' equity. Funds from the sale of common stock were used to pay expenses and reduce liabilities including a note to a related party. As of March 31, 1996, the ratio of current assets to current liabilities was approximately 1.3 to one. As of June 30, 1995, the Company was technically insolvent because liabilities exceeded assets.

Results of Operation. For the quarter ended March 31, 1996, Registrant had total revenues of \$46,200 compared to total revenues of \$1,500 for the same period a year earlier. The following comparisons all relate to the three month period ended March 31, 1995. For the quarter ended March 31, 1996, Registrant had total expenses of \$213,963 compared to expenses of \$120,832 during the same quarter a year earlier. The increase in income reflects funds received from sales of \$44,700. Cost of sales was \$24,987 and gross profit was \$21,213. For the quarter ended March 31, 1996, Registrant had a net loss of \$(185,616) compared to a net loss of \$(119,709) for the same quarter a year earlier. The increase in net loss is attributable to the increase in general and administrative expenses and research and development expenses. Net loss per share was \$(0.02) compared to \$(0.01). General and administrative expenses were \$51,692 and research and development expenses were \$161,197 compared to \$109,589 and \$10,781 respectively. Total expenses were \$213,963 for the quarter compared to \$120,832 for the same quarter a year earlier.

For the nine period ended March 31, 1996, had total revenues \$68,721 compared total revenues of \$4,500 for the same period a year earlier. Revenues increase because of sales in the amount of \$64,221. Cost of sales was \$38,420. Gross profit was \$30,301. All the following comparisons relate to the nine month period ended March 31, 1995, compared to the same nine month

period a year earlier. Total expenses for nine month period ended March 31, 1996, were \$395,530 compared to \$152,545 for the same period a year earlier. General and administrative expenses declined to \$94,705 from \$120,579 for the same period a year earlier. Research and development expenses increased significantly to \$298,467 compared to \$30,579 for the same period a year earlier. The Company incurred substantial research and development costs in its efforts to develop its products. For the nine month period the net loss was \$(358,766) compared to \$(148,550) for the same period a year earlier. The loss for the ninth month period was primarily attributable to the Company's increased research and development expenses. Net loss per share was \$(0.04) compared to \$(0.02).

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.

During the quarter Registrant issued 176,500 shares of common stock, no par value per share. The shares were sold to a approximately nineteen investors at \$4.00 per share and the Company realized total proceeds of \$706,000 and net proceeds of approximately \$680,000. In addition, the Company issued 3,000 shares for services.

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)

March 31,	June 30,
1996	1995
	ASSETS
Current Assets	
Cash	
\$236,142	\$10,049
Accounts receivable	
22,013	-
Inventory	
189,650	-
Prepaid expenses	
7,259	-
Total Current Assets	
455,064	10,049

Property and Equipment	
Computer and electronic equipment	
88,786	51,302
Furniture and fixtures	
11,176	3,591
Automobiles	
21,657	21,657
Total Property and Equipment	
121,619	76,550

Less: Accumulated depreciation	
(31,563)	(18,373)
Net Property and Equipment	
90,056	58,177

Other Assets	
Rights to technology	
96,458	31,416
Accumulated amortization	
(15,535)	(13,177)
Other Assets, Net	
80,923	18,239

Total Assets	
\$ 626,043	\$ 86,465

LIABILITIES AND STOCKHOLDERS' EQUITY
(DEFICIT)

Current Liabilities		
Accounts payable		\$
8,000	\$ 8,482	
Accrued expenses		
21,862	-	
Deferred revenue		
3,500	8,000	
Current portion - Long-term debt		
3,453	3,453	
Note payable - related party		
312,057	134,029	
Total Current Liabilities		
348,872	153,964	

Long Term Debt	
11,449	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, 9,189,956 and 9,013,456 shares	
issued	
and outstanding at March 31, 1996 and June 30,	
1995,	
respectively.	
1,078,599	372,599
Less: Treasury stock	
(3,325)	(3,325)
Deficit accumulated during the development stage	
(809,552)	(450,786)
Total Stockholders' Equity (Deficit)	
265,722	(81,512)
Total Liabilities and Stockholders' Equity (Deficit)	
\$ 626,043	\$ 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

Nine Months Ended

Through

March 31,

March 31,

March 31,

1996

1995

1996

1995

1996

Revenue

Sales

- \$

64,221

\$

44,700 \$

\$

- \$

64,221

Equipment lease income

1,500

1,500		4,500		4,500
	16,500			
	Total Revenue			46,200
1,500		68,721		4,500
	80,721			
Cost of Sales				24,987
-		38,420		-
	38,420			
Gross Profit				21,213
1,500		30,301		4,500
	42,301			
Expenses				
General and administrative				51,692
	109,589		94,705	
120,579		330,162		
Research and development				161,197
10,781		298,467		30,579
	496,910			
Amortization				1,074
462		2,358		1,387
	17,415			
Total Expenses				213,963
120,832		395,530		152,545
	844,487			
Other Income/(Expense)				
Interest income				7,444
-		7,444		-
	9,356			
Interest expense				(310)
(377)		(981)		
(505)		(16,722)		
Net Other Income/(Expense)				7,134
(377)		6,463		
(505)		(7,366)		
Net Loss		\$	(185,616)	\$
(119,709)	\$	(358,766)	\$	
(148,550)	\$	(809,552)		
Net Loss Per Common Share	\$		(0.02)	\$
(0.01)	\$	(0.04)	\$	
(0.02)	\$	(0.11)		
Weighted Average Shares Outstanding				
9,158,089		9,002,156		
9,056,729		8,937,987		
7,199,279				

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 Neldon Johnson
President and Chief Executive Officer

By Neldon Johnson
Chief Financial Officer