

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB

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

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**  
SEC Accession No. **0001023175-01-500215**

([HTML Version](#) on [secdatabase.com](#))

### FILER

#### **DRACO HOLDING CORP/NV**

CIK: **787251** | IRS No.: **870638750** | State of Incorporation: **NV** | Fiscal Year End: **1231**  
Type: **10QSB** | Act: **34** | File No.: **033-02441-D** | Film No.: **1696955**  
SIC: **7900** Amusement & recreation services

#### Mailing Address

511 EAST ST GEORGE BLVD  
ST. GEORGE UT 84770

#### Business Address

511 EAST ST GEORGE BLVD  
ST. GEORGE UT 84770  
8012090545

U. S. Securities and Exchange Commission  
Washington, D. C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 033-02441-D

Draco Holding Corporation  
-----

(Name of Small Business Issuer in its Charter)

NEVADA  
-----

87-0638750  
-----

(State or Other Jurisdiction of  
incorporation or organization)

(I.R.S. Employer I.D. No.)

511 East St. George Boulevard  
St. George, Utah 84770  
-----

(Address of Principal Executive offices)

Issuer's Telephone Number: (801) 209-0545

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Sections 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.

(1) Yes  No  (2) Yes  No   
-----

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the Registrant's classes  
of common stock, as of the latest practicable date:

August 1, 2001

2,034,751 shares

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated balance sheet of Draco Holding Corporation, a

Nevada corporation, as of June 30, 2001 and the related audited consolidated balance sheet as of December 31, 2000, the unaudited related consolidated statements of operations and cash flows for the three and six month periods ended June 30, 2001 and June 30, 2000, the unaudited related statements of stockholders' equity for the period from inception through June 30, 2001, and the notes to the financial statements are attached hereto as Appendix "A" and incorporated herein by reference.

The accompanying financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position of Draco consolidated with Jump'n Jax, Inc., its wholly owned subsidiary. The names "Draco", "we", "our" and "us" used in this report refer to Draco Holding Corporation.

Item 2. Management's Discussion and Analysis or Plan of Operation.

(a) Plan of Operation.

Not applicable.

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations. During the three months ended June 30, 2001, Draco experienced a net loss of \$12,836, which is \$7,316 less than the \$20,152 net loss incurred for the three

2

months ended June 30, 2000. For the six months ended June 30, 2001, Draco incurred a net loss of \$18,815 which is \$5,749 less than the \$24,564 net loss incurred during the six months ended June 30, 2000. For the three months ended June 30, 2001, Draco reported revenues of \$8,155 which is \$4,193 more than the revenues of \$3,962 reported for the three months ended June 30, 2000. Draco's revenues are comprised entirely of income from the Jump'n Jax, Inc. subsidiary business of equipment rental and leasing of inflatable bounce houses for parties and entertainment. Revenues for the six month period ended June 30, 2001 were \$13,005 which is \$8,838 more than the \$4,167 of revenues reported for the six month period ended June 30, 2000. The increase in revenues is attributed to an increase in business during the later periods, and also to the fact that Draco's current business operations did not commence until approximately March 2000. As a result the revenues for the six month period ended June 30, 2000 contain revenues only for approximately the four months of March through June, 2000. Draco has been engaged in active business operations through its wholly owned subsidiary, Jump'n Jax, Inc., since approximately March 2000.

Expenses for the three months ended June 30, 2001 were \$20,791, or \$3,323 less than the expenses of \$24,114 incurred during the three month period ended June 30, 2000. Expenses for the six months ended June 30, 2001 were \$31,786 or \$3,055 more than the expenses of \$28,731 incurred during the six month period ended June 30, 2000. Approximately one-half of the expenses incurred during the three and six month periods ended June 30, 2001, were primarily associated with non recurring legal and accounting expenses. The remaining expenses were primarily related to expenses of a recurring nature such as salaries, advertising, and general and administrative expenses.

Balance Sheet Information

-----

Assets

As of June 30, 2001, Draco reported total assets of \$24,954, down \$5,786 from the \$30,740 reported as of December 31, 2000. Current assets of June 30, 2001 were \$7,566, down \$7,144 from the \$14,710 reported as of December 31, 2000. The change in total assets and current assets reflects primarily the net loss generated by Draco during the six months ended June 30, 2001

partially offset by a \$13,000 increase in a loan made to Draco by Draco's Secretary/Treasurer. Equipment (net) has increased from \$16,030 at December 31, 2000 to \$17,388 at June 30, 2001, which reflects the purchase of approximately \$3,000 in additional equipment in first quarter 2001 decreased by \$1,642 in accumulated depreciation during the six month period ended June 30, 2001.

#### Liabilities

Draco's only liability as of June 30, 2001 is for \$20,500 on a note payable to Draco's Secretary/Treasurer and approximately \$763 in accrued interest on the loan. In May 2000, Draco's Secretary/Treasurer loaned Draco \$7,500. The loan was increased by an additional

3

\$3,000 in first quarter 2001 and by an additional \$10,000 in second quarter 2001. The loan accrues interest at 10% per annum and is due upon demand. The loan is unsecured.

Total liabilities of Draco increased \$13,029 from \$8,234 as of December 31, 2000, to \$21,263 as of June 30, 2001. The increase in total liabilities reflects a \$13,000 increase in the amount of the loan made by Draco's Secretary/Treasurer to the Company together with an increase of \$263 in accrued interest, partially offset by the payment of \$234 of accounts payable which were owed as of December 31, 2000.

#### Liquidity and Capital Resources - June 30, 2001

-----

Draco believes that its liquid resources are adequate to maintain operations through internally generated cash flows for a period of approximately 12 months. In the event that Draco's business continues to grow and expand during this early phase, Draco may need to purchase additional equipment which will require expanded resources. If that occurs, Draco proposes to seek such additional capital either through loans from its officers and directors, or through possible equity or debt financing. No assurance can be given that Draco's resources will be adequate to take advantage of opportunities to expand the business as they arise, or that any such expansion opportunities will materialize.

ANY FORWARD-LOOKING STATEMENTS INCLUDED IN THIS FORM 10-QSB REPORT REFLECT MANAGEMENT'S BEST JUDGMENT BASED ON FACTORS CURRENTLY KNOWN AND INVOLVE RISKS AND UNCERTAINTIES. ACTUAL RESULTS MAY VARY MATERIALLY.

#### PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Changes in Securities.

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

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

None; not applicable.

4

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None

(b) Reports on Form 8-K.

No Current Reports on Form 8-K were filed by Draco during the quarter ended June 30, 2001.

5

#### SIGNATURES

In accordance with 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.

DRACO HOLDING CORPORATION

Date: August 2, 2001

By: /s/ Lane Clissold

\_\_\_\_\_  
Lane Clissold  
Director and President

Date: August 2, 2001

By: /s/ Steven D. Moulton

\_\_\_\_\_  
Steven D. Moulton  
Director and Secretary/Treasurer

6

#### APPENDIX "A" FINANCIAL STATEMENTS

7

DRACO HOLDING CORPORATION  
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2001 and December 31, 2000

8

DRACO HOLDING CORPORATION

(A Development Stage Company)  
Consolidated Balance Sheets

ASSETS

	June 30, 2001	December 31, 2000
	(Unaudited)	
CURRENT ASSETS		
Cash	\$ 7,566	\$ 14,710
Total Current Assets	7,566	14,710
EQUIPMENT		
Equipment (net) (Note 5)	17,388	16,030
Total Equipment	17,388	16,030
TOTAL ASSETS	\$ 24,954	\$ 30,740

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ -	\$ 234
Note payable - related party (Note 4)	20,500	7,500
Accrued interest - related party (Note 4)	763	500
Total Liabilities	21,263	8,234

STOCKHOLDERS' EQUITY

Common stock, \$0.001 par value; 500,000,000 shares authorized; 2,034,750 shares issued and outstanding	2,035	2,035
Additional paid-in capital	133,795	133,795
Deficit accumulated during the development stage	(132,139)	(113,324)
Total Stockholders' Equity	3,691	22,506
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 24,954	\$ 30,740

	For the Six Months Ended June 30,		For the Three Months Ended June 30,		From Inception on December 17, 1985 Through June 30, 2001
	2001	2000	2001	2000	
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES	\$ 13,005	\$ 4,167	\$ 8,155	\$ 3,962	\$ 27,724
EXPENSES					
General and administrative	31,786	28,731	20,791	24,114	160,565
Total Expenses	31,786	28,731	20,791	24,114	160,565
LOSS FROM OPERATIONS	(18,781)	(24,564)	(12,636)	(20,152)	(132,841)
OTHER INCOME (EXPENSES)					
Interest expense	(262)	-	(262)	-	(762)
Interest income	228	-	62	-	1,464
Total Other Income	(34)	-	(200)	-	702
NET LOSS	\$ (18,815)	\$ (24,564)	\$ (12,836)	\$ (20,152)	\$ (132,139)
BASIC LOSS PER SHARE	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,034,750	2,034,750	2,034,750	1,341,599	

3

</TABLE>

10

<TABLE>

<CAPTION>

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity  
From Inception on December 17, 1985 through June 30, 2001

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
<S>	<C>	<C>	<C>	<C>
Balance at inception on December 17, 1985	-	\$ -	\$ -	\$ -
Common stock issued for cash at \$0.02	400,000	400	7,600	-
Common stock issued for cash at \$0.20 per share	534,750	535	106,415	-
Stock offering costs	-	-	(34,220)	-
Net loss from inception on December 17, 1985 through December 31, 1996	-	-	-	(80,830)

Balance, December 31, 1996	934,750	935	79,795	(80,830)
Contributed capital for expenses	-	-	100	-
Net loss for the year ended December 31, 1997	-	-	-	(100)
Balance, December 31, 1997	934,750	935	79,895	(80,930)
Net loss for the year ended December 31, 1998	-	-	-	(150)
Balance, December 31, 1998	934,750	935	79,895	(81,080)
Common stock issued for cash at \$0.05 per share	1,000,000	1,000	49,000	-
Common stock issued for services at \$0.05 per share	100,000	100	4,900	-
Net loss for the year ended December 31, 1999	-	-	-	(12,406)
Balance, December 31, 1999	2,034,750	2,035	133,795	(93,486)
Net loss for the year ended December 31, 2000	-	-	-	(19,838)
Balance, December 31, 2000	2,034,750	2,035	133,795	(113,324)
Net loss for the six months ended June, 2001 (unaudited)	-	-	-	(18,815)
Balance, June 30, 2001 (unaudited)	2,034,750	\$ 2,035	\$ 133,795	\$ (132,139)

4

</TABLE>

11

<TABLE>

<CAPTION>

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Consolidated Statements of Cash Flows  
(Unaudited)

	For the Six Months Ended June 30, 2001	For the Six Months Ended June 30, 2000	From Inception on December 17, 1985 Through June 30, 2001
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (18,815)	\$ (24,564)	\$ (132,139)
Adjustments to reconcile net loss to net cash used by operating activities:			



Contributed capital for expenses	-	-	100
Common stock issued for services	-	-	5,000
Depreciation	1,642	-	3,641
Changes in operating assets and liabilities:			
Increase (decrease) in accounts payable and accrued interest	29	7,500	763
	-----	-----	-----
Net Cash Used by Operating Activities	(17,144)	(17,064)	(122,635)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(3,000)	(7,403)	(21,029)
	-----	-----	-----
Net Cash Used by Investing Activities	(3,000)	(7,403)	(21,029)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Stock offering costs	-	-	(34,220)
Increase note payable - related party	13,000	-	20,500
Issuance of common stock for cash	-	-	164,950
	-----	-----	-----
Net Cash Provided by Financing Activities	13,000	-	151,230
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH	(7,144)	(24,467)	7,566
CASH AT BEGINNING OF PERIOD	14,710	42,344	-
	-----	-----	-----
CASH AT END OF PERIOD	\$ 7,566	\$ 17,877	\$ 7,566
	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for:

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

5

</TABLE>

12

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
June 30, 2001 and December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

Draco Holding Corporation (the Company) was organized August 20, 1999 under the laws of the State of Nevada for the purpose of engaging in any lawful activity. On September 13, 1999, Draco Holding Corporation filed articles of merger whereby Draco Corporation (a Utah corporation formed on December 17, 1985) (Draco-Utah) merged into Draco Holding Corporation (the Company). The Company became the surviving corporation, assuming all the assets and obligations of Draco-Utah. At the time of merger, each outstanding share of common stock of Draco-Utah was converted into one share of common stock of the Company, and all fractional shares were rounded to the nearest whole share. The Company has had no significant operations since inception

and is considered a development stage company in accordance with Statement of Financial Accounting Standards No. 7. The Company is the surviving entity for legal purposes and the historical financial statements of Draco-Utah became the Company's financial statements for accounting purposes.

The Company incorporated Jump'n Jax, Inc., a wholly-owned subsidiary. The Subsidiary is in the business of equipment rental and the leasing of inflatable bounce houses for parties and entertainment.

b. Provision for Taxes

At June 30, 2001, the Company had net operating loss carry forwards of approximately \$132,000 that may be offset against future taxable income through 2021. No tax benefits has been reported in the financial statements, because the potential tax benefits of the net operating loss carry forwards are offset by a valuation allowance of the same amount.

The income tax benefit differs from the amount computed at federal statutory rates of approximately 38% as follows:

	For the Six Months Ended June 30,	
	2001	2000
Income tax benefit at statutory rate	\$ 2,272	\$ 1,676
Change in valuation allowance	(2,272)	(1,676)
	\$ -	\$ -

Deferred tax assets (liabilities) are comprised of the following:

	For the Six Months Ended June 30,	
	2001	2000
Income tax benefit at statutory rate	\$ 45,335	\$ 37,201
Change in valuation allowance	(45,335)	(37,201)
	\$ -	\$ -

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
June 30, 2001 and December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Provision for Taxes (continued)

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in the future.

c. Accounting Method

The financial statements are prepared using the accrual method of

accounting. The Company has elected a calendar year end.

d. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

The Company considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents.

f. Revenue Recognition Policy

Revenues are recognized when rental of equipment is made and services have been provided. The Company rents entertainment equipment through a subsidiary for parties. No products are sold and no inventory is on hand.

g. Basic Loss Per Share

	For the Six Months Ended June 30,	
	2001	2000
	-----	-----
Basic loss per share:		
Numerator - net income(loss)	\$ (18,815)	\$ (24,564)
Denominator - weighted average number of shares outstanding	2,034,750	2,034,750
	-----	-----
Earnings (loss) per share	\$ (0.01)	\$ (0.01)
	=====	=====

The computations of basic loss per share of common stock are based on the weighted average number of shares of common stock outstanding during the period of the financial statements.

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
June 30, 2001 and December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Unaudited Financial Statements

The accompanying unaudited financial statements include all of the adjustments which, in the opinion of management, are necessary for a fair presentation. Such adjustments are of a normal recurring nature.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not established revenues sufficient to cover its operating costs and allow it to continue as a going

concern. Management intends to increase operations through its wholly-owned subsidiary, in the interim, it has committed to meeting the Company minimal operating expenses.

NOTE 3 - STOCK TRANSACTIONS

On August 18, 1999, the Company issued 1,000,000 unrestricted shares of common voting stock for cash consideration of \$50,000 and 100,000 shares of common voting stock for services rendered valued at \$5,000.

On September 13, 1999, the Company effected a reverse split of the issued and outstanding common stock on the basis of one share for 10, while retaining the authorized shares at 500,000,000 shares and retaining the par value of one mill (\$0.001) per share. The reverse stock split has been applied retroactively to the financial statements.

NOTE 4 - RELATED PARTY TRANSACTIONS

In May 2000, a shareholder loaned the Company \$ 7,500 to cover operating expenses. The loan was increased by \$3,000 in first quarter 2001 and by an additional \$10,000 in second quarter 2001. The loan accrues interest at 10%, is unsecured and is due upon demand. The loan has accrued interest of \$763 at June 30, 2001.

NOTE 5 - FIXED ASSETS

In May 2000, the Company purchased inflatable bounce houses (shown below as rental equipment, which are rented out to customers for parties, gatherings, etc. The equipment is depreciated over a 7-year life using the straight-line method of depreciation. The Company purchased an automobile in May 2000 which has a 5-year life. Depreciation is computed using the straight-line method. Assets and depreciation for the period are as follows:

8

15

DRACO HOLDING CORPORATION  
(A Development Stage Company)  
Notes to the Consolidated Financial Statements  
June 30, 2001 and December 31, 2000

NOTE 5 - FIXED ASSETS (Continued)

	June 30, 2001
	-----
Rental equipment	\$ 13,626
Automobile	7,403
Accumulated depreciation	(3,641)
	-----
Total	\$ 17,388 =====

Depreciation expense for the six months ended June 30, 2001 and 2000 was \$1,642 and \$-0-, respectively.

9