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ARMITEC INC
Form 10QSB
November 13, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20459

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended: September 30, 2001

Commission File Number: 0-11419

Armitec, Inc.

(Exact Name of Registrant as specified in its charter

Delaware

22-2435595

(State or other jurisdiction of
incorporation or organization

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

2965 B-2 Cobb Parkway, Atlanta, Georgia 30339

Address of Principal executive offices of Incorporation Zip Code
or organization

770-980-9806

Registrants telephone number, including area code

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 and 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 last 90 days.

YES

NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practical date.

| CLASS | No. of shares Outstanding on September 30, 2001 |
|--------------------|---|
| Common Stock | 20,413,629 |
| Par Value \$.00167 | |
| Per share | |

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(A DEVELOPMENT STAGE COMPANY)

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ARMITEC, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED CONDENSED BALANCE SHEETS

| | September 30, 2001 ----- (unaudited) | December 31, 2000 ----- |
|-----------------|---|-------------------------------|
| ASSETS ----- | | |
| CURRENT ASSETS | | |
| Cash | \$ -- | \$ 100 |
| Inventory | 44,200 | -- |
| | ----- | ----- |

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| | | |
|---|------------|-----------|
| Total current assets | 44,200 | 100 |
| | ----- | ----- |
| Leasehold Improvements | 18,085 | |
| Furniture, fixtures and equipment | 105,120 | |
| | ----- | |
| Total fixed assets | 123,205 | |
| | ----- | |
| OTHER ASSETS | | |
| Deferred offering costs | -- | 21,251 |
| | ----- | ----- |
| Total other assets | -- | 21,251 |
| | ----- | ----- |
| | \$ 167,405 | \$ 21,351 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| ----- | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 161,129 | \$ 51,250 |
| Bank overdraft | 19,528 | -- |
| Related party obligations | 389,056 | 173,687 |
| | ----- | ----- |
| Total Current Liabilities | 569,713 | 224,937 |
| | ----- | ----- |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common stock, par value \$.0016; 50,000,000 | | |
| shares authorized; 20,413,629 and 10,808,632, outstanding | 32,662 | 30,094 |
| Paid-in capital | 134,358 | 24,033 |
| (Deficit) accumulated during the development stage | (569,328) | (257,713) |
| | ----- | ----- |
| Total Stockholders' Equity (Deficit) | (402,308) | (203,586) |
| | ----- | ----- |
| | \$ 167,405 | \$ 21,351 |
| | ===== | ===== |

The accompanying notes are an integral part of these financial statements

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ARMITEC, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | Jun |
|---|-------------------------------------|------------|------------------------------------|------------|-----|
| | 2001 | 2000 | 2001 | 2000 | |
| REVENUES | \$ -- | \$ -- | \$ -- | \$ -- | \$ |
| EXPENSES | | | | | |
| General and administrative | 139,318 | -- | 308,271 | -- | |
| Interest | 248 | -- | 3,344 | -- | |
| Total expenses | 139,566 | -- | 311,615 | -- | |
| NET (LOSS) | \$ (139,666) | \$ -- | \$ (311,615) | \$ -- | \$ |
| NET (LOSS) PER SHARE | \$ (0.01) | n/a | \$ (0.02) | n/a | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 20,413,629 | 18,808,632 | 19,343,623 | 18,808,632 | |

The accompanying notes are an integral part of these financial statements

ARMITEC, INC.
(A Development Stage Company)
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Cummulative
from

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| | Nine Months Ended September 30, | | July 24, 2000 (commencement of development stage) to Sep 30 2001 |
|--|------------------------------------|------------------------|---|
| | ----- 2001 ----- | ----- 2000 ----- | ----- Sep 30 2001 ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net (loss) | \$ (311,615) | \$ -- | \$ (534,361) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | | |
| Common stock issued for services | 1,152 | -- | 19,312 |
| Changes in operating assets and liabilities: | | | |
| Increase (decrease) in | | | |
| Inventories | (44,200) | -- | (44,200) |
| Accounts payable | 109,879 | -- | 161,128 |
| | ----- | ----- | ----- |
| Net Cash (Used) by Operating Activities | (244,784) | -- | (398,121) |
| | ----- | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Increase in leasehold improvements | (18,085) | -- | (18,085) |
| Increase in deferred offering costs | -- | -- | (21,251) |
| | ----- | ----- | ----- |
| Net Cash to financing activities | (18,085) | -- | (39,336) |
| | ----- | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in paid-in capital | 1,000 | | |
| Proceeds from sale of common stock | 132,992 | 132,992 | |
| Increase in related party obligations | 110,249 | -- | 283,937 |
| | ----- | ----- | ----- |
| Net Cash from financing activities | 243,241 | -- | 417,929 |
| | ----- | ----- | ----- |
| NET (DECREASE) IN CASH | (19,628) | -- | (19,528) |
| CASH AT BEGINNING OF PERIOD, | 100 | -- | -- |
| | ----- | ----- | ----- |
| BANK OVERDRAFT AT END OF PERIOD | \$ (19,528) | \$ -- | \$ (19,528) |
| | ===== | ===== | ===== |
| SUPPLEMENTAL INFORMATION | | | |
| Interest paid | \$ 3,344 | | \$ 5,292 |
| | ===== | | ===== |
| NON-CASH ACTIVITIES | | | |
| Deferred offering costs applied to common stock subscriptions received | \$ 21,251 | | \$ 21,251 |
| | ===== | | ===== |
| Reduction in related party obligations due to receipt of-- fixed assets | \$ 105,120 | | \$ 105,120 |
| | ===== | | ===== |

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The accompanying notes are an integral part of these financial statements

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ARMITEC, INC.
(A Development Stage Company)
CONSOLIDATED CONDENSED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY

| | Common Stock | | Paid-in Capital | Common Stock Sub | |
|---|--------------|-----------|--------------------|------------------|-----|
| | Shares | Amount | | Amount | Rec |
| (audited) | | | | | |
| Balances, at inception | 15,947,542 | \$ 25,516 | \$ -- | -- | |
| Shares issued for compensation to employees @ \$.01 | 1,027,100 | 1,643 | 8,628 | -- | |
| Shares issued to settle debt @ \$.01 | 18,000 | 29 | 151 | -- | |
| Shares issued for outside services @ \$.01 | 1,815,990 | 2,906 | 15,254 | -- | |
| Net (loss) for the period | -- | -- | -- | -- | |
| Balances, December 31, 2000 (unaudited) | 18,808,632 | \$ 30,094 | \$ 24,033 | -- | |
| Common stock subscribed, net of stock offering costs of \$21,251 | -- | -- | -- | 1,606,741 | (1, |
| Cancellation of stock subscriptions | -- | -- | 106,741 | (1,606,741) | 1, |
| Issuance of common stock | 849,997 | 1,360 | (1,360) | -- | |
| Issuance of common stock for service | 720,000 | 1,152 | -- | -- | |
| Proceeds from sale of common stock | 35,000 | 56 | 4,944 | -- | |
| Net (loss) for the nine months ended September 30, 2001 | -- | -- | -- | -- | |
| Balances, September 30, 2001, (unaudited) | 20,413,629 | 32,662 | 134,358 | -- | |

The accompanying notes are an integral part of these financial statements

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Note 1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of September 30, 2001 and the results of its operations and cash flows for the three and nine months ended September 30, 2001 have been made. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

Although the Company's inception was July 24, 2000, there were no operations until after September 30, 2000.

These condensed financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Form 10-KSB for the year ended December 31, 2000.

Note 2. SUBSEQUENT EVENTS

In October 2001, the Company entered into three agreements for the provision of various consulting services designed to assist the Company in furthering its business plan. These agreements provide for the issuance of a total of 3,000,000 shares of the Company's common stock and warrants to purchase 2,000,000 shares of the Company's common stock at \$.15 per share.

A Form S-8 has been filed with the Securities and Exchange Commission to provide for the registration of these securities and disclosure of the agreements.

ITEM 2. PLAN OF OPERATION

The Company's operations since inception have been limited, due to its inability to obtain financing on the net assets it was to liquidate of an established local uniform company pursuant to a management contract previously entered into. The Company is financially dependent on its principal shareholder, who has financed the majority of its cash flows to date. Exercise of the warrants in connection with any of the consulting agreements may provide the Company with additional capital.

SIGNATURES

In accordance with Section 13 and 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Armitec, Inc.

By: /s/ Bruce R. Davis

Dated: November 12, 2001

Bruce R. Davis
President and Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

By: /s/ Bruce R. Davis

Dated: November 12, 2001

Bruce R. Davis
President and Chief Executive Officer