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]

Filing Date: **2004-05-18** | Period of Report: **2004-03-31**
SEC Accession No. 0001144204-04-007166

(HTML Version on secdatabase.com)

FILER

CHAMPIONLYTE HOLDINGS INC

CIK:**1093819**| IRS No.: **650510294** | State of Incorp.:**FL** | Fiscal Year End: **1231**
Type: **10QSB/A** | Act: **34** | File No.: **000-28223** | Film No.: **04815933**
SIC: **2060** Sugar & confectionery products

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
AMENDMENT NO. 1 TO FORM 10-QSB

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from
Commission File No. 0-28223

CHAMPIONLYTE HOLDINGS, INC.
(Exact name of small business issuer as specified in its charter)

Florida	65-0510294
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3450 PARK CENTRAL BLVD., N. POMPANO BEACH, FLORIDA 33064

(Address of Principal Executive Offices)

(866) 438-5983
(Issuer's telephone number)

(Former name, address and fiscal year, if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No |_|

State the number of shares outstanding of each of the issuer's classes of common equity, as of May 14, 2004: 33,768,545 shares of common stock outstanding, $0.001 par value.

CHAMPIONLYTE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2004

(UNAUDITED)

ASSETS

<TABLE>
<CAPTION>

<S>	<C>
Current assets:	
Accounts receivable, net	$ 164,091
Inventory	11,428
Total current assets	175,519
Property and equipment, net	143
Total assets	$ 175,662

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LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current liabilities:	
Accounts payable	$ 551,189
Due to related party	10,588
Convertible notes payable	1,022,418
Payroll taxes payable	93,258
Accrued expenses and other current liabilities	286,063
Total current liabilities	1,963,516
Series II redeemable convertible preferred stock, par value $.01 - authorized 8,500 shares, 0 shares issued and outstanding (liquidation value $0)	--
Commitments and contingency	
Stockholders' deficiency:	
Series I convertible preferred stock, par value $1.00 - authorized 100,000 shares, 0 shares issued and outstanding	--
Series III blank check preferred stock, par value $1.00 - authorized 500,000 shares, 0 shares issued and outstanding	--
Series IV convertible preferred stock, par value $1.00 - authorized 250,000 shares, 100,000 shares issued and outstanding (liquidation value $100,000)	100,000
Common stock, par value $.001 - authorized 200,000,000 shares, 32,568,374 shares issued and outstanding	32,568
Additional paid-in capital	16,127,233
Unearned services	(69,187)
Deferred compensation	(70,397)
Accumulated deficit	(17,908,071)
Total stockholders' deficiency	(1,787,854)
Total liabilities and stockholders' deficiency	$ 175,662

</TABLE>

See notes to consolidated financial statements

CHAMPIONLYTE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	For the Three Months Ended March 31,	
	2004	2003
	(Unaudited)	(Unaudited)
<S>	<C>	<C>
Net sales	$ 237,182	$ --
Cost of goods sold	213,072	--
Gross profit	24,110	--
Selling, general and administrative	581,964	223,871
Loss from operations	(557,854)	(223,871)
Other income (expenses):		
Gain on forgiveness of trade payables	16,809	158,998

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Interest and financing expense	(262,479)	(114,261)
Other income (expenses), net	(245,670)	44,737
Net loss from continuing operations before income tax expense	(803,524)	(179,134)
Income tax expense	--	--
Net loss	$ (803,524)	$ (179,134)
Basic and Diluted Earnings (Loss) Per share	$ (0.03)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	31,830,153	8,240,649

</TABLE>

See notes to consolidated financial statements

CHAMPIONLYTE PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	For the Three Months Ended March 31,	
	2004	2003
	(Unaudited)	(Unaudited)
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (803,524)	$ (179,134)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	814	2,628
Common stock, options and warrants issued for services and financing expenses	474,855	223,526
Changes in operating assets and liabilities:		
Accounts receivable	(64,514)	--
Inventory	36,079	--
Prepaid expenses	25	(44,393)
Accounts payable	(26,798)	--
Accrued expenses and other current liabilities	73,594	(155,475)
Payroll taxes payable	20,714	
Net cash used in operating activities	(288,755)	(152,848)
Cash flows from financing activities:		
Proceeds from convertible notes payable	275,406	153,823
Advances from related party	10,588	--
Net cash provided by financing activities	285,994	153,823
Net (decrease) increase	(2,761)	975
Cash, beginning of period	2,761	71
Cash, end of period	$ --	$ 1,046

Supplemental Disclosure of Cash Flow Information:

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Cash paid during the year:		
Interest expense	$ --	$ --
Income taxes	$ --	$ --
Noncash investing and financing activities:		
Issuance of common stock for settlements of amounts due	$ 21,059	$ --
Issuance of common stock repayment of notes payable-related party	$ 35,000	$ --
Conversion of convertible notes payable to common stock	$ 12,500	$ --
Issuance of common stock for services to be provided	$ 64,691	$ --
Issuance of options for services to be provided	$ 4,000	$ --
Conversion of redeemable preferred stock	$ --	$ 850,000

</TABLE>

See notes to consolidated financial statements

CHAMPIONLYTE HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(UNAUDITED)

NOTE 1 - ORGANIZATION, HISTORY AND NATURE OF BUSINESS

Championlyte Holdings, Inc. (the "Company") markets sugar-free, calorie-free, sports refresher beverages under the ChampionLyte brand name as well as sugar-free, fat-free, cholesterol-free, flavored syrups through its subsidiary, The Old Fashioned Syrup Company, Inc. ("Old Fashioned"). Both of these products are sold to retailers and food service customers throughout the United States.

In December 2002, a 67% ownership interest in Old Fashioned was relinquished as part of a foreclosure action on a $15,000 advance made to the Company in November 2002. As a consequence of losing control of such business the Company recorded Old Fashioned as a discontinued business. In July 2003, the Company entered into a Settlement Agreement that returned the 67% ownership interest in Old Fashioned to the Company, which became effective August 20, 2003 for $135,000. The acquisition was accounted for under the purchase method of accounting (see Note 5).

On March 18, 2003, the Company amended its Articles of Incorporation to change the authorized stock structure such that the common stock authorized was increased from 40,000,000 to 200,000,000 shares, and it's preferred stock authorized from 100,000 shares to 2,000,000 shares.

On March 25, 2003, the Company created a subsidiary, Championlyte Beverages, Inc., to engage in the production and sale of the Championlyte products.

NOTE 2 - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information, the instructions to Form 10-QSB and Items 303 and 310(B) of Regulation S-B. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of March 31, 2004 and the results of the operations and cash flows for the three months ended March 31, 2004 and 2003. The results for the three months ended March 31, 2004, are not necessarily indicative of the results to be expected for any subsequent quarter or the entire fiscal year ending December 31, 2004.

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Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted pursuant to the Securities and Exchange Commission's ("SEC") rules and regulations.

These unaudited financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2003 as included in the Company's report on Form 10-KSB filed on March 31, 2004.

Net loss per share - Basic earnings (loss) per share is computed as net income (loss) divided by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflects the potential dilution that could occur from common stock issuable through stock based compensation including stock options, restrictive stock awards, warrants and other convertible securities.

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation.

NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. At March 31, 2004, the Company's accumulated deficit was $17,908,071 and its working capital deficiency was $1,787,997. In addition, the Company has had losses from operations of $2,898,192 and $2,327,610 for the years ended December 31, 2003 and 2002, respectively, and as a result, the auditor's report in the December 31, 2003 financial statements included a paragraph indicating that there was substantial doubt about the Company's ability to continue as a going concern.

The Company is aggressively attempting to increase revenues in order to mitigate future losses. Management is seeking to raise additional capital and to renegotiate certain liabilities in order to alleviate the working capital deficiency. However, there can be no assurance that it will be able to increase revenues or to raise additional capital.

These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

NOTE 4 - RECENT ACCOUNTING PRONOUNCEMENTS

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE 5 - REACQUISITION OF OLD FASHIONED

In December 2002, the Company had 67% of its ownership of Old Fashioned relinquished as part of a foreclosure action on a $15,000 advance made to the Company in November 2002, which matured on December 14, 2002. The remaining 33% minority interest in Old Fashioned was recorded as having no value since there was no net equity in such business. In addition, due to the lack of control over the minority share of Old Fashioned, lack of cooperation with the successor management, the Company and the Old Fashioned business have not had profitable operations in the last four years, management did not expect any future cash flows from such minority ownership interest in the immediate future.

On May 28, 2003, the Company filed a complaint against certain parties alleging

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the fraudulent conveyance of the Company's interest in Old Fashioned. On July 21, 2003, the Company reached a settlement with all but one of the Defendants in this matter.

On August 20, 2003, the Settlement Agreement was executed and the Company acquired the common stock of Old Fashioned for $135,000, plus transaction fees of $75,617, making Old Fashioned a wholly-owned subsidiary of the Company. The acquisition was accounted for under the purchase method of accounting. Accordingly, the Company recorded the assets purchased and the liabilities assumed based upon their estimated fair values at the date of the acquisition. The excess of the purchase price over the fair value of the net assets acquired amounted to $133,421, which was allocated to goodwill.

Subsequent to the acquisition of Old Fashioned, the Company performed its annual assessment of its long-lived assets to determine whether there were any indicators that the value of its intangible assets may be impaired. Based upon management's estimate of current and projected operating cash flows (undiscounted and without interest charges) of the intangible assets over its remaining useful lives, it was determined that the assets of Old Fashioned as a reporting unit were impaired. Based upon the assessment, the Company recorded a one-time non-cash charge during the year ended December 31, 2003 to write off the carrying value of $133,421 for goodwill.

The operating results of Old Fashioned have been included in the consolidated statements of operations from the acquisition date (August 20, 2003). The Company's unaudited proforma results for the three months ended March 31, 2003 is as follows:

	2003
Net sales	$ 90,458
Net loss	$ (338,465)
Basic loss per share	$ (.04)
Weighted average shares	8,240,649

These unaudited proforma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the merger been in effect January 1, 2003 or the future results of operations.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable, net consists of the following components at March 31, 2004:

Trade receivables	$ 169,901
Less: Allowance for doubtful accounts	(5,000)
	$ 164,901

NOTE 7 - CONVERTIBLE NOTES PAYABLE

Convertible notes at March 31, 2004, consist of promissory notes to an individual, an investment fund and three investment companies. Some of the owners of the investment fund are also shareholders of the company. The notes with the individual and the investment fund were for funds to be disbursed to satisfy obligations of the Company as needed.

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The note with the individual was originated in April 2003 and the note with the investment fund was originated in January 2003. Both bear interest at a rate of 6.5% per annum and are convertible into shares of the Company's common stock with a conversion price per share equal to the lesser of the average of the lowest of three day trading prices during the five trading days immediately prior to the conversion date multiplied by .70 or, the average of the lowest of three day trading prices during the five trading dates immediately prior to the funding dates. The notes are convertible, in whole or in part, at any time after the issuance of the notes. In July 2003, the Company amended its convertible note with the investment fund by increasing the amount of the note to $350,000 and extending the maturity date of the note to December 31, 2004. All other terms of the note remained unchanged. The note was further amended in October 2003 increasing the convertible note amount to $400,000 and extending the date by which the current registration statement filed with the SEC needs to become effective. The note was further amended in May 2004 increasing the convertible note amount to $1,250,000 and the investment fund has agreed to waive any penalties for not meeting the required date for the registration statement to be declared effective.

The Company has promissory notes with two unrelated third parties ("Alpha and Gamma"), representing the $250,000 assigned to them. The notes mature on December 31, 2004 and bear interest at a rate of 6.5% per annum. The notes are convertible into shares of the Company's common stock at a conversion price equal to the lesser of (1) the average of the lowest of the three day trading price during the five trading days immediately prior to the conversion date, multiplied by .80%, or (2) the average of the lowest of three day trading prices during the five trading days immediately prior to the funding date. During the quarter ended March 31, 2004, Alpha exercised the conversion of $12,500 of its note for 178,571 shares of the Company's common stock.

Pursuant to the terms of the notes, the Company was to have filed a registration statement with the SEC on or before February 6, 2003 that was required to have been declared effective on or before April 6, 2003 and remain effective until the maturity date of the notes. Since the Company defaulted on this provision of the notes, the holders may accelerate the due date of the notes. In October 2003, in order to induce the investment fund, Alpha and Gamma to forego from exercising their rights to accelerate the due date of the notes and as security for the repayment of the notes, the Company entered into a Security Agreement with a collateral agent, on behalf of the holders' granting the collateral agent a security interest in the Company's inventory, equipment and fixtures. The investment fund, Alpha and Gamma agreed to forebear for 180 days from October 16, 2003 the exercise of any of their rights under the notes with respect to the non-registration, so long as the Company is not in default under the provisions of the Security Agreement and the other provisions of the notes. Thereafter, the Company has decided to withdraw its Registration Statement and has requested that Alpha and Gamma waive any penalities provided that the Company's counsel shall issue shares applicable to Rule 144 opinion letters.

At March 31, 2004 amounts owed to the individual note holder aggregated $30,000, amounts owed to the investment fund aggregated $619,918 and amounts owed to Alpha and Gamma aggregated $237,500. Accrued interest of $1,787, $22,389 and $6,703 due to the individual, investment fund and investment companies, respectively, is included in accrued expenses in the accompanying consolidated balance sheet.

The beneficial conversion feature of the above convertible notes for the quarter ended March 31, 2004 amounted to $192,614 and is included in interest and financing expense in the accompanying consolidated statements of operations.

The note with the third investment company, for $135,000, was originated on August 15, 2003 in order to fund the acquisition of Old Fashioned (see note 5). The note matures on October 14, 2004 and bears interest at a rate of 6.0% per year. If the note is still outstanding after six months from the origination date, then at the option of the holder, the principal plus accrued interest may be converted into 51% of the issued and outstanding common stock of Old Fashioned. The noteholder has not executed this provision. In addition, until the note is paid in full, the holder is entitled to 15% of Old Fashioned's cash flow, defined as net income, plus depreciation and interest minus capital

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expenditures. To date, no payments have been made to the investment company and no amounts related to the cash flow provision were due. In connection with this note, Old Fashioned entered into a security agreement with the investment company whereby it pledged all assets and all issued and outstanding shares of its common stock as collateral. Furthermore, in consideration for the $135,000 note to Old Fashioned, the Company agreed to issue a total of 1,400,000 shares of its common stock to the investment company over the term of the note. Such shares will be held in escrow and 100,000 shares per month will be disbursed until the note is paid in full. In the event that the note is paid in full prior to the maturity date of the note, the balance of the shares will be returned to the Company. The shares have been valued at $0.155 per share. As of March 31, 2004 the Company has recorded $46,500 as interest and financing expense related to this agreement and the investment company was issued 200,000 shares of the Company's common stock. At March 31, 2004, the investment company is owed 100,000 shares of the Company's common stock valued at $15,500. Such amount is included in accrued expenses in the accompanying consolidated balance sheet. Accrued interest of $20,554 is included in accrued expenses in the accompanying consolidated balance sheet.

NOTE 8 - FACTORING

On August 20, 2003, Old Fashioned entered into an agreement with a financial services company that has common management with the financial advisory firm (see Note 11) for the factoring of accounts receivable and purchase order financing services. The agreement states no limitation on the volume with a total facility available of $500,000. The discount schedule related to the factored receivables is as follows: 0-45 days, 4 points; 46-60 days, an additional 2 points; 61-75 days, an additional 2 points, and an additional 2 points for each succeeding 15 days. The agreement bears an indefinite term and provides for a security interest in the Company's accounts receivables and general intangibles.

On July 1, 2003, the Company entered into an agreement with a financial services company that has common management with the financial advisory firm (see Note 11) for the factoring of accounts receivable and purchase order financing services. The agreement states no limitation on the volume with a total facility available of $500,000. The discount schedule related to the factored receivables is as follows: 0-45 days, 4 points; 46-60 days, an additional 2 points; 61-75 days, an additional 2 points, and an additional 2 points for each succeeding 15 days. The agreement bears an indefinite term and provides for a security interest in the Company's accounts receivables and general intangibles.

At March 31, 2004, no amounts were due to the financial services company.

NOTE 9 - ACCRUED EXPENSES

Accrued expenses consist of the following at March 31, 2004:

Consulting fees	$ 56,934
Salaries	67,254
Interest	51,433
Royalties	32,500
Other	77,942
	$ 286,063

NOTE 10 - COMMITMENTS AND CONTINGENCIES

CONCENTRATION OF CREDIT RISK

For the quarter ended March 31, 2004, the Company had one customer whose sales represented 44% of the Company's net sales. That customer accounted for 64% of the Company's accounts receivable at March 31, 2004. During the quarter ended March 31, 2004, all sales generated by the Company were from customers located within the United States and all assets held by the Company were located within the United States.

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Two co-packers currently produce all of the Company's products. If any of these co-packers were to terminate or fail to renew the Company's contract, or have difficulties in producing beverages for the Company, the ability to produce products may be temporarily negatively affected.

OPERATING LEASES

Prior to November 2003, the Company rented and shared office space with the financial advisory firm on a month-to-month basis at $1,750 per month. In November 2003, the Company entered into a new lease agreement and relocated their office space. The new agreement requires rental payments of $2,000 per month beginning November 2003 for a period of one year. Total rent expense for quarter ended March 31, 2004 $6,000.

LACK OF INSURANCE

The Company has not maintained any workman's compensation and disability insurance as of March 31, 2004. Although the Company is not aware of any claims resulting from periods of non-coverage, there is no assurance that none exist.

PAYROLL TAXES

As of March 31, 2004, the Company owes approximately $93,258 of payroll taxes and related estimated penalties and interest. Although the Company has not entered into any formal repayment agreements with the respective tax authorities, management plans to make payments as funds become available.

SETTLEMENTS

During the year ended December 31, 2003 and subsequent to such, various vendors, consultants and professionals have filed actions against the Company. The unsettled claims aggregate approximately $321,000. At March 31, 2004, the Company has included approximately $223,000 in accounts payable at March 31, 2004 as a contingency related to these unsettled claims, actions and judgments based on the Company's and Counsel's assessments. During the quarter ended March 31, 2004 the Company made cash payments of approximately $21,000 in settlement of certain actions.

Subsequent to the year ended December 31, 2003, the Company entered into settlement agreements with certain vendors. In connection with these settlements, the Company is required to pay approximately $99,000 in cash.

During 2001, a suit was filed against the Company alleging that its trademark corporate name, ChampionLyte, violated the plaintiff's trademark. A settlement agreement was entered into April 1, 2003 between the Company and the plaintiff. The terms included granting the Company an exclusive license to use the ChampionLyte mark in connection with the sugar-free drinks in the United States, Mexico and Canada. A licensing agreement providing this mark was established for an initial five-year term, with two additional five-year terms at the Company's option. It does require a royalty of three percent until sales reach $10,000,000 annually. The royalty then increases to five percent on all sales after sales reach $10,000,000 annually and six percent on all sales after sales reach $15,000,000 annually. The minimum required sales per year is as follows:

<TABLE>
<CAPTION>
<S> <C>
2003 - $500,000 (measured from 4/1/03 to 3/31/04)
2004 - $750,000
2005 - $1,000,000
2006 - $1,250,000
2007 - $1,500,000
(renewal for second five years if sales in years 2005-07 average at least $1,500,000)
2008 - $2,000,000

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2009 - $2,500,000
2010 - $3,000,000
2011 - $3,500,000
2012 - $4,000,000
(renewal for third five years if sales in years 2010-12 average at least $5,000,000)
2013 - $5,000,000
2014 - $6,000,000
2015 - $7,000,000
2016 - $8,000,000
2017 - $9,000,000
</TABLE>

Royalties owed as of March 31, 2004 of $15,000 are included in accrued expenses in the accompanying consolidated balance sheet.

LICENSE AGREEMENT

In connection with the acquisition of Old Fashioned, the Company reacquired a ten year license agreement, effective January 20, 1999, and as amended in September 1999, with Cumberland Packing Corp. ("Cumberland") for the right to use their "Sweet 'N Low" trademark in order to market Old Fashioned's sugar-free, fat-free, cholesterol-free chocolate, vanilla and strawberry flavored syrup products. The license agreement has an initial term of ten years, expiring December 31, 2008. The Company has the right to renew the agreement for two additional seven-year terms, so long as the Company is not in default under the agreement. The agreement contains minimum royalties and minimum advertising capital requirements during each year of term, as determined on a calendar year basis. As of March 31, 2004, the Company has not met the minimum advertising capital requirement under the agreement. As such, Cumberland has the right to terminate the license. Royalties owed as of March 31, 2004 of $17,500 are included in accrued expenses in the accompanying consolidated balance sheet.

In addition to the aforementioned, the Company is party to various legal proceedings generally incidental to its business as is the case with other companies in the same industry.

NOTE 11 - STOCKHOLDERS' DEFICIENCY

CONVERTIBLE PREFERRED STOCK

On September 12, 2003, the Company amended its articles of incorporation to authorize the increase in preferred stock from 1,000,000 to 2,000,000 shares and to increase the par value to $1.00, except for 8,500 shares of Series II which have a par value of $.01, the terms of which may be determined at the time of issuance by the Board of Directors without further action by the shareholders.

The Company has designated the preferred stock into the following Series:

(i) Series I: 100,000 shares of convertible preferred stock. Each outstanding share of Series I Preferred Stock was convertible into 330 shares of common stock. In December 2001 the Series I Preferred Stock was converted into 1,155,000 shares of the Company's common stock.

(ii) Series II: On June 16, 2000, the Company amended its articles of incorporation to designate Series II Convertible Preferred Stock ("Series II"). The Series II preferred dividends entitled the holder to a preferred dividend based upon 5% per annum of the liquidation value. Initially the holder could convert each preferred share into the Company's common stock based upon a $1.70 conversion price. The conversion price could be adjusted one year from the date of issuance. Subsequent to the one-year period, the holder could convert the preferred shares into common stock of the Company at a conversion price of the lower of $1.70 or the average of the closing prices of the common stock for the ten-day period ending one year from the date of issuance. Additionally, these shares had the right of mandatory redemption ten years from the date of issuance.

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During the quarter ended June 30, 2003, the holders of the Series II preferred stock waived all preferred dividends due and in the future, and agreed to a fixed conversion price of $1.50 to convert to common stock.

During the year ended December 31, 2003, all holders of the Series II redeemable convertible preferred stock exercised their option and converted 8,229 shares of preferred stock into 5,453,915 shares of common stock pursuant to the preferred stock covenants.

(iii) Series III: On September 12, 2003, the Company amended its articles of incorporation and created 500,000 shares of Blank Check Series III Preferred Stock ("Series III"), $1.00 par value.

The Series III preferred stock may be issued in one or more series, and each series will be so designated as to distinguish the shares thereof from the shares of all other series. The Board of Directors has express authority to fix, before the issuance of any shares of a particular series, the number, designation, and relative rights, preferences and limitations of the shares of such series. At December 31, 2003, there were no Series III preferred stock issued and outstanding.

(iv) Series IV: On September 12, 2003, the Company amended its articles of incorporation and created 250,000 shares of Series IV convertible Preferred Stock ("Series IV"), $1.00 par value. Each share of the Series IV preferred stock is convertible into one share of the Company's common stock. Each holder of the Series IV preferred stock has twenty times that number of votes on all matters submitted to shareholders that is equal to the number of shares of common stock into which such holder's shares of Series IV preferred stock are then convertible. In addition, the holders of the Series IV preferred stock are entitled to receive noncumulative cash dividends at an annual dividend rate as determined by the Board of Directors. The Series IV preferred stock has a liquidation price of $1.00 per share in the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary. The Company intends to amend its articles of incorporation such that the Series IV preferred stock will be convertible into the Company's common stock at a conversion price equal to the lesser of (1) the average of the lowest of three-day trading prices during the five trading days immediately prior to the Conversion Date multiplied by .70, or (2) the average of the lowest of three-day trading prices during the five trading days immediately prior to the funding date(s).

During the year ended December 31, 2003, the Company entered into two agreements with Triple Crown Consulting, Inc., a partner in the investment fund, whereby the Company agreed to exchange two $50,000 Series B Convertible Promissory Notes between Triple Crown Consulting, Inc. and the Company for funding operations of the Company. During the year ended December 31, 2003, the convertible notes were exchanged for 100,000 shares of Series IV preferred stock, valued at $100,000.

ISSUANCE OF STOCK FOR SERVICES

In January 2003, the Company retained a financial advisory firm as a business consultant to assist in a variety of areas relating to financial, strategic and related development growth of the Company. This financial advisory firm has common management with the current Series II Preferred stockholders in that some of the members of the financial advisory firm are also holders of the Series II Preferred Shares. The term of the engagement is six months and shall automatically renew on a month-to-month basis, subject to termination by either party with a twenty-four month follow on period, whereby transactions consummated within the subsequent twenty-four months following the termination of this agreement may have fees due and payable to the financial advisory firm. The terms of the agreement, were amended in April 2003 and are as follows; (i) a monthly payment of $10,000 per month is due the financial advisory firm, which at its discretion may accept shares of discounted registered stock in lieu of

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cash, (ii) the Company shall issue a warrant to purchase 2.99% or 526,400 shares of common stock of the Company at 80% of the closing bid price exercisable for five years, (iii) various sliding scale compensation amounts for equity and debt financings consummated from an introduction by the financial advisory firm, sliding scale compensation amounts due for a merger or acquisition candidate introduced to the Company and (iv) the reimbursement of out-of-pocket expenses not to exceed $500 a month unless agreed upon by the Company. In April 2003, the agreement was further amended to extend the term of the agreement for a period of twelve months from the original January 2003 contract date. During the quarter ended March 31, 2004, the fair value of the warrant using the Black-Scholes Option Pricing Model was reduced by $21,582 and has been recorded as a credit to consulting expense. The agreement also contained full ratchet anti-dilution provisions. In connection with the anti-dilution provisions of the agreement, the firm was issued 526,400 shares of the Company's common stock valued at $36,848. The firm subsequently agreed to waive the anti-dilution provision of the agreement going forward. In February 2004, in accordance with the warrant the firm exercised their right to purchase 342,160 shares of the Company's common stock.

In January 2003, the Company engaged a business consulting firm to assist in a variety of areas relating to strategic and related development growth of the Company. The term of the engagement is twelve months with a twelve month follow on period, whereby fees may be due and payable to the business consulting firm for transactions consummated within the subsequent twelve months following the termination of the agreement. The Company issued 400,000 shares of common stock, valued at $44,000, in lieu of cash compensation. The agreement was subsequently amended on April 15, 2003 to extend the term of the contract for one year from the date of amendment. In consideration for the additional services to be provided, the Company issued an additional 1,000,000 shares of the Company's common stock, valued at $90,000. During the quarter ended March 31, 2004, the Company expensed $22,200 related to these agreements.

In April 2003, the Company contracted the services of a consultant in order to facilitate the introduction of professional athletes to the Company in order for the athletes to act as spokespeople and sponsors for the Company's products. The term of the agreement is for a period of twelve months. In consideration for the consultant's services, the Company has issued warrants to purchase 150,000 shares of the Company's common stock with an exercise price of $0.12 per share, which expire two years from the date of issuance. The fair value of the warrants using the Black-Scholes Option Pricing Model was $19,500 and is being amortized to consulting expense over the term of the agreement. Additionally, the consultant shall receive 10% of any compensation given to spokespersons or sponsors that were introduced to the Company through the consultant to be paid in the same form as payment is made to the spokesperson/sponsor. In May 2003, the consultant introduced the Company to three professional athletes with whom the Company entered into agreements with (see below). The consultant received 15,000 shares of the Company's common stock as compensation for the introductions in accordance with the above described agreement, valued at $3,450. As of March 31, 2004, the consultant is owed an additional 15,000 shares of the Company's common stock. The additional shares owed, valued at $2,850, are included in accrued expenses in the accompanying consolidated balance sheet. During the quarter ended March 31, 2004, the Company expensed $6,775 related to the agreement.

In April 2003, the Company entered into an agreement with a consultant for financial planning services. The term of the agreement is for a one-year period. As consideration for the consultant's services to be rendered the Company issued 2,000,000 shares of the Company's common stock valued at $160,000. During the quarter ended March 31, 2004, the Company expensed $40,000 related to this agreement.

In April 2003, the Company entered into an agreement with a consultant for corporate planning and business strategies services for a period of one year. In

exchange for the services to be rendered, the consultant received 1,000,000

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shares of the Company's common stock valued at $70,000. During the quarter ended March 31, 2004, the Company expensed $17,500 related to this agreement.

In April 2003, the Company entered into an agreement with a consultant for financial planning services for a one-year period. In exchange for the services to be rendered, the consultant received 500,000 shares of the Company's common stock valued at $80,000. During the quarter ended March 31, 2004, the Company expensed $20,000 related to this agreement.

In April 2003, the Company issued 460,000 shares of the Company's common stock valued at $17,101 for consideration of past employment services of a key employee. Additionally, the individual, who is remaining in a consulting capacity, was issued an additional 360,000 shares of the Company's common stock valued at $25,200 per share for future services. The additional shares will vest in 30,000 share increments per month through March 2004. During the quarter ended March 31, 2004, the Company expensed $6,300.

In April 2003, the Company's Board of Directors passed a resolution to compensate its directors and a certain officer 150,000 shares of the common stock on a quarterly basis. In February 2004, with the addition of another member to the Company's Board of Directors, this amount was increased to 175,000 shares. During the quarter ended March 31, 2004, the Company issued 150,000 shares of its common stock as compensation for services provided by its directors and the officer. As of March 31, 2004, the directors and officer are owed an additional 175,000 shares of the Company's common stock. The additional shares owed, valued at $26,250, are included in accrued expenses in the accompanying consolidated balance sheet. The Company expensed $36,750 related to these issuances during the quarter ended March 31, 2004.

In May 2003, the Company entered into agreements with three professional athletes to provide endorsement services to the Company. The terms of the agreements are for a period of one year. As consideration for the future services, each party received 50,000 shares of the Company's common stock valued at $11,500 for each party. As of March 31, 2004, each party is owed an additional 50,000 shares of the Company's common stock. The additional shares owed, valued at $9,500 for each party, are included in accrued expenses in the accompanying consolidated balance sheet. During the quarter ended March 31, 2004 the Company expensed $14,250 related to these agreements.

In July 2003, the Company entered into a one-year advertising agreement with an advertising firm for services to be provided beginning August 1, 2003. The Company agreed to an annual fee of $50,000 which was paid through the issuance of 185,185 shares of its common stock. During the quarter ended March 31, 2004, the Company expensed $12,500 related to this agreement.

In January 2004, the Company entered into an agreement wherein the Company agreed to issue 200,000 shares of the Company's common stock at a market value of $37,000 for legal services provided and to be provided. As of March 31, 2004 all 200,000 shares have been issued and the Company expensed $23,881.

In January 2004, the Company entered into a twelve-month agreement wherein the Company agreed to issue 250,000 shares of the Company's common stock with a market value of $48,750 for printing services provided and to be provided. In addition, the Company agreed to issue warrants to purchase 800,000 shares of the Company's common stock. The terms of the warrants are as follows: (1) 400,000 warrants are exercisable at $0.25 per share and are callable by the Company at $0.75 and (2) 400,000 warrants are exercisable at $0.30 per share and are callable by the Company $1.20 per share. The shares underlying the warrants are restricted. The warrants have a term twelve months. The fair value of the 800,000 warrants using the Black-Scholes Option Pricing Model is $12,000 and is being recorded to consulting expenses over the term of the agreement. During the quarter ended March 31, 2004, the Company expensed $9,923 related to the agreement.

In January 2004, the Company entered into a twelve-month agreement with an individual for marketing services to be provided. The individual is to be compensated $2,000 per month, to be paid in shares of the Company's common stock. During quarter ended March 31, 2004 the Company issued 19,900 shares of its common stock, valued at $4,000. At March 31, 2004, the individual is owed an additional 15,230 shares of the Company's common stock, valued at $2,000. Such amount is included in accrued expenses in the accompanying consolidated balance sheet.

In February 2004, the Company issued 108,000 shares of its common stock valued at $20,315 for consulting services provided by certain individuals. During the

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quarter ended March 31, 2004, the Company expensed $20,315.

COMMON STOCK PURCHASE AGREEMENT

In April 2003, a $1,000,000 Common Stock Purchase Agreement was entered into between the Company and an investment fund that has common management with the financial advisory firm ("the Purchaser"). The Agreement is for an aggregate installment payment purchase price of $1,000,000. The purchase price of the common stock is to be calculated based upon the closing price of the common stock on the date that it is placed in escrow. The Purchaser intends on purchasing this common stock in 40 equal installments of $25,000 each. In addition to the purchased stock, the Company shall deliver to the designated escrow agent 200% of the number of shares being purchased with each $25,000 installment. Upon resale of such common shares purchased if the Purchaser does not yield a 30% return on the investment then the Purchaser shall be entitled to utilize the excess escrowed shares to yield the 30% return on the investment by the Purchaser. All escrowed shares not utilized to generate the 30% return shall be returned to the Company's treasury. To date there have been no purchases.

ISSUANCE OF STOCK FOR SETTLEMENT OF DEBT

On March 27, 2003, the Company entered into an agreement to repay a relative of an employee in the amount of $140,000 in four equal installments with $35,000 of the Company's common stock based on a 20% reduction to the then average closing price of the common stock for the three trading days prior to the issuance date of such common stock. The Company at its option may repay such indebtedness with cash for a 20% premium to the face value of such quarterly payments due. During the three months ended March 31, 2004, the Company issued 184,210 shares of its common stock as final payment. The Company has recorded $8,750 as interest expense related to the note for the three months ended March 31, 2004.

NOTE 12 - STOCK OPTION PLANS

ISSUANCE OF STOCK OPTIONS

In February 2002, the Company entered into a formal employment agreement with a key employee of the Company. The agreement terminated on April 30, 2002. The employee, however, qualified to participate in the Company's 1999 Incentive Stock Option Plan and received an option to purchase 100,000 shares of the Company's common stock at $0.10 per share. The employee became fully vested during fiscal 2002. The employee had previously been issued 33,000 shares relating to this agreement and exercised 33,334 in May 2003. The remaining 33,666 options expired unexercised.

STOCK INCENTIVE PLANS

In August 1999, the Company's stockholders approved the adoption of an Incentive Stock Option Plan ("1999 Option Plan"), which allows the Board of Directors to grant options to employees and members of the Board of Directors. The 1999 Option Plan provided the Board of Directors the right to grant options to purchase up to a total of 100,000 shares of the Company's common stock. On August 17, 2000, with the approval of the shareholders of the Company, the number of shares available under the 1999 Option Plan was increased to 1,000,000. As of March 31, 2004 and December 31, 2003, 220,000 options were outstanding under the 1999 Option Plan. During the year ended December 31, 2003, the Company issued 438,787 shares of its common stock under the 1999 Stock Option Plan in lieu of granting options. As of March 31, 2004 and December 31, 2003, 989,810 and 889,910 non-plan options were outstanding, respectively.

The following information summarizes the Company's stock option activity at March 31, 2004:

Employee and Director's Stock Options:

Weighted

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	Options	Average Exercise Price
Outstanding at December 31, 2003	220,000	$ 1.07
Granted	--	--
Exercised	--	--
Expired or cancelled	--	--
Outstanding at March 31, 2004	220,000	$ 1.07

Non-employee stock options:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2003	889,810	$ .61
Granted	100,000	.19
Exercised	--	--
Expired or cancelled	--	--
Outstanding at March 31, 2004	989,810	$ .56

In February 2003, the Company's shareholders approved the adoption of the 2003 Stock Incentive Plan ("2003 Plan"). In May 2003, the Company's shareholders approved the adoption of the 2003 Stock Incentive Plan #2 ("2003 Plan #2"). In August 2003, the Company's shareholders approved the adoption of the 2003 Stock Incentive Plan #3 ("2003 Plan #3"). In September 2003, the Company's shareholders approved the adoption of the 2003 Stock Incentive Plan #4 ("2003 Plan #4"). The plans allow the Board of Directors to grant awards to employees, directors, independent contractors or agents of the Company. Awards may include, but are not limited to, stock options, stock appreciation rights, warrants, dividend equivalents, stock awards, restricted stock, phantom stock, performance shares or other securities or rights that the Board of Directors determines to be consistent with the objectives and limitations of the plans. The 2003 Plan, the 2003 Plan #2, the 2003 Plan #3 and the 2003 Plan #4 provide the Board of Directors the right to grant awards up to a total of 1,000,000 shares, 1,500,000 shares, 2,750,000 shares and 2,000,000 shares, respectively, of the Company's common stock. In addition, the plans provide the Board of Directors the ability to determine the type, size, terms and vesting periods of the awards under the plans. As of December 31, 2003, 1,000,000 shares, 1,500,000 shares, 2,600,000 shares and 0 shares of the Company's common stock were issued under the 2003 Plan, 2003 Plan #2, 2003 Plan #3 and 2003 Plan #4, respectively.

During the quarter ended March 31, 2004 the Company issued 100,000 common stock options with an exercise price of $0.19 per share to our President. The fair value of the options using the Black-Scholes Options Pricing Model is $4,000.

NOTE 15 - INCOME TAXES

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax loss and tax credit carryforwards. SFAS 109 additionally requires the

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establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets. At December 31, 2003 and 2002, a valuation allowance for the full amount of the deferred tax asset was recorded because of operating losses incurred and the uncertainties as to the amount of taxable income that would be generated in the future years.

NOTE 13 - RELATED PARTY TRANSACTIONS

GRANT OF STOCK OPTIONS

During the three months ended March 31, 2004, the President of the Company was granted options pursuant to the June 2003 two year employment agreement to purchase 100,000 shares of the Company's common stock at an exercise price of $0.19 per share. In addition, the President was previously granted options to purchase 300,000 shares of the Company's common stock, which are separated as follows: 100,000 options are exercisable at $0.25 per share and 200,000 options are exercisable at $0.19 per share. The employment agreement entitles the President, as long as he is employed with the Company, to purchase 100,000 shares of the Company's common stock for each 90-day period through the term of the employment agreement. All options will have a term of two years. The options are exercisable at a price equal to 100% of the closing price of the stock as of the grant date. The options become fully exercisable on the date of grant. The fair value of the options using the Black-Scholes Option Pricing Model was $73,000 and is being amortized to compensation expense over the term of the employment agreement. During the quarter ended March 31, 2004, the Company expensed $10,514 related to these options.

EMPLOYMENT AGREEMENTS

In March 2003, The President of ChampionLyte Beverages, Inc., as consideration for entering into an employment agreement, was granted 50,000 options to purchase shares of the Company's common stock at $0.10 per share. Since the employee continued employment with the Company for a period of 90 days following the execution of this agreement, the employee was granted 100,000 additional options to purchase shares of the Company's common stock at $0.33 per share. The options carry a term of two years and become fully exercisable on the date of grant. The fair market value of the options using the Black-Scholes Option Pricing Model was $39,500 and is being amortized to compensation expense over the term of the employment agreement. During the quarter ended March 31, 2004 the Company expensed $5,312 related to these options.

In April 2003, the Company entered into a formal employment agreement with a shareholder of the Company and a key officer of the Company's subsidiary, ChampionLyte Beverages, Inc. The term of the agreement is for a period of two years with a base salary of $96,000 for the period beginning on the date of the agreement through June 14, 2003, $108,000 for the period beginning on June 15, 2003 through September 14, 2004, and $120,000 for the period beginning September 15, 2004 through March 14, 2005. The employee is entitled to bonuses as follows: an annual bonus equal to 3% of the Company's annual net pre-tax profits, a personal performance commission based on sales made as a direct result of the employees efforts equal to 1% of gross sales, payable on a quarterly basis.

In April 2003, the Company's Board of Directors passed a resolution to compensate its directors and certain officer's 150,000 shares of common stock on a quarterly basis. In February 2004, this was amended to 175,000 shares of the Company's common stock to reflect the addition of a new member to the Company's Board of Directors. The Board of Directors also includes the President of the Company.

In April 2003, the Company amended its employment agreement with its Senior Vice President of Sales ("SVP"), whereby the SVP was granted 150,000 shares of the Company's common stock, valued at $11,250, for past services provided and 1,650,000 shares of the Company's common stock valued at $123,750 for services to be provided over ten months, beginning April 2003. During the three months

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ended March 31, 2004, the Company expensed $24,750 related to this agreement. In April 2004, the Company and the SVP mutually terminated their relationship. In accordance with the settlement agreement, the Company issued the SVP 100,000 shares of its common stock, valued at $14,500, in full satisfaction of any obligations due to him. Such amount is included in accrued expenses in the accompanying consolidated balance sheet at March 31, 2004.

In June 2003, the Company entered into formal employment agreements with a key officer/shareholder, the President of the Company. The agreement is for a term of two years. The base salary for the executive is $3,500 per month paid in the Company's common stock in the first year, and $4,000 per month payable in the Company's common stock in the second year. Should the agreement be renewed, the base salary will increase at a rate of 10% per annum. The employee is also entitled to commissions based on sales made as a direct result of the employee's efforts in amounts equal to 1% of gross sales payable on a quarterly basis. During the quarter ended March 31, 2004, the Company issued 63,888 shares of its common stock as compensation to the President.

SETTLEMENT AGREEMENT FOR REPAYMENT OF NOTES PAYABLE

On March 27, 2003, the Company entered into an agreement to repay a relative of an employee in the amount of $140,000 in four equal installments with $35,000 of the Company's common stock based on a 20% reduction to the then average closing price of the common stock for the three trading days prior to the issuance date of such common stock. The Company at its option may repay such indebtedness with cash for a 20% premium to the face value of such quarterly payments due. During the three months ended March 31, 2004, the Company issued 184,210 shares of its common stock as final payment. The Company has recorded $8,750 as interest expense related to the note for the three months ended March 31, 2004.

NOTE 14 - SUBSEQUENT EVENTS

STOCK ISSUANCES

In April 2004, the Company issued 100,000 shares of its common stock in full settlement of amounts owed to a former employee for services previously rendered.

In April and May 2004, the Company issued 201,213 shares of its common stock for full settlement of amounts owed to a consultant for past services and for future services in accordance with a new contract.

In May 2004, the Company inadvertently issued 623,958 shares of common stock to a former related third party in error. The Company has subsequently notified the individual of this error and is in the process of obtaining the stock certificate and canceling the shares.

In May 2004, the Company issued 200,000 shares of its common stock in accordance with its agreement with a director as an additional incentive to become a director. The term of his directorship is for a 24-month term.

In May 2004, the Company issued 75,000 shares of its common stock for full settlement of amounts owed to the consultant for services.

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ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements in this report on Form 10-QSB and other statements made by the Company or its representatives that are not strictly historical facts are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 that should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. The forward-looking statements are based on current expectations and involve a number of known and unknown risks and uncertainties that could cause the actual results, performance and/or achievements of the Company to differ materially from any future results, performance or achievements, expressed or implied, by the forward-looking statements, and that in light of the significant uncertainties inherent in forward-looking statements the inclusion of such statements should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. The Company also assumes no obligation to publicly update or revise its forward-looking statements or to advise of changes in the assumptions and factors on which they are based. Among the factors that may affect operating results are the following: success of our change in focus, competitive environment, and general economic conditions.

RESULTS OF OPERATIONS

Quarter Ended March 31,

	2004	2003
Net Sales	$ 237,182	--
Cost of Goods Sold	$ 213,072	--
Gross Profit	$ 24,110	--
Selling, General and Administrative Expenses	$ 581,964	$ 223,871
Net Loss	$ (803,524)	$ (179,134)

Revenues from operations for the three months ended March 31, 2004 were $237,182 compared to $0 for the three months ended March 31, 2003.

The increase in sales was due to our restructuring, including but not limited to, our whole management team as well as reformulating our product and creating a new marketing and distribution system. During the three months ended March 31, 2003, we had nominal operations as we were restructuring which resulted in no sales. We did not begin shipping product until June 2003, when we reformulatted our product.

We reformulated our product by switching flavor houses, reducing sweetener levels, adding flavor and taking out preservatives. Since we have reformulated our product, we expect to increase sales in the future. We also re-acquired the Old Fashioned Syrup Company in August 2003.

Our gross profit margin was 10% for the quarter ended March 31, 2004. We did not ship any products for the quarter ended March 31, 2003 due to our restructuring. Our gross profit margin has decreased

as a result of increased transportation costs and an inability to take advantage of manufacturer discounts.

Selling, general and administrative expenses increased to $581,964, for the quarter ended March 31, 2004 from $223,871 for the quarter ended March 31, 2003. The increase in selling, general and administrative expenses is primarily the result of increased consulting fees related to our increased sales and marketing efforts, as well as increased professional fees.

The net result of these efforts was to increase the loss from operations before other income (expense)of $557,854 for the quarter ended March 31, 2004 from a loss of $223,871 for the quarter ended March 31, 2003.

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Gain on forgiveness of trade payables amounted to $16,809 for the quarter ended March 31, 2004 compared to $158,998 for the quarter ended March 31, 2003. This relates to several trade payables that were settled for reduced amounts then had been previously recorded. We are still in negotiations with other vendor's in attempts to settle our payables.

Interest and financing expense amounted to $262,479 for the quarter ended March 31, 2004 versus $114,261 for the quarter ended March 31, 2003. Included in interest expense for the quarter ended March 31, 2004 is $192,614 related to the beneficial conversion feature of the convertible promissory notes entered into by us and $69,865 in interest and financing expenses related to various notes payable.

On August 20, 2003, we reacquired the Old Fashioned Syrup Company by completing the terms of the settlement agreement to settle a lawsuit to receive all of the shares of the Old Fashioned Syrup Company which historically represented up to 90% of our revenues. Pursuant to the terms of the settlement agreement, we paid $135,000 and other consideration for the delivery of all of the outstanding shares in the Old Fashioned Syrup Company. We agreed to this amount in consideration for the loans made to Old Fashioned Syrup Company by the defendants in the lawsuit, the initial loan to us, as well as the restructuring efforts undertaken by the defendants during their tenure of management. The Old Fashioned Syrup Company manufactures and sells a sugar-free, fat-free flavored syrup pursuant to a license agreement with Cumberland Packing Corp. for use of the Sweet 'N Low trademark for its syrup product. Since this agreement is finalized, we will have additional revenues as well as expenses from such business operations.

In addition, on April 1, 2003 a settlement agreement was entered into for a lawsuit filed against us in 2001 alleging that our trademark corporate name, ChampionLyte, violated the plaintiff's trademark. The terms of the settlement included granting us an exclusive license to use the ChampionLyte mark in connection with the sugar-free drinks in the United States, Mexico and Canada. A licensing agreement providing this mark was established for an initial five-year term, with two additional five-year terms at our option. It requires a royalty of three percent until sales reach $10,000,000 annually. The royalty then increases to five percent on all sales after sales reach $10,000,000 annually and six percent on all sales after sales reach $15,000,000 annually.

The net effect of our restructuring resulted in a net loss for the three months ended March 31, 2004 of $803,524 compared to a net loss of $271,381 for the quarter ended March 31, 2003.

Basic and diluted earnings per share available to common shareholders was $(.03) for the quarter ended March 31, 2004 compared to $(.02) for the quarter ended March 31, 2003.

LIQUIDITY AND CAPITAL RESOURCES

Our available cash at March 31, 2004 was $0. We received financing through notes payable of $275,406. Convertible notes at March 31, 2004, consist of promissory notes to an individual, an investment fund and three investment companies. Some of the owners of the investment fund are also shareholders of the company. The notes with the individual and the investment fund were for funds to be disbursed to satisfy our obligations as needed.

Detailed matters regarding the notes payable are as follows:

The note with the individual was originated in April 2003 and the note with the investment fund was originated in January 2003. Both bear interest at a rate of 6.5% per annum and are convertible into shares of our common stock with a conversion price per share equal to the lesser of the average of the lowest of three day trading prices during the five trading days immediately prior to the conversion date multiplied by .70 or, the average of the lowest of three day trading prices during the five trading dates immediately prior to the funding dates. The notes are convertible, in whole or in part, at any time after the issuance of the notes. The convertible note with the investment fund is $1,250,000 and is due December 31, 2004. During the quarter ended March 31, 2004 none of the funds borrowed under the note to the investment fund were converted into shares of our common stock.

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The Company has promissory notes with two unrelated third parties ("Alpha and Gamma"), representing the $250,000 assigned to them. The notes mature on December 31, 2004 and bear interest at a rate of 6.5% per annum. The notes are convertible into shares of the Company's common stock at a conversion price equal to the lesser of (1) the average of the lowest of the three day trading price during the five trading days immediately prior to the conversion date, multiplied by .80%, or (2) the average of the lowest of three day trading prices during the five trading days immediately prior to the funding date. During the quarter ended March 31, 2004, Alpha exercised the conversion of $12,500 of its note for 178,571 shares of the Company's common stock.

At March 31, 2004 amounts owed to the individual note holder aggregated $30,000, amounts owed to the investment fund aggregated $619,918 and amounts owed to Alpha and Gamma aggregated $237,500. Accrued interest of $1,787, $22,389 and $6,703 due to the individual, investment fund and investment companies, respectively, is included in accrued expenses in the accompanying consolidated balance sheet.

The note with the third investment company, for $135,000, was originated on August 15, 2003 in order to fund the acquisition of Old Fashioned. The note matures on October 14, 2004 and bears interest at a rate of 6.0% per year. If the note is still outstanding after six months from the origination date, then at the option of the holder, the principal plus accrued interest may be converted into 51% of the issued and outstanding common stock of Old Fashioned. In addition, until the note is paid in full, the holder is entitled to 15% of Old Fashioned's cash flow, defined as net income, plus depreciation and interest minus capital expenditures. As of March 31, 2004, no payments have been made to the investment company, no amounts related to the cash flow provision were due and the note holder has not converted principal into common stock of Old Fashioned.

On August 20, 2003, Old Fashioned entered into an agreement with a financial services company that has common management with the financial advisory firm for the factoring of accounts receivable and purchase order financing services. The agreement states no limitation on the volume with a total facility available of $500,000. The discount schedule related to the factored receivables is as follows: 0-45 days, 4 points; 46-60 days, an additional 2 points; 61-75 days, an additional 2 points, and an additional 2 points for each succeeding 15 days. The agreement bears an indefinite term and provides for a security interest in our accounts receivables and general intangibles.

On July 1, 2003, we entered into an agreement with a financial services company that has common management with the financial advisory firm for the factoring of accounts receivable and purchase order financing services. The agreement states no limitation on the volume with a total facility available of $500,000. The discount schedule related to the factored receivables is as follows: 0-45 days, 4 points; 46-60 days, an additional 2 points; 61-75 days, an additional 2 points, and an additional 2 points for each succeeding 15 days. The agreement bears an indefinite term and provides for a security interest in our accounts receivables and general intangibles.

At March 31, 2004 no amounts were due to the financial services company. At this time, the Old Fashioned Syrup Company and us each have $500,000 available based on the above facilities.

At this time, we are actively seeking additional sources of capital that will enable us to achieve the long-term objectives of nationally marketing the product lines and new distribution system. There can be no assurance that this additional funding will become available. Should such funding not become available we may have to cease operations and liquidate.

FUTURE OUTLOOK

We have finalized our corporate restructure moving Championlyte into a beverage susidiary. We have taken all steps to improve our products and reduce costs by switching flavor houses, reducing sweetener levels, adding additional flavors and removing the preservatives. We reformulated the new product on July 30, 2003. We will continue to focus on the trends of the industry and continue to be innovative to grow our business. These additional changes will require additional financing for us and there can be no assurances that we will obtain

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any of the additional financing needed to accomplish our plans. If we are unable to secure additional financing to complete our restructuring and implement our plans, we may be forced to cease operations.

CRITICAL ACCOUNTING POLICIES

We have identified the policies outlined below as critical to our business operations and an understanding of our results of operations. The list is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management's judgment in their application. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis or Plan of Operations where such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see the Notes to the Financial Statements. Note that our preparation of the financial statements requires us to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Certain of the estimates and assumptions required to be made relate to matters that are inherently uncertain as they pertain to future events. While management believes that the estimates and assumptions used were the most appropriate, actual results could differ significantly from those estimates under different assumptions and conditions. The following is a description of those accounting policies believed by management to require subjective and complex judgments which could potentially affect reported results.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE

Revenue is recognized on sales of products when the customer receives title to the goods, generally upon delivery. Revenue is recorded on a gross basis, since we are responsible for fulfillment, including the acceptability of the products and services ordered by the customer. Management believes that adequate controls are in place to ensure compliance with sales arrangements, a substantial history of such performance has been established and historical returns and allowance have not been significant. If actual sales returns and allowances exceed historical amounts, our sales would be adversely affected.

Accounts receivable are recorded at the outstanding amounts net of the allowance for doubtful accounts. Estimates are used in determining our allowance for doubtful accounts based on historical collections experience, current economic trends and a percentage of our accounts receivable by aging category.

In determining these percentages, we look at historical write-offs of our receivables. We also look at the credit quality of our customer base as well as changes in our credit policies. We continuously monitor collections and payments from our customers. While credit losses have historically been within expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past. Our net income is directly affected by management's estimate of the collectibility of accounts receivable.

PROVISION FOR SLOW MOVING OBSOLETE INVENTORY

We value inventory at the lower of cost or market, cost being determined on a first-in, first-out basis. We write down our inventory for estimated unmarketable inventory or obsolescence equal to the difference between the cost of inventory and the estimated market value based on assumptions about future demand and market conditions. If actual market conditions are less favorable then those projected by management, additional inventory write-downs may be required.

LONG-LIVED ASSETS

On a periodic basis, management assesses whether there are any indicators that the value of its long-lived assets may be impaired. An asset's value is considered impaired only if management's estimate of current and projected operating cash flows (undiscounted and without interest charges) of the asset over its remaining useful life is less than the net carrying value of the asset. Such cash flow projections consider factors such as expected future operating

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income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the carrying amount of the asset would be written down to an amount to reflect the fair value of the asset.

We are required to make subjective assessments as to whether there are impairments in the value of our long-lived assets and other investments. Our net income is directly affected by management's estimate of impairments. In determining impairment, if any, we have adopted SFAS No. 144.

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our Chief Executive Officer and Chief Financial Officer (collectively the "Certifying Officers") maintain a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management timely. Under the supervision and with the participation of management, as of March 31, 2004 the Certifying Officers evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule [13a-14(c)/15d-14(c)] under the Exchange Act). Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures are effective in timely alerting them to material information relative to our company required to be disclosed in our periodic filings with the SEC.

(b) Changes in internal controls.

Our Certifying Officers have indicated that there were no significant changes in our internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no such control actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Sara Lee Global Finance LLC v. Championlyte Products, Inc., et, al. In November 2001, Sara Lee Global Finance, LLC ("Sara Lee") commenced an action in United States District Court for the Middle District of North Carolina (Civil Action No. 1:01CV01053) against us seeking to enjoin us from infringing Sara Lee's "Champion" trademark used by Sara Lee's Champion Athleticwear division. Simultaneously, Sara Lee commenced a proceeding in the U.S. Patent & Trademark Office to cancel our trademark registration for the mark ChampionLyte. Sara Lee claimed that our use of the ChampionLyte trademark for our dietary refresher drink infringed Sara Lee's Champion trademark used for various sporting goods and clothing. On April 1, 2003, the parties to this case signed a settlement agreement. In addition to the above- referenced case being dismissed, the case before the United States Patent and Trademark Office was cancelled - TTAB Cancellation No. 92032691. The settlement agreement provides that we will assign the ChampionLyte trademark to Sara Lee and Sara Lee will grant us an exclusive license of the Championlyte trademark for sugar-free sports drinks only in the United States, Canada and Mexico. The terms of the license agreement are for an initial term of five (5) years and two renewal terms of (5) years each, subject to us meeting all minimum sales and royalty requirements. If we meet all requirements after the first 3 five year terms, the parties agree to negotiate in good faith for two additional five year terms. Minimum calendar year sales are as follows: 2003 (measured from 4/1/03 to 3/31/04) -

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$500,000; 2004 - $750,000; 2005 - $1,000,000; 2006 - $1,250,000; 2007 - $1,500,000; there will be renewal for the second 5 years if sales in years 2005-2007 average at least $1,500,000; 2008 - 2,000,000; 2009: $2,500,000; 2010 - $3,000,000; 2011 - $3,500,000; 2012 - 4,000,000; there will be renewal for the third 5 years if sales in years 2010-2012 average at least $5,000,000; 2013 - $5,000,000, 2014 - $6,000,000; 2015 - $7,000,000; 2016 - $8,000,000; and 2017 -

$9,000,000. The failure to meet the minimum sales requirements in any year will result in termination of the licenses agreement. The failure to meet average stated results will result in non-renewal. The royalties for the license agreement are as follows: 3% on all sales until sales reach $10,000,000 annually; 5% on all sales after sales reach $10,000,000; and 6% on all sales after sales reach $15,000,000 annually.

Champion Performance Products, Inc. d/b/a Champion Nutrition v. ChampionLyte, Inc. In August 2002, Champion Performance Products commenced the above referenced cancellation proceeding in the U.S. Patent and Trademark Office against ChampionLyte, Inc., in which the petitioner seeks to cancel our registration for our Champion Lyte trademark. As part of the settlement with Sara Lee in the action above, this case was cancelled in the United States Patent and Trademark office, TTAB Cancellation No. 92040440.

Championlyte Holdings, Inc. f/k/a Championlyte Products, Inc. v. Inglobalvest, Inc., Steve Sherb, Barry Patterson, Uche Osuji, John Doe No. 1, Alan Posner and Christopher A. Valleau, Case No. 2003 CA 005662AF. On May 28, 2003, we commenced an action against the above named defendants in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida alleging the fraudulent conveyance of our Old Fashioned Syrup Company, Inc. subsidiary. Alan Posner is our former officer, director and employee.

The suit alleged the defendants engaged in a fraudulent scheme to deprive us of our principal asset and primary source of revenue for grossly inadequate consideration (only $15,000) without notice of approval of our Board of Directors, without notice and approval of U.S. Bancorp Investments, Inc. (the holder of our preferred stock), as required by the terms of certain agreements and our Amended Articles of Incorporation, without notice and approval by the shareholders at large as required by Florida statutes for sales of assets of a corporation other than in the regular course of business and in violation of the antifraud provisions of the Florida Securities Investor Protection Act. The suit further alleged that Posner, acting in concert with Valleau, by and through InGlobalVest and its representatives devised a fraudulent plan to improperly and unlawfully strip us of our ownership and control of our valuable,

wholly-owned subsidiary, the Syrup Company, as well as other valuable property, equipment and assets that were owned by the Syrup Company including long-term licensing agreements,

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specifically Cumberland Farms for the rights to name Sweet'N Low(R) worth hundreds of thousands of dollars.

On July 21, 2003, we reached a settlement with Inglobalvest, Inc., Steve Sherb, Barry Patterson, Uche Osuji, John Doe #1 and Christopher A. Valleau. We are still attempting to negotiate a settlement with Alan Posner. The settlement agreement provides that Inglobalvest must deliver all stock certificates in the Old Fashioned Syrup Company ("OFSC") as well as its books and records to our legal counsel by August 20, 2003. In consideration for this, we paid Inglobalvest, Inc. the sum of $135,000 as follows: $20,000 upon execution of the settlement agreement and $115,000 by no later than August 20,2003. The total payment of $135,000 was based on the settlement figure of $125,000 plus an additional $10,000 paid pursuant to the section of the settlement agreement that allowed for a capital call to facilitate the capital requirements of The Old Fashioned Syrup Company. As part of the settlement, we agreed to the following conditions: (i) Churchill Investments, Inc., which provides factoring for us, has agreed to assign its UCC-1 financing statement for the first $50,000 on our accounts receivable, equipment, inventory and general intangibles which it currently holds as security; (ii) issue a written statement which exculpates Inglobalvest, Inc., Steve Sherb, Barry Patterson and Uche Osuji from any fraudulent acts in the complaint; (iii) payment of $3,000 to Christopher A. Valleau in six equal monthly installments of $500 each and Mr. Valleau will forfeit the balance of his unpaid salary and retire all stock options. To date, we paid the full settlement amount. On August 20, 2003, all terms of the settlement agreement were satisfied and we reacquired the Old Fashioned Syrup Company.

On July 1, 2003, we received a letter from the attorney for Diabetes Research Institute Foundation, Inc. providing formal notice of termination of a license agreement that The Old Fashioned Syrup Company entered into and claiming that we owe the following pursuant to such license agreement: (i) an aggregate of $30,000 in base royalties for 2001, 2002 and 2003; (ii) 0.25% of net sales in 2001; 0.50% of net sales in

2002, of all products using the mark "Diabetes Research Institute," as well as late payment charges, which are at a rate of 3% above prime rate. We are presently negotiating a settlement of this claim.

Atico International USA, Inc. ("Atico") claims that we owe it a total of approximately at least $160,873.68 pursuant to an agreement dated February 27, 2002. We believe that we may have counterclaims that are capable of assertion against Atico which may operate as a set off to the claims of Atico. Although litigation has been threatened by Atico, the Company and Atico have been engaged in good faith settlement negotiations since in or about September 2003. Due to the uncertainty, risks, and costs associated with a possible contentious litigation proceeding, we are currently attempting to amicably resolve this dispute with Atico by offering Atico securities of the Company

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registered pursuant to a Form SB-2 Registration Statement in an amount equivalent to a value of approximately $90,000.00. No definitive settlement agreement has been reached with Atico at this time.

On or about July 20, 2003, Crook Printing Service, Inc. ("Crooks") filed a Complaint against us asking $7,047.94 in damages for alleged goods sold and/or services rendered by Crooks to us in Crooks Printing Service, Inc. v. ChampionLyte, Inc., Case No. 03003740 (County Ct., Broward County, Fla.). We filed a Motion to Dismiss, and eventually settled the case for $6,400.00 payable in four equal monthly installments of $1,600.00 commencing on October 1, 2003. We paid all the required payments due under the Settlement Agreement and the Complaint was dismissed with prejudice on February 5, 2004.

On October 16, 2003, Wainwright, Inc. ("Wainwright") obtained a Final Judgment for $24,000.00 against us in Wainwright, Inc. v. ChampionLyte Products, Inc. f/k/a Meridian USA Holdings, Inc., Case No. CA 03-01995 AD (Fla. Cir. Ct., Palm Beach County). We have engaged in good faith settlement negotiations with Wainwright in an attempt to compromise the Final Judgment. However, all settlement proposals have been summarily rejected by Wainwright, and we will have to pay the Judgment or be subject to various execution procedures by Wainwright.

On or about December 9, 2003, we were served with an Amended Complaint seeking $3,282.30 in damages for alleged breach of contract in Read Exhibition Companies v. ChampionLyte, Inc., Case No. 2003 CC-021380 (County Ct., Palm Beach County Fla.). We negotiated a settlement which resulted in us agreeing to pay a total of $3,282.30, in monthly installments of $1,641.15 each commencing on February 1, 2004 and concluding on March 1, 2004. We made all of the required payments due under the settlement agreement and this action was dismissed, with prejudice, on February 10, 2004.

Item 2. Changes in Securities.	None
Item 3. Defaults Upon Senior Securities.	Not Applicable
Item 4. Submission of Matters to a Vote of Security Holders.	None
Item 5. Other Information.	None
Item 6. Exhibits and Reports of Form 8-K.	None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed in its behalf by the undersigned, thereunto duly authorized, on May 18, 2004.

CHAMPIONLYTE HOLDINGS, INC.

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Date: May 18, 2004 By:/s/ David Goldberg

David Goldberg

CEO, CFO and President

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CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, David Goldberg certify that:

1. I have reviewed this quarterly report on Amendment No. 1 to Form 10-QSB of Championlyte Holdings, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures, to be designed under our supervision, including our Consolidated Subsidiaries is made known to us by others within those entities, particularly during the period in which this quarterly 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 registrant'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 registrant's internal

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control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

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

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability and material weaknesses 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 registrant's internal controls over financial reporting; and

6. I have indicated in the quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: May 18, 2004

/s/ David Goldberg

David Goldberg
CEO (Principal Executive Officer),
CFO (Principal Financial Officer)and President

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CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Amendment No. 1 to Form 10-QSB of Championlyte Holdings, Inc. for the quarter ended March 31, 2004, I, David Goldberg, Principal Executive Officer and Principal Financial Officer of Championlyte Holdings,Inc. hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-QSB for the period ended March 31, 2004, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Quarterly Report on Form 10-QSB for the period ended March 31, 2004, fairly presents, in all material respects, the financial condition and results of operations of Championlyte Holdings, Inc. Assigned original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request

Dated: May 18, 2004

CHAMPIONLYTE HOLDINGS, INC.

By:/s/ David Goldberg

David Goldberg
CEO (Principal Executive Officer),
CFO (Principal Financial Officer)
and President

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