

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

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

Filing Date: **2001-08-03** | Period of Report: **2001-05-31**
SEC Accession No. **0001010412-01-500121**

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FILER

PROCESS TECHNOLOGY SYSTEMS INC

CIK: **744667** | State of Incorpor.: **NV** | Fiscal Year End: **1130**
Type: **10QSB** | Act: **34** | File No.: **000-29603** | Film No.: **1696619**
SIC: **9995** Non-operating establishments

Mailing Address
6371 RICHMOND #200
HOUSTON TX 77057

Business Address
6371 RICHMOND #200
HOUSTON TX 77057
7132668005

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

FORM 10-QSB

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

For the quarter ended May 31, 2001

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

For the transition period from _____ to _____

Commission File No. 0-29603

PROCESS TECHNOLOGY SYSTEMS, INC.

(Name of Small Business Issuer in its Charter)

NEVADA

91-2070995

(State or Other Jurisdiction of
incorporation or organization)

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

6371 Richmond, #200
Houston, Texas 77057

(Address of Principal Executive Offices)

Issuer's Telephone Number: (713) 266-8005

Check whether the Issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such
shorter period that the Company was required to file such reports), and (2)
has been subject to such filing requirements for the past 90 days.

(1)	Yes	X	No	(2)	Yes	X	No
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(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PAST FIVE YEARS)

Check whether the issuer has filed all documents and reports required to

Total Current Assets		-		-
TOTAL ASSETS	\$	-	\$	-

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$	38,207	\$	16,466
Total Liabilities		38,207		16,466

STOCKHOLDERS' EQUITY (DEFICIT)

Preferred stock authorized 12,500,000 preferred shares, at \$0.25 par value: 5,833 shares issued and outstanding		1,459		1,459
Common stock authorized 50,000,000 common shares at \$0.002 par value: 1,000,000 shares issued and outstanding		2,000		572
Capital in excess of par value		300,145		291,507
Deficit accumulated during the development stage		(341,811)		(309,998)
Total Stockholders' Equity (Deficit)		(38,207)		(16,466)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$	-	\$	-

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PROCESS TECHNOLOGY SYSTEMS, INC.
(A Development Stage Company)
Statements of Operations
(Unaudited)

<CAPTION>

	For the Six Months Ended May 31,		For the Three Months Ended May 31,		From Inception on May 12, 1987 Through May 31, 2001
	2001	2000	2001	2000	2001
<S> REVENUES	<C> \$ -	<C> \$ -	<C> \$ -	<C> \$ -	<C> \$ -
EXPENSES					

General and administrative	31,813	2,599	30,483	1,300	341,811
Total Expenses	31,813	2,599	30,483	1,300	341,811
NET LOSS	\$ (31,813)	\$ (2,599)	\$ (30,483)	\$ (1,300)	\$ (341,811)
BASIC AND FULLY DILUTED LOSS PER SHARE	\$ (0.11)	\$ (0.02)	\$ (0.10)	\$ (0.01)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	285,805	167,298	285,805	167,298	

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PROCESS TECHNOLOGY SYSTEMS, INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

<CAPTION>

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, May 12, 1987	130,000	\$ 260	-	\$ -	\$188,367	\$ -
February 18, 1988, common stock issued for services at \$0.10 per share	11,665	23	-	-	1,143	-
February 18, 1988, preferred stock issued for services at \$12.50 per share	-	-	5,833	1,459	71,446	-
June 9, 1988, common stock issued for services valued at \$0.10 per share	1,000	2	-	-	98	-
March 30, 1990, common stock issued for services, valued at \$0.10 per share	240	-	-	-	24	-

Net loss from inception on May 12, 1987 through November 30, 1996	-	-	-	-	-	(262,822)
Balance, November 30, 1996	142,905	285	5,833	1,459	261,078	(262,822)
Net loss for the year ended November 30, 1997	-	-	-	-	-	-
Balance, November 30, 1997	142,905	285	5,833	1,459	261,078	(262,822)
Net loss for the year ended November 30, 1998	-	-	-	-	-	(2,363)
Balance, November 30, 1998	142,905	285	5,833	1,459	261,078	(265,185)
Net loss for the year ended November 30, 1999	-	-	-	-	-	(16,298)
Balance, November 30, 1999	142,905	285	5,833	1,459	261,078	(281,483)
January 5, 2000, common stock issued for debt valued at \$0.10 per share	124,000	248	-	-	12,152	-
September 27, 2000, common stock issued for services valued at \$0.50 per share	18,900	39	-	-	9,411	-
Contributed capital	-	-	-	-	8,860	-
Net loss for the year ended November 30, 2000	-	-	-	-	-	(28,515)
Balance, November 30, 2000	285,805	\$ 572	5,833	\$ 1,459	\$291,501	\$(309,998)

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PROCESS TECHNOLOGY SYSTEMS, INC.
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

<CAPTION>

		Common Stock		Preferred Stock		Additional	Deficit
	Shares	Amount	Shares	Amount	Paid-in	Accumulated	
<S>	<C>	<C>	<C>	<C>	Capital	During the	
					<C>	Development	
						Stage	
Balance, November 30, 2000	285,805	\$ 572	5,833	\$ 1,459	\$291,501	\$ (309,998)	
May 11, 2001, common stock issued for cash valued at \$0.01 per share (unaudited)	714,195	1,428	-	-	5,714	-	
Contributed capital (unaudited)	-	-	-	-	2,930	-	
Net loss for the six months ended May 31, 2001 (unaudited)	-	-	-	-	-	(31,813)	
Balance, May 31, 2001 (unaudited)	1,000,000	\$ 2,000	5,833	\$ 1,459	\$300,145	\$ (341,811)	

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PROCESS TECHNOLOGY SYSTEMS, INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

<CAPTION>

	For the		From
	Six Months Ended		Inception on
	May 31,		May 12, 1987
	2001	2000	Through
			May 31,
<S>	<C>	<C>	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (31,813)	\$ (2,599)	\$ (341,811)
Issuance of stock for services	-	-	83,645

Write off of Assets	-	-	188,627
Changes in operating asset and liability accounts:			
Increase (decrease) in accounts payable	21,741	(2,597)	50,607
Net Cash (Used) by Operating Activities	(10,072)	(5,196)	(18,932)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Common stock issued for cash	7,142	-	7,142
Contributed capital	2,930	5,196	11,790
Net Cash Provided by Financing Activities	10,072	5,196	18,932
NET INCREASE (DECREASE) IN CASH	-	-	-
CASH AT BEGINNING OF PERIOD	-	-	-
CASH AT END OF PERIOD	\$ -	\$ -	\$ -
Cash Payments For:			
Income taxes	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Common stock issued for debt	\$ -	\$ 12,400	\$ 12,400
Common stock issued for services	\$ -	\$ -	\$ 83,645

PROCESS TECHNOLOGY SYSTEMS, INC
(A Development Stage Company)
Notes to the Financial Statements
May 31, 2001 and November 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Company was organized under the laws of the State of Nevada on May 12, 1987. In June 1987, the Company issued 200,000 shares of its common stock to acquire all of the outstanding stock of Houston

Engineering Research Corporation (HERCO), a Texas corporation which were subsequently written off as a loss.

Currently, the Company is seeking new business opportunities believed to hold a potential profit or to merge with an existing company.

b. Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has adopted a November 30 year end.

c. Basic Loss Per Share

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

	Loss (Numerator)	Shares (Denominator)	Per Share Amount
For the six months ended May 31, 2000	\$ (2,599)	167,298	\$ (0.02)
For the six months ended May 31, 2001	\$ (31,813)	285,805	\$ (0.11)

d. Use of Estimates

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

e. Cash Equivalents

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

PROCESS TECHNOLOGY SYSTEMS, INC
(A Development Stage Company)
Notes to the Financial Statements
May 31, 2001 and November 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Unaudited Financial Statements

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

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other material assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. It is the intent of the Company to seek a merger with an existing, operating company. In the interim, shareholders of the Company have committed to meeting its minimal operating expenses.

NOTE 3 - PREFERRED STOCK

Process Technology Systems, Inc. is authorized to issue 12,500,000 shares of preferred stock by action of the Company's Board of Directors. The Board of Directors is authorized, without further action by stockholders, to determine the voting rights, dividend right, dividend rates, liquidation preferences, redemption provisions, conversion or exchange rights and other rights, preferences, privileges and restriction of any unissued series of preferred stock and the number of shares constituting such series.

The Company has issued and outstanding 291,620 shares of preferred stock. The preferred stock has preference in liquidation and to dividends. The preferred stock is entitled to a \$0.10 per share dividend if dividends are declared by the Board of Directors. Through November 30, 1999, no dividends have been declared.

On May 2, 2001, the Company enacted a one-for-fifty reverse stock split of its outstanding preferred and common stock. Shares have been retroactively restated to inception.

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

Plan of Operation.

The Company has not engaged in any material operations or had any revenues from operations during the last two fiscal years. The Company's Board of Directors intends to examine various industries in which the Company may conduct business operations, and then adopt a Business Plan detailing the

necessary capital and requirements to engage in that industry.

During the next 12 months, the Company's only foreseeable cash requirements will relate to maintaining the Company in good standing, which may be advanced by management or principal stockholders as loans to the Company. Any such sums should be nominal.

Results of Operations.

At May 31, 2001, the Company had \$0 in assets and \$38,207 in liabilities. The Company had no revenues for the three months ended May 31, 2001, with \$30,483 in expenses, for a net loss of (\$30,483) and the Company had no revenues for the six months ended May 31, 2001, with \$31,813 in expenses, for a net loss of (\$31,813).

The Company incurred losses of (\$31,813) for the period ended May 31, 2001. Primarily all of these expenses were utilized for attorney's fees, accounting fees and filing fees to maintain the Company in good standing and to file its reports with the Securities and Exchange Commission.

Liquidity.

At May 31, 2001, the Company had no current assets, with total current liabilities of \$38,207. Total stockholder's equity was (\$38,207).

During the period ended May 31, 2001, capital contributions by a principal stockholder amounted to \$2,930. The Company sold 714,195 shares for \$7,141.95 cash.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Changes in Securities.

On May 21, 2001, the Company effected a reverse split of its outstanding preferred stock on a basis of one for 50, while retaining the current authorized preferred stock capital of 12,500,000 and par value of \$0.25, with appropriate adjustments in the capital accounts of the Company; effected a reverse split of its outstanding common stock on a basis of one for 50, while retaining the current par value of \$0.002, with appropriate adjustments in the capital accounts of the Company; voted to increase the authorized capital from 25,000,000 shares of common stock to 50,000,000 shares of common stock; and authorized the Board of Directors to change the name of the Company to conform with the business or industry that the Board of Directors determines to engage in or conforms with the name or names of any properties or businesses acquired by the Company.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

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

None; not applicable.

Item 5. Other Information.

None; not applicable.

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

(a) Exhibits.

10-SB Registration Statement, as amended, filed with the Securities and Exchange Commission on February 18, 2000.*

(b) Reports on Form 8-K.

None; not applicable.

*Incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

PROCESS TECHNOLOGY SYSTEMS, INC.

Date: 8/2/01

By/s/William A. Silvey

William A. Silvey, Jr., Director
and President

Date: 8/2/01

By/s/W. Scott Thompson

W. Scott Thompson, Director
Secretary