

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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FILER

PROMOS INC

CIK: **1096182** | IRS No.: **841209909** | State of Incorporation: **CO** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-27943** | Film No.: **02646599**
SIC: **8742** Management consulting services

Mailing Address

6000 EAST EVANS BUILDING
2 NO 2-020
DENVER CO 80222

Business Address

6000 EAST EVANS BUILDING
2 NO 2-020
BLDG 2 NO 20
DENVER CO 80222

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2002

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-27943

Promos, Inc.

(Exact Name of Small Business Issuer as specified in its charter)

Colorado

(State or other jurisdiction of incorporation)

84-1209909

(IRS Employer File Number)

2121 S. Oneida St. Suite 500

Denver, Colorado

(Address of principal executive offices)

80224

(Zip Code)

(303) 758-3537

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) had 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 outstanding of Registrant's common stock, par value \$.0000001 per share, as of March 31, 2002 were 10,033,600 common shares.

PROMOS, INC.

INDEX TO FORM 10-QSB QUARTERLY REPORT

For the Period Ended March 31, 2002

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PART I - FINANCIAL INFORMATION

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Item 1. Financial Statements:

BASIS OF PRESENTATION

The accompanying unaudited financial statements are presented in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB and Item 310 under sub-report A of Regulation S-B. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2002 are not necessarily indicative of results that may be expected for the year ending December 31, 2002. For Further information, refer to the financial statements and footnotes, thereto included in the Company's annual report on form 10-KSB for the year ended December 31, 2001.

PROMOS, INC.

BALANCE SHEETS

ASSETS	Unaudited March 31, 2002	Audited December 31, 2001
-----	-----	-----
Cash and cash equivalents	\$15,916	\$10,072
Accounts receivable, net Of allowance of doubtful Account of \$0	13,325	12,112
Prepaid Expenses	1,225	1,392
Receivable, Stockholder	5,682	5,103
	-----	-----
Total Current Assets	36,148	28,679
	-----	-----
Fixed assets, at cost, net Of accumulated depreciation Of \$2,816 and \$2,616	2,639	2,839
Other Assets: Security Deposit	295	555
	-----	-----
Total Assets	\$39,082	\$32,073
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	\$ 6,730	\$ 2,176
Sales and Payroll Taxes Payable	1,037	2,547
Income Taxes Payable	3,188	2,436
	-----	-----
Total Current Liabilities	10,955	7,159
	-----	-----
 STOCKHOLDERS' EQUITY:		
Preferred Stock, 10,000,000 shares of non-voting authorized, par value of \$0.01 per share, none issued	0	0
Common stock, par value of \$.001, per share, 50,000,000 shares authorized, 10,033,600 shares issued and outstanding	10,034	10,034
Additional Paid-in-Capital	11,785	11,785
Retained earnings (Deficit)	6,308	3,095
	-----	-----
Total Stockholders' Equity	28,127	24,914
	-----	-----
 Total Liabilities and Stockholders' Equity	 \$39,082	 \$32,073

The accompanying notes are an integral part of the financial statements.

PROMOS, INC.

STATEMENTS OF OPERATIONS

	For the three months Ended March 31, 2002	
	2002	2001
	----	----
REVENUES:		
Sales	\$ 39,349	\$ 8,990
	-----	-----
COSTS OF GOODS SOLD:		
Purchases And freight	\$ 19,330	\$ 3,509
	-----	-----
GROSS PROFIT	20,019	5,481
	-----	-----
OPERATING EXPENSES:		
Auto Expenses	215	842
Auto Rental	1,538	1,210
Delivery and Postage	390	748
Dues and subscriptions	271	281
Depreciation Expense	200	101
Employee Benefits	723	782
Filing and Transfer Fees	575	150
Insurance Expense	148	118
Legal and Accounting	2,500	0
Licenses and Taxes	382	770
Office Supplies and Expenses	913	998
Officer's Salary	5,000	3,000
Promotion	674	0
Rent and Maintenance	834	1,008
Samples	106	478
Telephone Expenses	790	397
Travel and Entertainment	795	813
	-----	-----
Total Operating Expenses	16,054	11,696
	-----	-----
NET INCOME (LOSS) BEFORE OTHER (EXPENSES)	3,965	(6,215)

OTHER INCOME AND (EXPENSES):		
Interest Income	0	9
Net Income (Loss) before Provision For Income Taxes	3,965	(6,206)
Provision for Income Taxes	752	0
NET INCOME (LOSS)	\$ 3,213	\$ (6,206)
Net Income (Loss) Per share	\$.00030	\$ (.00062)
NUMBER OF SHARES OUTSTANDING	10,033,600	10,033,600

The accompanying notes are an integral part of the financial statements.

PROMOS, INC.

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the Three Months Ended March 31, 2002

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	(Deficit) Retained Earnings	Total Stockholders' Equity (Deficit)
	-----	-----	-----	-----	-----
Balance January 1, 2002 ...	10,033,600	\$ 10,034	\$ 11,785	\$ 3,095	\$ 24,914
Net income for the three months ended March 31, 2002 ...	0	0	0	3,213	\$ 3,213
Balance March 31, 2002	10,033,600	\$ 10,034	\$ 11,785	\$ 6,308	\$ 28,127

The accompanying notes are an integral part of the financial statements.

PROMOS, INC.

STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2002 and 2001

	2002	2001
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 3,213	\$ (6,206)
Adjustments to Reconcile Net (Loss) to Cash Flow From Operating Activities:		
Depreciation	200	101
(Increase) Decrease in Accounts Receivable	(1,213)	8,484
Decrease in Prepaid Expenses	167	0
(Increase) in Receivable, Stockholder	(579)	(2,246)
Decrease in Security Deposits	260	0
Increase (Decrease) in Payables	3,796	(4,382)
Increase in Bank's Line of Credit	0	1,386
	-----	-----
Cash Provided By Operating Activities	\$ 5,844	\$ (2,863)
	-----	-----
CASH FLOWS FROM (TO) FINANCING ACTIVITIES:		
(Increase) in Fixed Assets	0	0
	-----	-----
Net Increase (Decrease) in Cash	5,844	(2,863)
	-----	-----
CASH, BEGINNING OF PERIOD	\$ 10,072	\$ 6,168
	-----	-----
CASH, END OF PERIOD	\$ 15,916	\$ 3,305
	=====	=====

The accompanying notes are an integral part of the financial statements.

PROMOS, INC.

NOTES TO FINANCIAL STATEMENTS

For the Period Ended March 31, 2002

NOTE I - ORGANIZATION AND HISTORY

The Company is a Colorado corporation and has been incorporated since September 24, 1992. The business purpose of this corporation is to engage in the sale of promotional products to other business companies.

NOTE II - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The company record income and expenses on the accrual method.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, cash on deposit and highly liquid investments with maturities generally of three months or less.

Sales and Expenses

Sales and expenses are recorded using the accrual basis of accounting.

Fixed Assets and Accumulated Depreciation

Fixed assets consists of office equipment and are stated at cost less accumulated depreciation which is provided for by charges to operations over the estimated useful lives of the assets. The assets are depreciated over five years.

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 statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Offering Costs

Offering costs of \$13,031 associated with the Company' s private offerings have been charged to the proceeds of the offering.

PROMOS, INC.

NOTES TO FINANCIAL STATEMENTS

For the Period Ended March 31, 2002

NOTE III - AGING OF ACCOUNTS RECEIVABLE AND PAYABLE

The percentage aging of trade accounts receivable and accounts payable at March 31, 2002 and 2001:

	Accounts Receivable	Accounts Payable
Current	100%	100%
30-60 days	0%	
over 60 days	0%	

Bad Debt Policy

The Company uses the direct write-off method for its allowance for doubtful accounts.

NOTE IV - LEASES AND OTHER COMMITMENTS

The Company leased its premises for \$396.00 per month and currently has a one year lease from March 1, 2001 through February 28, 2002. The Company has signed a new lease for \$295.00 per month for eighteen months effective March 1, 2002.

NOTE V - RELATED PARTY TRANSACTIONS

The Company has incurred salary expenses of \$22,000.00 and \$16,000.00 for the years ended December 31, 2001 and 2000, respectively to its president. The Company also pays auto rental for its president, this is currently \$512.59 per month.

ITEM 2. Managements Discussion and Analysis of Financia Condition and Results of Operations.

The following discussion contains forward-looking statements regarding our Company, its business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation: our ability to successfully develop new products for new markets; the impact of competition on our revenues, changes in law or regulatory requirements that adversely affect or preclude clients from using our products for certain applications; delays our introduction of new products or services; and our failure to keep pace with emerging technologies.

When used in this discussion, words such as “believes”, “anticipates”, “expects”, “intends” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Our Company undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.

Results of Operations

Our revenues increased from \$8,990 for the three months ended March 31, 2001 to \$39,349 for the three months ended March 31, 2002. The increase was primarily a result of the additional projects which we were able to acquire.

Our costs of goods sold also increased to \$19,330 for the three months ended March 31, 2002 compared to \$3,509,452 for the three months ended March 31, 2001. Costs of goods include all direct costs incurred in the process of representing clients. The difference between our gross revenues and cost of goods is our gross profit.

Gross profit from operations was \$20,019 for the three months ended March 31, 2002, an increase from \$5,481 for the three months ended March 31, 2001.

Our operating expenses were \$16,054 for the three months ended March 31, 2002 compared to \$11,696 for the three months ended March 31, 2001. The major components of operating expenses are office salaries and associated payroll costs, general and health insurance costs, rent and telephone expenses.

We had a net profit of \$3,213 for the three months ended March 31, 2002 compared to a net loss of \$6,206 for the three months ended March 31, 2001. This equated to a net profit per share of \$0.00030 for the three months ended March 31, 2002 compared to a net loss per share of \$0.00062 for the three months ended March 31, 2001.

Our revenues were higher for the first fiscal quarter of 2002 as compared to the first fiscal quarter of 2001, while our expenses have been in line with our revenues. We continue to market for new business and believe that we may continue to see an increase in revenue as the fiscal year progresses.

Liquidity and Capital Resources

Cash at the end of the period increased to \$15,916 for the three months ended March 31, 2002, compared to \$3,305 for the three months ended March 31, 2001.

Accounts receivable increased for the three months ended March 31, 2002 by \$1,213, compared to a decrease of \$8,484 for the three months ended March 31, 2001.

Accounts payable increased for the three months ended March 31, 2002 by \$3,796 compared to a decrease of \$4,382 for the three months ended March 31, 2001.

We have been profitable for the first fiscal quarter of 2002 compared to being unprofitable for the first fiscal quarter of 2001. The variation in revenues on client projects accounts for the difference between a profit and a loss. In any case, we try to operate with minimal overhead. Our primary activity will be to seek to expand our client base and, consequently, our revenues. If we succeed in expanding our client base and generating sufficient revenues, we will continue to be profitable. We cannot guarantee that this will occur. Our plan is to build our Company in any manner which will be successful. To that end, we may also look for an acquisition candidate, although we have concluded no acquisitions and have spoken with no potential candidates.

We feel that we have inadequate working capital to pursue any business opportunities other than seeking additional clients or an acquisition candidate. During the next twelve months, we plan to investigate an offering of our securities, whether through a private placement or a public offering. At the present time, we have no firm arrangements with regard to either type of offering. We do not intend to pay dividends in the foreseeable future.

PART II- OTHER INFORMATION

ITEM 1. Legal Proceedings

No legal proceedings of a material nature to which we are a party were pending during the reporting period, and we know of no legal proceedings of a material nature pending or threatened or judgments entered against any of our directors or officers in his capacity as such.

ITEM 2. Changes in Securities and Use of Proceeds.

Not applicable

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.

No reports on Form 8-K were filed as of the most recent fiscal quarter.

SIGNATURES

In accordance with 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.

PROMOS, INC.

Date: 05/14/02

By: /s/ Judith F. Harayda
Judith F. Harayda, President