

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB/A

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

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### FILER

#### **CEVA INTERNATIONAL INC**

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SIC: **2911** Petroleum refining

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For Quarter Ended March 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-15575

CEVA INTERNATIONAL, INC.  
(Exact Name of Registrant as Specified in its Charter)

Nevada 22-3113236  
(State or other Jurisdiction of (IRS Employer  
Incorporation or Organization) Identification No.)

75-77 North Bridge Road, Somerville, New Jersey 08876\_  
(Address of Principal Executive Office) (Zip Code)

(908) 429-0030  
(Registrant's telephone number including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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.

Yes  No

The number of shares of Registrant's Common Stock, \$0.001 par value, outstanding as of March 31, 2000, was 10,229,415 shares.

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES

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## PART I - Item 1

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(Unaudited)

<TABLE>  
<CAPTION>

March 31, 2000

ASSETS		
Current Assets		
<S>		<C>
Cash .....	\$	21,904
Accounts receivable, net of allowance for doubtful accounts of \$314,000 .....		1,028,633
Inventories .....		-
Prepaid expenses .....		88,617
		-----
Total Current Assets .....		1,139,154
Property, plant and equipment, net of accumulated depreciation.....		2,740,356
Intangible assets, net of accumulated amortization.....		18,876
Deferred charges, net of accumulated amortization.....		175,000
		-----
TOTAL ASSETS .....		4,073,386 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses .....		1,008,623
Notes payable .....		298,889
Loans payable to stockholders .....		200,000
Current maturities of capital leases .....		2,790,120
Deferred credit .....		76,712
		-----
Total Current Liabilities .....		4,374,344
Redeemable preferred stock - Series A		850,000
Capital leases, less current portion .....		711,416
		-----
TOTAL LIABILITIES .....		5,935,760
STOCKHOLDERS' EQUITY		
Preferred Stock, non-voting, \$0.001 par value, 25,000,000 shares authorized; Series A - redeemable, non-dividend, \$50,000 stated value per share, 100 shares authorized, 17 shares issued and outstanding (classified under liabilities) Common Stock, voting, \$0.001 par value, 100,000,000 shares authorized, 10,229,415 shares are issued and outstanding.		10,229
Additional paid-in capital .....		2,303,424
Accumulated deficit.....		(4,457,822)
Accumulated other comprehensive income - foreign		
Currency translation adjustment .....		281,795
		-----
TOTAL STOCKHOLDERS' EQUITY (IMPAIRMENT).....		(1,862,374)
TOTAL LIABILITIES AND EQUITY .....	\$	4,073,386 =====
</TABLE>		

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended March 31,	
	2000	1999
	-----	-----
Revenues .....	184,750	601,675
Direct Costs .....	223,592	300,838
	-----	-----
Gross Profit .....	(38,842)	300,837
Operating expenses.....	232,163	234,537
	-----	-----
Income (Loss) from operations.....	(271,005)	66,300
Other income (expense)		
Interest expense (net of other income) .....	(114,826)	(31,222)
Total other income (expense) .....	(114,826)	(31,222)
	-----	-----
Profit (Loss) before provision for income taxes	(385,831)	35,078
Provision for income taxes.....	-	-
	-----	-----
Net Profit (Loss) .....	\$ (385,831)	\$ 35,078
	=====	=====
(Loss) per common share .....	\$ (0.04)	\$ 0.00
	=====	=====
Weighted average number of common shares outstanding .....	9,930,308	7,308,198

See notes to consolidated financial statements

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)

<TABLE>  
<CAPTION>

Three Months Ended March 31,  
2000 1999

<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
Net Cash Provided (Used) by Operating Activities	\$ (143,129)	119,810
Net Cash Provided (Used) by Investing Activities	(17,897)	(95,025)
Net Cash Provided (Used) by Financing Activities	97,365	140,435
	-----	-----
Net Increase (Decrease) in Cash .....	(63,661)	165,220
Cash at Beginning of Period .....	85,565	72,621
	-----	-----
Cash at End of Period .....	\$ 21,904	\$ 237,841
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for income taxes.....	\$ -	\$ -
	=====	=====
Cash paid for interest.....	\$ 115,252	\$ 49,477
	=====	=====
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued expenses converted into common shares	\$ 190,625	\$ -
	=====	=====

</TABLE>

See notes to consolidated financial statements

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CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2000

BACKGROUND

CEVA International, Inc. (the "Company") was founded as a New Jersey corporation in 1991 for the purpose of engaging in the environmental services business in Central and Eastern Europe ("CEE"). Since its inception, the Company's founder, Herbert G. Case, Jr., its current President and Chief Executive Officer, has spent most of his time living and working in CEE, residing in Budapest, Hungary. During this period through the date hereof, Mr. Case has devoted his full time to establishing the business operations of the Company. In 1998, the Company was reincorporated in the State of Delaware.

On March 29, 1999, the Company and Oro Bueno, Inc., a Nevada corporation, entered into an Agreement and Plan of Merger, pursuant to which the shareholders of the Company were offered the opportunity to exchange their Company common shares for common shares of Oro Bueno, Inc. On May 10, 1999, the Company merged with Oro Bueno, Inc., as a result of which the shareholders of the Company exchanged their holdings for approximately 77% of the common shares of Oro Bueno, Inc. with the remaining balance of such shares, or approximately 23%, being retained by the shareholders of Oro Bueno, Inc. As part of that merger, Oro Bueno, Inc. changed its name to CEVA International, Inc. and the Delaware corporation was dissolved. Currently, therefore, the Company is incorporated under the laws of the State of Nevada. The transaction is considered a recapitalization of the Company for accounting purposes and all financial information regarding operations is that of the Company.

The principal offices of the Company are located at 75-77 North Bridge Street, Somerville, New Jersey 08876. Whenever we refer to "Company" or use the terms "we", "us" or "our" in this report, we are referring to CEVA International, Inc.

## CORPORATE STRUCTURE

Our Company is currently composed of CEVA International, Inc., a Nevada corporation with its principal offices located in New Jersey, a Czech affiliate (CevaTech) and a Hungarian subsidiary (CEVA Hungary Ltd.). Our Hungarian subsidiary was previously 50% owned by Hungarian partners although our Company was and remains the managing shareholder. During the second quarter 2000, two of our Hungarian partners who owned an equity interest in our Hungarian subsidiary, exchanged their 35% equity ownership interest in the Hungarian subsidiary for 700,000 common shares in our Company. We expect the remaining Hungarian partner who currently holds 15% to also convey his ownership interests in exchange for our Company common shares which shall result in the reorganization of this operation as a wholly owned subsidiary.

Our Czech affiliate is owned 60% by Herbert G. Case, Jr., the Company's President and Chief Executive Officer and 40% by local Czech partners. We have control and management authority. There were no material operations during 2000 or prior years.

## BUSINESS

We are engaged in the business of providing technology and services to public and private clients in Central and Eastern Europe in the alternative energy and environmental reclamation industries.

## ALTERNATIVE FUEL BUSINESS

We recover the energy-content of certain wastes by processing high concentrations of hydrocarbons contained in petroleum wastes into Alternative Fuel ("AF"). Our AF business is applicable to the wastes generated by heavy industries such as the petroleum refining (by-products filter cake, oily filter media, separator waste, sludges, acid tar, slop and waste oil, tank rail bottoms), steel (coal tar bottoms), chemical (solvents, chemical tars) mining (coal tars), manufactured gas and pharmaceutical industries. The processed alternative fuel then can be used by cement kilns, power plants and other industrial boilers as a cheaper source of energy.

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## Technology:

Alternative Fuel technology is used to clean up pollutants by converting them into a reusable fuel form. The alternative fuel ("AF") is derived from either the liquefaction or solidification of residual petroleum and oily wastes and by-products. The Company's liquefaction process was developed in the United States to rejuvenate solidified coal tar. Liquefying the solidified tar enables this material to be utilized as raw materials or as supplementary fuel. The liquefied material can be re-used in waste fuel recycling programs in cement kilns and other industrial furnaces. Using the technology of liquefaction helps eliminate land disposal-related liability and increases useable/saleable tar product volume, resulting in environmental and economic benefits. The liquid fuel is referred to as "liquid AF", or alternative fuel.

Solidification processes were developed to prepare AF into a form to replace coal in large industrial boilers, power plants and cement kilns.

## End Use:

According to the 1992 Portland Cement Association's publication "A Sensible Solution-Putting Waste to Work", both liquefied and solidified waste derived fuels can be utilized in cement kilns. The use of cement kilns to recycle hazardous industrial wastes has become an important component of environmentally acceptable handling procedures in the Western world

## Competitive Technologies:

AF is principally considered a clean-up technology which is an alternative to other forms of disposal or remediation. The fact that a valuable by-product is created is important economically because it reduces the net cost of the clean up. Primary alternatives are:

Hazardous waste landfill: There is limited capacity in Central and Eastern Europe; because of their generally remote locations, landfills require

transportation and handling resulting in relatively higher costs and expenses for disposal.

Incineration: There are only a limited number of incinerators in Central and Eastern Europe; because of this limited capacity and the generally remote location of these incinerators, transportation and handling costs make incinerator disposition a very expensive alternative.

#### SOIL REMEDIATION BUSINESS

Heavy industries often contaminate soil and other solid mixtures by hydrocarbons in ways where they energy content cannot be directly recovered. In these instances, we employ Low Temperature Thermal Desorption ("LTTD"), a soil remediation process. Sites where these sorts of contamination can be found are often neighboring the sites of wastes processed for AF. Central and Eastern Europe has large quantities of contaminated soil, which need to be cleaned. Contaminated soil is found principally in heavy industries including oil and gas refineries, railways, energy plants, mining sites, as well as in and around former Soviet military bases.

The LTTD Technology:

We have selected a technology known as "low temperature thermal desorption" ("LTTD") as the method to clean contaminated soil in this marketplace. This technology has been developed by Astec, Industries, Inc. of Chattanooga, Tennessee, a leading manufacturer of LTTD equipment. The LTTD system was introduced to the United States market in 1989 and has proved to be a successful, cost-effective method of removing light and heavy refinery and hydrocarbon wastes from all types of soil. Contaminant destruction efficiencies in the afterburners of these units are greater than 99.99% according to methods prescribed by United States Environmental Protection Agency stack tests performed on equipment manufactured by Astec Industries, Inc. Decontaminated soil retains its physical properties and ability to support biological activity.

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An LTTD unit of equipment contains several large compartments where at one end, contaminated soil is fed into the unit on conveyor belts and is treated by heat processing in various enclosed chambers; once treated, the "clean" soil is deposited at the other end of the unit. The LTTD equipment heats the soil to temperatures ranging from 90 to 320 degrees Centigrade (200-600 degrees Fahrenheit) to vaporize the petroleum, physically separating it from the soil. The vapor stream is then captured and sent to the afterburner where it is thermally destroyed.

Service Agreement with Green Globe, LLC:

We partnered with a United States based LTTD operator, Green Globe, LLC, ("Green Globe") for soil decontamination projects in Central and Eastern Europe. In the Fall of 1998, we entered into a contract with Green Globe pursuant to the general terms of which, we agreed to give Green Globe all soil decontamination projects generated through our business relationships in Central and Eastern Europe. Green Globe agreed to provide, transport, install an LTTD equipment unit in the region and train our local workforce to operate the unit. After provision for costs, profits generated would be shared equally between Green Globe and us. In order to reduce importation and tariff charges, Green Globe and our Hungarian subsidiary entered into a lease agreement for the LTTD units. In connection with these agreements, Green Globe transported and installed a large LTTD unit to Budapest, Hungary, in preparation to begin a soil decontamination project commissioned by the City of Budapest for which our Hungarian subsidiary was awarded a contract.

Applicability and Limitations:

The target contaminant groups for an LTTD system are oil and other organic compounds (hydrocarbons). Such compounds are generated by the petroleum refining, chemical, railroads, mining industries and governmental organizations, such as the military, airports, and state-owned dumpsites. The low temperature desorption processes are best suited for removal of organics from soil, sand, gravel, or rock fractions. The high-absorption capacity of clay decreases the partitioning of organics to the vapor phase.

The following factors may limit the applicability and effectiveness of the LTTD technology and process:

(i) specific feed size and materials handling requirements that can impact

applicability or cost at specific sites; (ii) high moisture content of the soil decreases capacity of the LTTD equipment unit; (iii) highly abrasive feed potentially can damage the LTTD equipment; (iv) heavy metals in the decontaminated soil may produce a treated solid residue that requires stabilization and further treatment.

#### Competitive Technologies:

There are other technologies that compete with our LTTD equipment technology for the treatment of contaminated soil.

**Bioremediation:** Although not as capital intensive as the requirements to put an LTTD equipment unit in operation, is a very time consuming process that does not always work. In addition, bioremediation is recognized throughout the world as effective only when treating lightly contaminated soil and requires a large operating area and space.

**"Soil washing":** Soil washing is a widely used technology in Western Europe. Soil washing is an effective technology to clean soils contaminated with heavy metals. However, soil remediation is an expensive process and generally does not neutralize oil and gas residue or hydrocarbon contamination.

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**Landfills:** Another soil remediation technique is to simply transport these soils to a hazardous waste landfill. However, there are very few licensed and permitted hazardous waste landfills in Central and Eastern Europe. For example, the Country of Hungary has only one hazardous waste landfill in Aszod, and it has an annual capacity of only approximately 5,000 tons.

**Incineration:** Another method to dispose of decontaminated soil is to burn it in incinerators. Incineration is the most expensive process to treat contaminated soil. Because of its high cost, incineration is primarily used to treat the more hazardous types of wastes. There is a very limited capacity for incinerator disposal in Central and Eastern Europe.

LTTD technology will process difficult to process materials, such as coal tar, heavy oils and various refinery tars in soils which cannot be efficiently removed by bioremediation. Further, LTTD technology is designed to meet US EPA emissions standards.

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CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2000

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The unaudited financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto for the years ended December 31, 1999 and 1998 which may be obtained by requesting copies from the Company's principal offices.

##### Going Concern Uncertainty



The report from the Company's independent auditors for the year ended December 31, 1999, contains a statement that the financial statements had been prepared assuming that the Company will continue as a going concern, that the Company had incurred significant operating losses and had a stockholders' impairment, that these conditions raised substantial doubt about the Company's ability to continue as a going concern, and that the financial statements did not include any adjustments that might result from the outcome of this uncertainty. Management's plans with regard to those matters are described in the section "Management's Discussion and Analysis".

#### Principles of Consolidation

The consolidated financial statements include the accounts of Ceva International, Inc. and its subsidiary. All significant inter-company balances and transactions have been eliminated in consolidation.

#### Depreciation and Amortization

The cost of equipment is depreciated for financial reporting on a straight-line basis over the estimated useful lives of such assets, which is between 3 and 7 years. Maintenance and repairs which do not extend the useful lives of the related assets are charged to operations as incurred. Deferred charges in connection with LTTD contracts and intangibles are being amortized over 5 years.

#### Income Taxes

The Company is taxed as a "C" Corporation for federal purposes and deferred taxes are recognized for operating losses that are anticipated to offset future federal income taxes.

The basic corporate income tax rate applicable to CEVA Hungary Ltd. is 18% . In addition, a supplementary tax of up to 35% is payable on dividends from post-1994 profits. The actual rate of supplementary tax depends on the residence of the recipient shareholder and the terms of the applicable tax treaty between Hungary and the relevant foreign country. A rate of 35% applies to Hungarian shareholders.

#### Revenue Recognition

Revenue is recognized in accordance with contracts as services are rendered.

#### Net Loss Per Share

In accordance with the provisions of Financial Accounting Standards Board No. 128, "Earnings Per Share" basic earnings (loss) per common share amounts are computed by dividing net loss by the weighted average number of shares of Common Stock outstanding during the period. Common Stock equivalents have not been included in this computation since the effect would be anti-dilutive.

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CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2000

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### Securities Issued for Services

The Company accounts for stock and stock purchase warrants issued for services by reference to the fair market value of the Company's stock on the date of stock issuance or warrant grant in accordance with Financial Accounting Standards Board Statement No. 123, "Accounting for Stock-based Compensation". Compensation /consulting expense is recorded for the fair market value of the stock and warrants issued.

##### Foreign Currency Translation

For CEVA Hungary Ltd. whose functional currency is the Hungarian Forint, balance sheet accounts are translated into U.S. Dollars at exchange rates in effect at the end of the reporting period (US\$1.00:HFL 270 at March 31, 2000) and income statement accounts are translated at average exchange rates for the periods covered. Translation gains and losses are included as a separate component of stockholders' equity (impairment).

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted 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.

#### CONCENTRATION OF BUSINESS AND CREDIT RISK

At times throughout the reporting periods the Company may maintain certain bank accounts in excess of FDIC limits.

The Company conducts its business primarily in Eastern European nations.

The Company has contracts with a small number of customers; the loss of one of the major ones would have a near-term severe impact on the Company.

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CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2000

#### PROPERTY AND EQUIPMENT

<TABLE>  
<CAPTION>

Property and equipment consist of the following at March 31, 2000:

<S>		<C>
	Equipment under capital leases	\$ 3,083,009
	Field and office equipment	845,158
		-----
	Subtotal	3,928,167
	Less accumulated depreciation	1,187,811
		-----
	Total	\$ 2,740,356
		=====

</TABLE>

#### PROFIT SHARING ARRANGEMENT / DEFERRED CHARGES

In 1997 the Company entered into an agreement to share profits with a vendor on its Low Temperature Thermal Desorption (LTTD) contracts. The vendor also has the exclusive right to provide equipment and services that might be required under any LTTD contracts. This agreement has a term of ten years and may be terminated earlier by mutual consent of the parties. In 1998, the vendor provided for a \$250,000 portion of an agreed upon \$500,000 advance, whereby the amount of \$500,000 was included in a lease obligation to be repaid (see "CAPITAL LEASES"). The remaining \$250,000 was recorded as a deferred charge, and amortizes over the repayment term of the 5 year lease. Amortization expense totaled \$50,000 and \$12,500 during the years ended December 31, 199 and 1998, respectively, and \$12,500 during the quarter ended March 31, 2000.

#### ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses totaled \$1,008,623 at March 31, 2000 and consisted primarily of trade accounts payable, accrued interest and compensation and fees payable.

#### NOTES PAYABLE

<TABLE>  
<CAPTION>

At March 31, 2000, the Company had borrowings under short term loan agreements with the following terms and conditions: Note payable accruing interest at

<S>	<C>	<C>
	12% per year, due in full on December 31, 1999. Maturity has been	\$ 200,000
	extended to June 30, 2000, with interest accruing at the rate of 24% per	
	year, starting with January 1, 2000. The note is guaranteed by the	

principal stockholder. Two non-interest bearing notes due April 30, 2000 are payable either in cash or convertible into common shares of the Company at \$0.50 per share. A non-detachable warrant has been issued to each noteholder, for 15,000 common shares at \$1 per share. The notes were subsequently converted into common shares. Short-term cash advances by three stockholders, due on demand. Other loans payable.

25,000

55,000

18,889

Total

\$ 298,889

=====

</TABLE>

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 MARCH 31, 2000

LOANS PAYABLE TO STOCKHOLDER

The majority stockholder has advanced working capital to the Company. Such advances include a \$200,000 unsecured loan, due April 30, 2000, accruing interest at 10% per year. Repayment may be made either in cash, or, at the option of the stockholder, the loan may be converted into common shares at a conversion rate of \$0.25 per share, with a 10% dividend rate.

CAPITAL LEASES

The Company leases certain equipment under capital leases expiring in various years through 2003. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset at the inception of the lease. The assets are amortized over the lesser of their related lease terms or their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense. At December 31, 1999, the Company was in default on payments under an equipment lease with Green Globe LLC which default has not been cured as of March 31, 2000, and the entire liability under that lease of approximately \$2,593,000 (present value) had been reclassified as current liability even though no formal demand for payment had been issued.

Liabilities from capital leases are as follows at March 31, 2000:

<TABLE>	
<CAPTION>	
<S>	<C>
Payments due under capital leases (present value)	\$ 3,501,536
Less current portion	2,790,120
	-----
Capital leases, less current portion	\$ 711,416
</TABLE>	

DEFERRED CREDIT

CEVA Hungary Ltd. sold equipment which was then leased back in a sale-leaseback transaction. Total profits from the sale amounted to \$102,638 at December 31, 1999 and are recognized over the term of the lease.

INCOME TAXES

At December 31, 1999, the Company had approximately \$800,000 of federal net operating loss carry-forwards available for income tax purposes which expire on December 31, 2019.

The Company's total deferred tax asset and valuation allowance at December 31, 1999 are as follows:

<TABLE>  
 <CAPTION>

<S>		<C>	
	Total deferred tax asset	\$	225,000
	Less valuation allowance		225,000
	Net deferred tax asset	\$	-
			=====

</TABLE>

CEVA INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2000

RELATED PARTY TRANSACTIONS

During the first quarter 2000, certain fees were incurred by individuals who also are officers and/or stockholders of the Company. Such fees amounted to \$ 19,036 .

During the quarter, \$173,125 accrued expenses for compensation, services, and director's fees rendered during 1999 by three officers and directors were converted into 346,250 newly issued restricted common shares.

PREFERRED STOCK

There are issued and outstanding 17 shares of redeemable Series A preferred stock with a stated value of \$850,000, held by the Company's president and CEO. The shares were issued originally pursuant to the conversion of outstanding loans in the approximate same amount. These shares have certain redemption rights and liquidation preferences (see Exhibit 4 attached hereto). This redeemable stock has been classified as a long-term liability.

CHANGES IN KEY PERSONNEL

There were no changes in key personnel during the quarter.

Our success depends to a material and significant extent on the services of Herbert G. Case, Jr., our President and Chief Executive Officer as well as our ability to attract and retain additional key personnel with the skills necessary to manage our existing business and strategic plans. The loss of Mr. Case or other key personnel could have a material adverse effect on our business, results of operations, liquidity and financial position. We do not have an employment agreement with Mr. Case. If we cannot retain Mr. Case or hire and retain qualified personnel, our business, results of operations, financial condition and prospects could be adversely affected.

SUBSEQUENT EVENTS

Investment in Joint Venture

In May 2000, the Company entered into a joint venture with one of the world's largest cement producers whereby the Company will receive a 49% ownership interest by contributing a portion of its proprietary production equipment and intellectual property. Additionally, the Company will assign its existing contracts for delivery of alternate fuels with certain cement producers. In consideration of the Company's agreement to accept a minority shareholder position in the joint venture, the 51% partner agreed to and has subsequently paid a one-time signing fee of \$620,000.

Increase in Ownership Interest in CEVA Hungary Ltd.

In April 2000, the Company acquired an additional 35% ownership interest from two minority shareholders in its Hungarian subsidiary, bringing the Company's share to 85%. In exchange, the Company issued 700,000 shares of its common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

CEVA International, Inc. specializes in the application of waste-to-energy alternative fuel and environmental remediation technologies. Its primary target market and current operations focus on Central- and Eastern Europe, specifically Hungary, Romania, and the Czech Republic. These countries not only have rapidly growing energy needs but at the same time are burdened with a legacy of significant problems in the areas of environmental pollution coupled with a scarcity of technical and managerial know-how in addressing these problems. However, the region has started developing and implementing a regulatory, socio-economic and judicial infrastructure which orientates itself on Western standards and that can, when fully implemented, effectively deal with the legacy of decades of centrally controlled state owned economies. CEVA during the last several years has succeeded in establishing a presence and creating a wide ranging network of business contacts and working relationships which facilitates the day-to-day management of the Company's operations and which management expects will bear fruit in the years to come. Despite this progress, however, and although basing its projects and operations on traditional and proven technologies, timing and success of individual projects often depend on factors beyond the control of the Company and the resulting uncertainties make reliable projections difficult. Except where the processing of oil and tar contaminated soil and water depositories results in the manufacture of alternate fuels that produce tangible cost savings when utilized in industrial processes such as cement plants, a general relative scarcity of public or private funding for remedial projects addressing environmental contamination has until now limited the revenue potential for the Company.

Economic Conditions

Our business in Central and Eastern Europe is sensitive to the local financial condition of the economies in which we work, government environmental regulation as well as the condition of worldwide financial markets. We have extensively discussed these topics above. A downturn in economic conditions in one or more of our Central and Eastern European markets, a governmental failure to develop and enforce environmental regulations as well as unforeseen governmental legislation could have a material adverse effect on our results of operations, financial condition, business and prospects. Although we attempt to stay informed of economic and market conditions, government environmental initiatives, changing permit requirements, any continuing failure on our part to identify potentially adverse developments and to respond to such trends would have a material adverse effect on our results of operations, financial condition, business and prospects. Political and economic imperatives, however, are dictating a gradual improvement in this area, and management expects that the Company will be a primary beneficiary in view of its rapidly growing physical presence and investments in the region.

Results of Operations for Three Months Ended March 31, 2000 compared to Three Months Ended March 31, 1999

For the three months ended March 31, 2000, the Company had gross revenues of \$184,750 (\$601,675 during the same period a year ago), most of which was generated by its Hungarian subsidiary. CEVA Hungary accounted for \$159,750, revenues from contracts with MOL, RT., the Hungarian Oil and Gas Company ("MOL") for treatment and processing of waste repositories at the Nyirbogdany and Csepel Island sites owned by MOL. Activities in Romania in connection with the CIMUS alternative fuel processing project accounted for the remaining \$25,000 revenues.

The decrease in revenues from CEVA Hungary is attributable to the fact that a major project involving soil remediation for the City of Budapest District XVIII ("District 18") that accounted for most of the revenues during the first quarter 1999 did not extend into 2000. The Hungary revenues therefore are attributable primarily to only one customer, MOL, in connection with soil remediation at two MOL-owned sites. We are now working jointly with MOL to obtain permits for cement kilns and other outlets so that we can supply them with our processed AF solid and liquid fuel. Once these permits are obtained which may take as long as six to nine months, we expect to be able to significantly increase our revenues

In Romania we have a contract with S.C. CIMUS S.A., a cement company located in Campulung, Romania, to process and supply supplemental fuels derived from refinery wastes. The contract, initially executed in August, 1998, is exclusive and runs for a 20-year period. In December 1998 we installed a small processing facility at CIMUS. Operations until now have been limited because full-scale production would require capital investments for plant and equipment which the Company has not been in a position to finance. We also entered into an exclusive 10 year contract with the VEGA S.A. refinery in 1997 to remove that refinery's waste materials for use in our alternative fuel, without, however, so far starting any operations at that site. In December 1999 CIMUS was purchased by "Holderbank Cement", a global cement company that owns two other cement facilities in Romania. On May 24, 2000, we signed an agreement with Holderbank Cement to jointly develop a regional AF processing facility to produce fuel and raw material replacements to Holderbank Cement's plants in Romania (the "Holderbank Joint Venture"). As part of this transaction, we agreed to contribute all of our rights and interests in the CIMUS Contract and the VEGA Contract to this joint venture. A follow-up agreement outlining the specific terms and organization of the venture is currently in discussion. This project is expected to pave the way towards a significant expansion of the Company's activities in Romania.

Gross profits for the quarter amounted to negative \$38,842 (positive \$300,837 in 1999). A large portion of period costs-of-goods-sold are incurred from level amortization expenses in connection with capitalized equipment leases for plant and equipment used in the treatment of contaminated soils and depositories. The effect of unused processing capacities is therefore a significant factor influencing operating margins. In addition, margins fluctuate from project to project depending upon local factors and individually negotiated terms, and any given reporting period's overall results are affected by the mix and timing of such projects. This volatility represents a major risk factor in predicting the Company's future performance and will relatively diminish only upon the Company achieving its revenue goals during the next two years when a larger number of projects are in progress and in combination contribute to a more level gross margin profile. After deducting operating expenses of \$232,163 which were similar to those incurred during the same period a year earlier the Company realized an operating loss of \$271,005 (compared to an operating profit of \$66,300 in 1999). Non-operating expenses in form of interest charges totaled \$114,826 in connection with capital leases. The three months period concluded with a net loss of \$385,831 or \$0.04 per share, compared to a profit of \$35,078 or \$0.004 per share for the three months period in 1999.

#### Liquidity and Capital Resources

The Company's liquidity remains strained because revenues are not yet adequate to finance ongoing operations and the required infrastructure. In addition, the projects pursued by the Company necessitate significant investments in capital equipment that the Company largely financed through capital lease agreements with MOL and Green Globe, LLC, our LTDD partner. These leases result in fixed payment obligations which total approximately \$3.5 Million (present value) for the years 2000 through 2003. Equipment lease payments due to Green Globe were payable through the third quarter in 2003, however, the entire outstanding liability of approximately \$2,593,000 has been classified as a current liability due to the failure by the Company to make payments in accordance with the lease agreement. This lease has been declared in default, however, no demand for payment of the entire amount has been made. In addition, the Company's efforts to collect on a past due receivable position of approximately \$1 Million in connection with the soil remediation project involving the District 18 municipality in Budapest (see "Legal Proceedings") have so far not been successful.

The working capital deficit improved slightly, to \$3,235,190 from \$3,503,154 at the beginning of the year. The relative improvement stems primarily from a reduction of accrued expenses due to their conversion into equity. Cash flow from operations during the three months in 2000 totaled negative \$143,129 which

was partially offset by a cash inflow of \$97,365 from financing activities.

The largest single item in the Company's payment obligations is the Green Globe lease with approximately \$2,593,000 (present value). Discussions with Green Globe with the goal of obtaining a formal deferment of lease payments until the Company's financial situation improves have not brought tangible results but are continuing. There can be no assurance, however, that such negotiations will be successful in so far as leading to an agreement commensurate with the Company's financial situation and acceptable to both parties. Current lease payment obligations also include contracts with MOL from whom the Company leased certain equipment utilized in the performance of alternative fuel processing projects at MOL sites. Such obligations total approximately \$197,000 in current liabilities, due for payment during the next twelve months (and approximately \$711,000 in long-term liabilities due thereafter). Management expects to be able to meet these obligations, as well as its other current and future liabilities, from increasing contract work in Hungary through MOL-related projects, and from the acceleration of projects in Rumania in connection with the Holderbank Joint Venture.

## PART II - OTHER INFORMATION

### Item 1 LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings except as follows: on January 5, 2000, we commenced litigation against a political subdivision of the City of Budapest known as District XVIII in the Hungarian court known as the Economic College of the Metropolitan Court, Budapest, 2nd District Varsanyui u.40-44, to obtain approximately \$1,000,000 U.S. for contract payments due us.

In 1998, together with our soil remediation technology partner, Green Globe, LLC, we entered into a contract with District XVIII to remove contamination from approximately 32,000 tons of soil. Utilizing its low temperature thermal desorption unit or "LTDD" unit, Green Globe, LLC completed this soil remediation project in December, 1998. Since that time, we have attempted to obtain the payment due to us under our District XVIII contract through negotiations which were unsuccessful. Accordingly, we commenced a lawsuit to collect the monies due us in January, 2000 in the above identified Hungarian Court. At the first trial date on April 20, 2000, the Hungarian Court awarded us a judgment in the approximate amount of \$65,700 U.S. for late contract payments against District XVIII and recognized our principal claim of approximately \$1,000,000 for the contract payments due us. Our next trial date is June 22, 2000. We intend to vigorously prosecute our claim against District XVIII in the Hungarian courts.

### Item 2 CHANGES IN SECURITIES

#### c) Issuance of unregistered Securities

During the first quarter of 2000, the Company issued the following unregistered securities:

- (i) 346,250 shares of the common stock of the Company to three officers and directors in return for cancellation of an aggregate \$173,125 payments due these individuals.
- (ii) 60,000 shares of the common stock of the Company to several consultants and professionals, in return for services rendered.

Item 3    DEFAULTS ON SENIOR SECURITIES    -    None  
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Item 4    SUBMISSION OF MATTERS TO A VOTE OF  
SECURITIES' HOLDERS                    -    None

Item 5    OTHER INFORMATION                    -    None

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Item 6    EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit (3) (i) - Articles of Incorporation and Amendments\*

Exhibit (3) (ii) - By-laws of the Company\*

Exhibit (4) - Instruments defining the Rights of Holders  
Designation of Series A Preferred Stock - attached hereto.

Exhibit (27) - Financial Data Schedule - attached hereto

                    
\*Previously Filed

(b)    Reports on Form 8-K:    -    None

\*Previously filed via EDGAR with the Securities and Exchange Commission on  
December 23, 1999 as Exhibits to the Company's Form 10-SB Registration  
Statement.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the  
Registrant has duly caused this Amendment No. 1 to its report on Form 10-QSB  
to be signed on its behalf by the undersigned, thereunto duly authorized.

CEVA INTERNATIONAL, INC.

Date:    January 31, 2001

By:    /s/Herbert G. Case

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Herbert G. Case, Jr.  
President and Chief Executive Officer





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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCH 31, 2000 FINANCIAL STATEMENTS OF CEVA INTERNATIONAL, INC. AND SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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