

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

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

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VERTICAL SOLUTIONS INC

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V6C 1B4
VANCOUVER BC CANADA

Business Address

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V6C 1B4
VANCOUVER BC CANADA
6046081500

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-32177

VERTICAL SOLUTIONS INC.

(Exact name of small business issuer as specified in its charter)

DELAWARE

98-0336084

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

#280-815 West Hastings Street, Vancouver, BC, V6C 1B4
(Address of principal executive offices)

(604) 608-2700
(Issuer's telephone number)

N/A

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$0.001
Par Value

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 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

As of June 30, 2001, the Registrant had 26,000 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format (check one) Yes No

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SIGNATURE

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PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VERTICAL SOLUTIONS INC.
(A Development Stage Company)

INTERIM BALANCE SHEETS

	June 30, 2001 (Unaudited)	December 31, 2000
ASSETS		

CURRENT ASSETS		
Cash	55	\$ 108
Cash -in trust	974	6,669
	-----	-----
\$	1,029	\$ 6,777
	-----	-----

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,046	\$ 3,611
Due to related party (Note 3)	6,851	6,851
	-----	-----
	7,897	10,462
	-----	-----

SHAREHOLDERS' EQUITY (DEFICIENCY)

SHARE CAPITAL

Authorized: 100,000,000 common
 shares with a par value
 of \$0.001 per share
 Issued: 26,000 (2,000-26,000)
 common shares 26 26

DEFICIT ACCUMULATED DURING
 DEVELOPMENT STAGE

(6,894)	(3,711)
(6,868)	(3,685)
\$ 1,029)	\$6,777

Approved on Behalf of the Board:

/s/Richard Silas

 Director

/s/Nicolas Awde

 Director

The accompanying notes are an integral part of these interim financial
 statements

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VERTICAL SOLUTIONS INC.
 (A Development Stage Company)

INTERIM STATEMENTS OF OPERATIONS

	Six Months Ended June 30, 2001 (Unaudited)	November 1, 2000 (inception) to June 30, 2001 (Unaudited)
GENERAL AND ADMINISTRATIVE EXPENSES		
Audit	\$ -	\$ 948
Bank Charges	52	52
Legal	1,882	4,544
Office and general	1,249	1,350
NET LOSS FOR THE PERIOD	\$ 3,183	\$ 6,894
BASIC NET LOSS PER SHARE	\$ (0.122)	\$ (0.265)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	26,000	26,000

The accompanying notes are an integral part of these interim financial
 statements

VERTICAL SOLUTIONS INC.
(A Development Stage Company)

INTERIM STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE PERIOD NOVEMBER 1, 2000, DATE OF INCORPORATION,
TO JUNE 30, 2001

(Unaudited)

<TABLE>
<CAPTION>

	Common Stock	Amount \$	Deficit Accumulated during Development Stage	Shareholders' Equity (Deficiency)
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Common stock issued for cash:				
November 1, 2000	2,000	\$ 2	\$ -	\$ 2
November 2, 2000	24,000	24	-	24
Net loss for the period November 1, 2000, date of incorporation, to December 31, 2000	-	-	(3,711)	(3,711)
	-----			-----
Balance December 31, 2000	26,000	26	(3,711)	(3,685)
	-----			-----
Net loss for the six months Ended June 30, 2001	-	-	(3,183)	(3,183)
	-----			-----
Balance June 30, 2001	26,000	\$ 26	\$ (6,894)	\$ (6,868)
	=====			=====

</TABLE>

The accompanying notes are an integral part of these interim financial
statements

Six Months Ended June 30, 2001 (Unaudited)	November 1, 2000 (inception) to June 30, 2001 (Unaudited)
-----	-----

CASH GENERATED BY:

OPERATING ACTIVITIES:

Net loss for the period	\$ (3,183)	\$ (6,894)	
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities	(2,565)	1,046	
Due to related party	-	6,851	
	-----	-----	

	(5,748)	1,003

FINANCING ACTIVITIES:		
Proceeds on issue of common stock	-	26

INVESTING ACTIVITIES:	-	-

INCREASE (DECREASE) IN CASH	(5,748)	1,029
CASH AT BEGINNING OF PERIOD	6,777	-

CASH AT END OF PERIOD	\$ 1,029	\$ 1,029
=====		
CASH CONSISTS OF:		
Cash	\$ 55	\$ 55
Cash - in trust	974	974

	\$ 1,029	\$ 1,029
=====		

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

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VERTICAL SOLUTIONS INC.
(A Development Stage Company)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The Company was incorporated on November 1, 2000 in the State of Delaware. To date the Company has had no business operations and was organized for the purpose of creating a corporate vehicle to locate and acquire an operating business. The ability of the Company to continue as a going concern is dependent on raising working capital to acquire a business venture and to fund future operations.

On December 22, 2000, the Company completed a Form 10SB Registration with the United States Securities and Exchange Commission and as a result is subject to the regulations governing reporting issuers in the United States.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the unaudited interim financial statements. Actual results may differ from those estimates.

Foreign Currency Translation

The interim financial statements are presented in United States dollars. In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation", foreign denominated monetary assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Revenue and expenses are translated at average rates of exchange during the period. Related translation adjustments are reported as a separate component of shareholders' equity, whereas gains or losses resulting from foreign currency transactions are included in results of operations.

Fair Value of Financial Instruments

In accordance with the requirements of SFA No. 107, the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities approximate carrying value due to the short-term maturity of the instruments.

Net Loss per Common Share

Basic earnings (loss) per share includes no dilution and is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding for the period. Dilutive earnings (loss) per share reflects the potential dilution of securities that could share in the earnings

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(losses) of the Company. Because the Company does not have any potentially dilutive securities, the accompanying presentation is only of basic loss per share.

NOTE 3- DUE TO RELATED PARTY

The amount due to a director, is unsecured, non-interest bearing and had no specific terms of repayment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of Operations.

Since incorporation on November 1, 2000, in the state of Delaware, the Company has had no business operations and was organized for the purpose of creating a corporate vehicle to locate and acquire an operating business entity

On December 22, 2000 the Company completed a Form 10SB registration with the United States Securities and Exchange Commission. As such the Company is subject to the regulations governing reporting issuers in the United States.

For the quarter ended June 30, 2001 the Company incurred general and administrative expenses of \$3,183 of which \$1,882 represented professional fees. For the comparative period from November 1, 2000 (inception) to June 30, 2001 the Company incurred general and administrative expenses of \$6,894.

For the quarter ended June 30, 2001 the Company had a net loss of \$3,183 or \$0.122 cents per share. For the period of November 1, 2000 (inception) to June 30, 2001 the Company had a net loss of \$6,894 or \$0.265 cents per share.

Liquidity and Capital Resources.

During the quarter ended June 30, 2001, the Company used \$5,748 in cash from

operating activities. As at June 30, 2001 the Company had \$1,029 cash in the bank and in trust accounts.

The Company does not currently engage in any business activities that provide any cash flows. The Company is dependant on raising capital or receiving advances from related parties in order to meet the costs of identifying, investigating and analyzing business opportunities and for general corporate needs.

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PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Registrant is not a party to any material pending legal proceedings and, to the best of its knowledge, no such action by or against the Registrant has been threatened.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company has had no changes in securities and use of proceeds.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable

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

None.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K. The Registrant did not file any reports on Form 8-K during the quarterly period ended June 30, 2001.

(b) Exhibits. Exhibits included or incorporated by reference herein: See Exhibit Index.

SIGNATURE

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

VERTICAL SOLUTIONS INC.

Dated August 2, 2001

By: /s/ Richard Silas
Richard Silas, President and Director

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EXHIBIT INDEX

Number	Exhibit Description
3.1	Articles of Incorporation (incorporated by reference to Exhibit 1 of the

Registration Statement on Form 10-SB filed on December 22, 2000).

3.2 ByLaws (incorporated by reference to Exhibit 2 of the Form 10-SB filed on December 22, 2000)