FORM 10QSB

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

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
SEC Accession No. 0001013839-01-500071

(HTML Version on secdatabase.com)

FILER

MOBILE DESIGN CONCEPTS

CIK:**1119700**| IRS No.: **870504461** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **333-43126** | Film No.: **1697254**
SIC: **1531** Operative builders

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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: June 30, 2001

OR

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

COMMISSION FILE NUMBER: 333-43126

MOBILE DESIGN CONCEPTS, INC.
(Exact name of registrant as specified in its charter)

NEVADA	87-0650219
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6500 S. 400 W., Suite C, Salt Lake City, Utah 84107
(Address of principal executive offices)

(801) 266-2420
(Registrant's telephone number, including area code)

Check whether the issuer (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 report(s), YES [X] NO [ ]

and (2) has been subject to such filing requirements for the past 90 days.
YES [ ] NO [X]

The number of $.001 par value common shares outstanding at June 30, 2001: 4,812,800

<page>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

See attached.

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED FINANCIAL STATEMENTS

<page>

JUNE 30, 2001
MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

CONTENTS

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED BALANCE SHEETS

ASSETS

	June 30, 2001	December 31, 2000
CURRENT ASSETS:		
Cash	$ 58,153	$ 576
Inventory	-	9,978
Total Current Assets	58,153	10,554
PROPERTY AND EQUIPMENT, held for lease, net	24,041	-
	$ 82,194	$ 10,554

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - related party	$ 45	$ 45
Accounts payable - trade	1,845	812
Interest payable	-	80
Line of credit	-	5,606
Total Current Liabilities	1,890	6,543
STOCKHOLDERS' EQUITY:		
Preferred stock, $.001 par value, 1,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $.001 par value, 50,000,000 shares authorized, 4,812,800 and 4,500,000 shares issued and outstanding, respectively	4,813	4,500
Capital in excess of par value	82,387	4,500
Deficit accumulated during the development stage	(6,896)	(4,989)
Total Stockholders' Equity	80,304	4,011
	82,194	$ 10,554

The accompanying notes are an integral part of these unaudited condensed financial statements.

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

From Inception

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		on March 10, 2000 Through June 30,
	2001	2000	2001	2000	2001
REVENUE	$1,800	$ -	$1,800	$ -	$ 1,800
OPERATING EXPENSES:					
General and Administrative	3,149	88	3,359	633	8,231
LOSS FROM OPERATIONS	(1,349)	(88)	(1,559)	(633)	(6,431)
OTHER EXPENSES:					
Interest	192	-	348	-	465
LOSS BEFORE INCOME TAXES	(1,541)	(88)	(1,907)	(633)	(6,896)
CURRENT TAX EXPENSE	-	-	-	-	-
DEFERRED TAX EXPENSE	-	-	-	-	-
NET LOSS	$(1,541)	$ (88)	$(1,907)	$ (633)	$ (6,896)
LOSS PER COMMON SHARE	$ (.00)	$ (.00)	$ (.00)	$ (.00)	$ (.00)

The accompanying notes are an integral part of these unaudited condensed financial statements.

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30, 2001	For the Six Months Ended June 30, 2000	From Inception on March 10, 2000 Through June 30, 2001
Cash Flows From Operating Activities:			
Net loss	$ (1,907)	$ (633)	$ (6,896)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation Expense	1,184	-	1,184
Changes in assets and liabilities:			
Increase in accounts payable - related party	-	45	45
Increase in accounts payable - trade	1,033	-	1,845
Increase (decrease) in interest payable	(80)	-	-
Net Cash Provided (Used) by Operating Activities	230	(588)	(3,822)
Cash Flows From Investing Activities:			
Payments for property and equipment	(15,247)	-	(25,225)
Net Cash Provided (Used) by Investing Activities	(15,247)	-	(25,225)
Cash Flows From Financing Activities:			
Proceeds from issuance of common stock	78,200	9,000	87,200
Proceeds from line of credit	5,000	-	10,606
Payments on line of credit	(10,606)	-	(10,606)
Net Cash Provided (Used) by Financing Activities	72,594	9,000	87,200
Net Increase in Cash	57,577	8,412	58,153

Cash at Beginning of Period	576	-	-
Cash at End of Period	$ 58,153	$ 8,412	$ 58,153

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:			
Interest	$ 348	$ -	$ 465
Income taxes	$ -	$ -	$ -

Supplemental Schedule of Noncash Investing and Financing Activities:

For the periods ended June 30, 2001:
None

The accompanying notes are an integral part of these unaudited condensed financial statements.

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Mobile Design Concepts, Inc. (the Company) was organized under the laws of the State of Nevada on March 10, 2000. The Company plans to design and manufacture mobile kiosks and other structures. The Company has not yet generated significant revenues from its planned principal operations and is considered a development stage company as defined in SFAS No. 7. The Company has, at the present time, not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

Condensed Financial Statements - The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2001 and 2000 and for the periods then ended have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the company's December 31, 2000 audited financial statements. The results of operations for the period ended June 30, 2001 are not necessarily indicative of the operating results for the full year.

Loss Per Share - The computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". [See Note 8]

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment - Property and equipment are stated at cost. Expenditures for repairs and maintenance are charged to operating expense as incurred. Expenditures for additions and betterments that extend the useful lives of property and equipment are capitalized, upon being placed in service. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is included in operations.

Organization Costs - Organization costs, which reflect amounts expended to organize the Company, amounted to $545 and were expensed during the period ended March 31, 2000.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimated.

<page>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

Recently Enacted Accounting Standards - Statement of Financial Accounting Standards (SFAS) No. 136, "Transfers of Assets to a not for profit organization or charitable trust that raises or holds contributions for others", SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - deferral of the effective date of FASB Statement No. 133 (an amendment of FASB Statement No. 133)", SFAS No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities - and Amendment of SFAS No. 133", SFAS No. 139, "Recission of SFAS No. 53 and Amendment to SFAS No. 63, 89 and 21", and SFAS No. 140, "Accounting to Transfer and Servicing of Financial Assets and Extinguishment of Liabilities", were recently issued. SFAS No. 136, 137, 138, 139 and 140 have no current applicability to the Company or their effect on the financial statements would not have been significant.

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment - at cost, less accumulated depreciation and amortization:

	June 30, 2001	December 31, 2000
Leased Equipment: modular structure	$ 15,740	$ -
Leased Equipment: beverage equipment	9,485	-
Less: accumulated depreciation and amortization	(1,184)	-
	$ 24,041	$ -

The modular structure and the beverage equipment are depreciated over their estimated useful lives of ten and three years, respectively. Depreciation and amortization expense for the periods ended June 30, 2001 and 2000, amounted to $1,184 and $0, respectively. The structure is now being leased by the Company
[See Note 9].

NOTE 3 - LINE OF CREDIT

The Company entered into a line of credit arrangement with a bank. The line provided for borrowings up to $20,606 with a variable interest rate that was 2% above the bank's prime rate. The initial rate was 11.5% per annum. The line of credit was repaid in April 2001. At June 30, 2001 and December 31, 2000 the outstanding balance on the line of credit was $0 and $5,606.

NOTE 4 - CAPITAL STOCK

Preferred Stock - The Company has authorized 1,000,000 shares of preferred stock, $.001 par value, with such rights, preferences and designations and to be issued in such series as determined by the Board of Directors. No shares were issued and outstanding at June 30, 2001 and December 31, 2000.

Common Stock - During April 2000, in connection with its organization, the Company issued 4,500,000 shares of its previously authorized, but unissued common stock for cash. The shares were issued for $9,000 (or $.002 per share).

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - CAPITAL STOCK [Continued]

The Company began a public offering of 500,000 shares of common stock on May 14, 2001. The Company arbitrarily set an offering price of $.25 per share and there is no minimum number of shares to sell. At June 30, 2001, the Company had sold 312,800 shares for cash of $78,200 (or $.25 per share).

NOTE 5 - INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". FASB 109 requires the Company to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards. The Company has available at June 30, 2001 an operating loss carryforwards of approximately $6,900 which may be applied against future taxable income and which expire in various years through 2021.

The amount of an ultimate realization of the benefits from the operating loss carryforwards for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company, and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the loss carryforwards the Company has established a valuation allowance equal to the amount of the loss carryforwards and, therefore, no deferred tax asset has been recognized for the loss carryforwards. The net deferred tax asset is approximately $2,300 as of June 30, 2001, with an offsetting valuation allowance at June 30, 2001 of the same amount. The change in the valuation allowance for the six months ended June 30, 2001 was approximately $700.

NOTE 6 - RELATED PARTY TRANSACTIONS

Management Compensation - As of June 30, 2001, the Company has not paid any compensation to any officer or director of the Company.

Office Space - The Company has not had a need to rent office space. An officer/shareholder of the Company is allowing the Company to use his/her offices as a mailing address, as needed, at no expense to the Company.

NOTE 7 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company was only recently formed and has not yet been successful in establishing profitable operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds not provided by operations through loans or additional sales of its common stock. There is no assurance that the Company will be successful in raising this additional capital or achieving profitable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

<page>

MOBILE DESIGN CONCEPTS, INC.
[A Development Stage Company]

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 8 - LOSS PER SHARE

The following data shows the amounts used in computing loss per share:

	For the Three Months Ended June 30,		For the Six Months ended June 30,		From Inception on March 10, 1998, Through June 30
	2001	2000	2001	2000	2001
Loss from continuing operations available to common shareholders (numerator)	$ (1,541)	$ (88)	$ (1,907)	$ (633)	$ (6,896)

Weighted average number of common shares outstanding used in loss per share for theperiod (denominator)	69,547	4,500,000	4,534,966	4,500,000	4,290,522

Dilutive earnings per share was not presented, as the Company had no common equivalent shares for all periods presented that would affect the computation of diluted earnings per share.

NOTE 9 - CONTRACTS AND AGREEMENTS

The Company has a lease agreement for the use of their mobile structure to a third party for use in selling coffee and other beverages. The agreement is for three years beginning March 20, 2001. The lease monthly payments started at $600 per month and reach $1,250 per month during the 3rd year. At June 30, 2001, future minimum rentals for the remaining lease term amounted to $36,900.

NOTE 10 - SIGNIFICANT CUSTOMERS

The Company has just recently commenced operations and all of the revenues received by the Company are from a single client, the loss of which could have a material impact on the operations of the Company.

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ITEM 2: MANAGEMENT'S DISCUSSION & ANALYSIS OR PLAN OF OPERATIONS

PLAN OF OPERATIONS.

Our company was recently incorporated under the laws of Nevada on March 10, 2000, is a small start up company that only recently commenced active business operations, has not yet generated significant revenues from operation and is considered a development stage company. In August, 2000, the Company filed a registration statement on Form SB-2 with the U.S. Securities & Exchange Commission under the Securities Act of 1933, to register the offering, on a "best efforts, no minimum" basis, of up to 500,000 shares of $.001 par value common stock, at a price of $.25 per share. This registration statement was declared effective on May 14, 2001. The Company has sold 312,800 shares of common stock and raised gross proceeds of $78,200 pursuant to this offering. The offering closed June 27, 2001. Management's plan of operation for the next twelve months is to use funds generated from sale of shares in this offering to provide initial working capital for the operation of the proposed business.

Our plan of operation is to use our existing capital together with the proceeds from this offering to complete construction of up to three additional kiosks for sale or lease to third parties. In addition, we have established a one-year $20,606 revolving line of credit with our bank that bears interest at the rate of prime plus 2%, for a current rate of 11.5%. To date we have repaid all amounts advanced to us under the line of credit with the proceeds from this offering.

We estimate our general and administrative expenses during the next twelve months to be approximately $15,000, including rent, office, legal, and accounting expenses. We estimate the cost of constructing our kiosks at $20,000 to $25,000 initially, and the cost of constructing additional kiosks to be somewhat lower as the construction process becomes more uniform and design problems have been resolved. Our prototype was completed in February, 2001 and we anticipate that additional kiosks will be completed sequentially based on demand with a total construction time of approximately 45 days. Since less than all offered shares were sold, we will reduce our construction budget as appropriate and may attempt to finance the construction of additional kiosks using a purchase contract or lease with the potential operator as security for a loan.

We plan to generate revenue from the lease and sale of our kiosks to third parties. We plan to initially lease our kiosks for a monthly rental of from $12,000 to $15,000 per year under a lease with a term of three years that may be renewed on an annual basis after the initial three-year term. We believe that an operator at a good location will continue to rent the kiosk for its useful life, which we estimate at ten to fifteen years. We also plan to sell kiosks at prices ranging from $40,000 to $65,000, depending on the design features and equipment included in the particular unit. Our proposed lease rates and sales prices will be subject to adjustment based on demand, changes in our cost structure and competitive conditions prevailing in our industry.

We anticipate that the proceeds from the sale of the offering together with our current assets and bank line of credit will be sufficient to permit us to implement our business plan and conduct our operations for a period of at least twelve months. If we receive only limited funds in this offering, we will delay construction of additional kiosks, if necessary. We may have to
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seek additional funds within the next twelve months. We have no assurance of receiving any additional funding.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. As discussed in Note 7 to the financial statements, the Company was only recently formed, has incurred losses since its inception and has not yet been successful in establishing profitable operations, raising substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In the event the proposed business is unsuccessful, there is no assurance we could successfully become involved in any other business venture. Management presently has no plans, commitments or arrangements with respect to any other proposed business venture.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(a) None.

(b) None.

(c) See Part I, Item 1 (financial statements) and Item 2 (management's discussion) for financial information and a discussion regarding use of proceeds.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mobile Design Concepts, Inc.

Date: August 1, 2001 by: /s/ Steven N. Bednarik

Steven N. Bednarik, President and Secretary/Treasurer