

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-06-30**
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FILER

WIRELESS DATA SOLUTIONS INC

CIK: **1043473** | IRS No.: **930734888** | Fiscal Year End: **1231**
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SIC: **4899** Communications services, nec

Mailing Address

1016 SHORES ACRES DRIVE
LEESBURG FL 34784

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2233 ROOSEVELT ROAD
SUITE 5
ST CLOUD MN 56301
3523231295

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the nine-month period ended June 30, 1999

[] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE TRANSACTION PERIOD
FROM _____ TO _____ .

Commission File No. 000-23051

Wireless Data Solutions, Inc.

(Exact Name of registrant as specified in its charter)

Utah 93-0734888
(State of Incorporation) (I.R.S. Employer Identification No.)

2233 Roosevelt Road, Ste. 5
St. Cloud, MN 56301
(Address of principal executive offices)

(320) 203-7477
(Issuer's telephone number)

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 registrant was required to file such
reports), and (2) has been subject to such filing requirements for the
past 90 days. Yes X No ___

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

Not Applicable

APPLICABLE ONLY TO CORPORATE ISSUERS

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

There was 10,182,124 shares of the Issuer's common stock outstanding as
of July 27, 1999.

Wireless Data Solutions, Inc. and Subsidiaries
Consolidated Statement of Earnings
For the Period Ended, June 30, 1999

		June 30, 1999 (Unaudited)	June 30, 1998 (Unaudited)
REVENUES			
Net product sales	\$1,145,667		\$1,408,672
Other Income	11,317		43,221
Total Revenues	1,156,984		1,451,893
COST OF SALES			
Products	538,372		673,371
Total Cost of Sales	538,373		673,371
Gross Profit	618,611		778,522
Operating Expenses	883,078		793,895
Income before Interest	(264,467)		(15,373)
Interest expense, net of interest income	16,713		23,130
Income before taxes	(281,180)		(38,503)
Provision for income taxes	0		0
NET EARNINGS	(\$281,180)		(\$38,503)
Basic loss per share	(0.03)		0.00
Weighted average shares outstanding	10,175,457	9,176,050	

Wireless Data Solutions, Inc. and Subsidiaries
Consolidated Balance Sheet
June 30, 1999

		June 30, 1999 (Unaudited)	June 30, 1998 (Unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$62,491		\$148,315
Trade accounts receivable, net of \$80,292 and \$6,000 respectively estimated allowance for doubtful accounts.	328,807		761,639
Prepaid expenses	32,765		0
Inventory		159,729	113,764
Total Current Assets	583,792	1,023,718	
Fixed Assets:			
Office fixtures and equipment	15,033	15,033	
Leasehold Improvements	12,894		12,894
Sub-Total		27,927	27,927
Less: Accumulated Depreciation and Amortization	27,927		27,927
Net Fixed Assets	0		0
Other Assets:			
Deferred service contract	146,704	202,700	
Due from related parties	290,413	280,442	
Loan to RD220		28,649	
Due from Angellcom		35,000	37,500
Allowance for loan losses	63,649		
Security deposits	3,113		3,113

Total Other Assets	-----	440,230	-----	523,755
TOTAL ASSETS	-----	\$1,024,022	-----	\$1,547,473
		=====		=====
LIABILITIES				
Current Liabilities:				
Trade accounts payable		\$143,753		\$227,680
Payable in stock	70,800			
Current portion of other liabilities		58,091		83,853
Advance from Customers		52,620		8,176
Other accrued liabilities		1,713		2,146
Total Current Liabilities	-----	326,977	-----	321,855
Other Liabilities:				
Accrued salaries, related payroll taxes, reimbursable expenses payable to officers		568,417		604,882
Less: Current portion		0		0
Total Other Liabilities	---	568,417	---	604,882
TOTAL LIABILITIES		895,394		926,737
Minority interests in consolidated subsidiaries		20,000		20,000
STOCKHOLDERS' DEFICIENCY:				
Preferred Stock, \$.002 par value; 3,000,000 shares authorized; no shares issued or outstanding		0		0
Common Stock, \$.001 par value; 25,000,000 shares authorized; 10,057,124 shares issued and outstanding at 6/30/98 & 10,182,310 at 6/30/99.		10,182		10,057
Common Stock options outstanding	11,250		11,250	
Additional paid-in-capital		1,927,969		1,900,094
Deficit		(1,792,000)		(1,271,892)
Sub-Total	-----	157,401	-----	649,509
Receivable from related entity for sale of common stock		(48,773)		(48,773)
Total Stockholders' Equity	-----	108,628	-----	600,736
TOTAL LIAB. & STOCKHOLDERS' EQUITY	\$1,024,022		\$1,547,473	
		=====		=====

Wireless Data Solutions, Inc. And Subsidiaries
Consolidated Statement of Cash Flows
For The Period Ended June 30, 1999

		June 30, 1999	June 30, 1998
Operating Activities:			
Net Income		(\$281,180)	(\$38,503)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization			
Prior period adjustment			
Changes in Operating Assets and Liabilities:			
Decrease in accounts receivable	136,583	(53)	
Decrease in inventory		108,529	126,971
Increase in other assets		(32,765)	0
Decrease in accounts payable	(163,023)		(184,120)
Increase in advances from customers	43,870		(9,793)
Increase in other payables		56,053	(185,668)
Decrease in deferred service contract	35,429		(6,600)
Net cash provided by operating activities		(\$96,504)	(\$297,766)
Investing Activities:			
Proceeds of miscellaneous assets			
Financing Activities:			
Increase in due from related parties	(5,406)	(36,000)	
Increase in loan allowances		63,649	(37,500)
Increase in due to related parties and related expenses		(1,000)	(87,250)
Proceeds of issuance of common stock	1,000		523,501
Net cash provided by financing activities	58,243		362,751
Net increase in cash		(38,261)	64,985
Cash at beginning of period		100,752	83,330
Cash at end of period		\$62,491	\$148,315

Wireless Data Solutions, Inc. And Subsidiaries
Consolidated Statement of Stockholders' Equity
For The Period Ended June 30, 1999

		Common Stock	Common Stock Options Outstanding	Additional Paid-In Capital	Deficit	Total
Balance at September 30, 1998	<C>	<C>	<C>			
Net Earnings for the period ended June 30, 1999		\$10,162	\$11,250	\$1,926,989	(\$1,510,720)	\$437,581
Stock issued to cancel debt to officer	20			980	(281,180)	(281,180)
Sub-Total		10,182	11,250	1,927,969	(1,791,900)	157,401
Receivable from related entity for sale of common stock				(48,773)		
Balance at June 30, 1999		\$10,182	\$11,250	\$1,927,969	(\$1,791,900)	\$108,628

Wireless Data Solutions, Inc. And Subsidiaries
Consolidated Statement of Stockholders' Equity
For The Period Ended June 30, 1998

<TABLE>
<CAPTION>

<C>	<S>	<S>	<S>	Common Stock <S>	Common Stock Options Outstanding <S>	Additional Paid-In Capital	Deficit	Total
Balance at September 30, 1997		\$8,165		\$11,250	\$1,378,485	(\$1,233,388)	\$164,512	
Net Earnings for the period ended June 30, 1998							(38,503)	(38,503)
Issuance of common stock								
Exercise of common stock options								
Stock issued for service contracts		830			224,170			225,000
Private placement			724			210,526		211,250
Stock issued to cancel debt to officer		338			86,912			87,250
Prior period adjustment								
Sub-Total			10,057		11,250	1,900,093	(1,271,891)	649,509
Receivable from related entity for sale of common stock								(48,773)
Balance at June 30, 1998		\$10,057		\$11,250	\$1,900,093	(\$1,271,891)	\$600,736	

</TABLE>

Part I

Notes to Consolidated Financial Statements

Summary of Accounting Policies:

The summary of Wireless Data Solution's Inc. ("the company") significant accounting policies are incorporated by reference to the Company's Registration Statement filed on Form 10-SB, as amended, dated February 12, 1998.

The accompanying unaudited consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations, financial position and cash flows. The results of the interim period are not necessarily indicative of the results for the full year.

Company Background Information:

The following background information is deemed important in conjunction and context with the data provided in the financial statements for the period ending June 30, 1999.

Revenues for the nine month period ended June 30, 1999 compared to the same period in 1998 were down approximately \$295,000. However there are very strong indications that the negative trend in sales has been reversed. The downward trend began the 2nd half of fiscal year 1998 and continued through the first quarter of fiscal year 1999. Revenues started increasing in the 2nd quarter of 1999.

Management feels strongly that the changes in management and strategy have paid dividends and the company expects to maintain an upward trend in revenues. Clearly there has been an improvement in the corporate image. This is reflected by the increase in referrals and quality of the testimonials when potential customers check references.

Management's discussion and Analysis or Plan of Operation

Liquidity and Capital Resources:

The company's current assets totaled \$583,792 on June 30, 1999. This was a decrease of approximately \$440,000 from June 30, 1998.

The component of current assets which comprised the majority of this reduction was accounts receivable which decreased approximately \$433,000. There were a number of reasons for the decline, not the least of which was the resolution of disputes with customers. A number of Automatic Vehicle Location systems had been shipped, which were not working. All those systems were replaced and the customers subsequently paid. By changing to a service orientated philosophy, the company expects to avoid similar problem units were determined to be uncollectable and were turned over for collection. Consequently "Allowance for Bad Debts" was increased to reflect the best estimate of recoverable costs.

The balance of the change in assets was an increase in inventory and a decrease in cash. The inventory increase reflects the anticipation of increased sales vs. declining sales. The cash position was down by approximately \$86,000. The decline is a direct reflection of the cash consumption due to losses in the second half of 1998 and the first half of 1999.

Management believes the current trend of increased sales and revenue and the resulting cash flow, along with current cash balances will be sufficient to fund operations and expenses for the near term. The company also has a "credit line" to factor receivable available from Brian Watts. Mr. Watts is a major shareholder in WDS. At June 30, 1999 Mr. Watts was owed \$13,000 compared to \$122,000 at the beginning of the first quarter.

Management continues to believe that to achieve the desired growth, they will have to pursue equity financing. Additional financing will allow them to pursue new products and markets.

Results of Operations:

Revenues for the 3rd quarter ending June 30th, 1999 were up approximately \$90,000 compared to the 3rd quarter of 1998. The 21% increase in revenue compared to the 3rd quarter of 1998 combined with a \$47,000 reduction in operating expenses for the period, allowed the company to post a \$50,000 profit for the third quarter. The year to date figures show that revenues were down by \$300,000 and compared to the nine month ending June 30, 1998. Losses for the period ending June 30, 1999 exceeded the losses for by approximately \$243,000. The numbers are a direct reflection of the disastrous 1st quarter and the weak 2nd quarter of 1999. Those quarters also reflect what management believes was the end of a downward trend and the beginning of an upward trend in revenues and earnings.

As previously addressed under management's discussion and analysis cash holdings declined \$86,000, a direct reflection of earlier period losses.

Prepaid expenses reflect the unamortized portion of fees which were paid to Mr. John Doubek and Mr. Brian Blankenburg. Mr. Doubek has and will provide legal services relating to the management change and attending issues. The total of those fees were estimated to be \$40,000. 400,000 shares of common stock will be issued to pay for those services Mr. Brian Blankenburg agreed to accept the positions of President of Dinat and Wireless Data Solutions for a salary far below what a person of his experience and he issued 100,000 shares of the company's common stock, which was offered as an incentive. He will serve in those capacities for a period of no less than one year.

The deferred service contract has been reduced by approximately \$56,000 compared to June 30, 1998. Mr. Brian Blankenburg, President of Wireless Data Solutions, had performed certain marketing services prior to his becoming an employee. The value of those services are being amortized over three years. A contract with Mr. David Wood for public relations services is being amortized over 5 years. In both cases the expense is being amortized over the anticipated useful life of the services provided.

Due from related parties increased approximately \$10,000 over the prior period end June 30, 1999. The increase was due to certain management services provided for the benefit of Heartland Diversified Industries and of interest charged on the sale of Bernard, Lee and Edwards to Heartland. A shareholder on WDS initiated a derivative, class action suit against Heartland Diversified Industries on behalf of himself and all the shareholders of WDS. In that suit he is requesting \$332,773 in contract damages, any net recovery will flow directly to WDS. Heartland Diversified Industries is controlled by Mike McLaughlin, who is Board Chairman and President, and who has a very large stock position in Heartland. Heartland owns in excess of 1,600,000 shares of WDS stock.

The value of the loans to Angellcom and RD 220 are thought to be minimal. The net realizable value, considering cost of collection and or legal fees, should WDS proceed with litigation, is believed to be insignificant.

Accounts payable was reduced by approximately 84,000 which is a direct result of Dinet's improved financial health.

The payable in stock is owed to Brian Blankenburg and John Doubek. Mr. Doubek is owed 400,000 shares for legal services relating to the management change and related issues. Mr. Blankenburg earned approximately 199,000 shares under an arrangement in connection with his employment as president of Dinet. During the period in September 14, 1998 to February 26, 1999, Mr. Blankenburg earned \$1,500 per week, \$500 was paid by check and \$1,000 was paid in stock, based on the average stock price during that week. When assuming the role of CEO and president of WDS, he was granted 100,000 shares as an incentive to assume a salary at less than market for his ability and experience.

Approximately 699,000 shares of common stock will be issued to satisfy the obligations detailed in the discussion of the "Payable in Stock" account above.

Financial Condition:

Cash holding for the period declined approximately \$84,000 compared to June 20, 1998. The decrease was a direct result of a serious sales decline starting in the 3rd quarter of 1998. The decline began to reverse in the 2nd quarter of 1999. In March cash holding should increase just as WDS was profitable in the 3rd quarter of fiscal 1999.

Related Party Transactions:

Brian Blankenburg received 100,000 shares of common stock as and incentive to assume the role of president and CEO of WDS at a salary of \$60,000. The salary is below standard for someone of his knowledge and experience, particularly considering he also functions as president of Dinet.

Subsequent Events:

No subsequent events to report.

Forward Looking Statements:

The foregoing and subsequent discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future and possible further capitalization of the Company. These forward-looking statements contained herein are based on current expectations that involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond and control of the Company. Although the Company believes that the assumptions could be inaccurate and therefore there can be no assurance that the forward looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation of the Company or any other person that the objectives and plans of the Company will be achieved.

PART II

Item 1. Legal Proceedings.

Not applicable.

Item 2. Changes in Securities and Use of Proceeds.

None; not applicable.

Item 3. Defaults Upon Senior Securities

There has been no material default in the payment of principal, interest, a sinking or purchase fund installment, of any other material default not cured within 30 days with respect to any indebtedness of the Company exceeding five percent (5%) of the total assets of the Company.

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

No matters were submitted to a vote of the Company's security holders during the fiscal quarter covered by this report.

Item 5. Other information.

The Company has no other information to report.

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

(a) Exhibits

Exhibit Number	Description
2.1*	Agreement dated March 1, 1984, between Heartland Oil & Mineral Corporation and Gold Genie Worldwide, an Oregon partnership
2.2*	Buy/Sell Agreement dated March 1, 1984, between the Company and Heartland Oil & Mineral Corporation
3.1*	Articles of Incorporation of Gold Genie Worldwide, Inc., filed on March 7, 1984.
3.2*	Certificates of Amendment to the Articles of Incorporation of Products, Services, & Technology Corporation, filed on June 13, 1988
3.3*	Articles of Domestication of Products, Services and Technology Corporation, filed on June 2, 1997.
3.4*	Articles of Amendment to the Articles of Incorporation of Products, Services and Technology Corporation, filed on June 13, 1997
3.5*	Bylaws of Products, Services and Technology

Corporation dated as of June 2, 1997

- 10.1* Settlement Agreement and Release dated December 17, 1987, between Heartland Diversified Industries, Inc., the Company, and certain individuals
- 10.2* Agreement, dated April 19, 1988, by and between the Company, Heartland Diversified Industries, Inc., Distributed Networks, Inc., and certain shareholders of Distributed Networks, Inc.
- 10.3* Buy/Sell Agreement, dated March 27, 1996, by and between the Company and Heartland Diversified Industries, Inc.
- 10.4* Consulting Agreement dated April 15, 1997, among Products, Services and Technology Corporation, David Wood and Henry Hanson
- 11 Statement regarding computation of per share earnings
- 24 Power of Attorney
- 27 Financial Data Schedule
- 99* Gold Genie Worldwide, Inc. Offering Prospectus, dated July 24, 1985
- 1 Summaries of all exhibits contained in this Registration Statement are modified in their entirety by reference to such exhibits.
- * Incorporated by reference herein to the Company's Form 10 SB, as amended, dated as of February 12, 1998
- (b) Forms 8-K filed during the last quarter. None.

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.

July 27, 1999

WIRELESS DATA SOLUTIONS, INC.

/s/ Patrick Makovec

Patrick Makovec
Board Chairman

<TABLE> <S> <C>

<ARTICLE> 5

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This schedule contains summary financial information extracted from the Unaudited Consolidated Balance Sheets and Consolidated Operating Statements for the nine month period ended June 30, 1999 and June 30, 1998 and is qualified in its entirety by reference to such financial statements.

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