MNS EAGLE EQUITY GROUP III INC
Form 10QSB
May 07, 2004

U.S. SECURITIES AND 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 Quarter Ended March 31, 2004 — Commission File No. 0-27781

MNS EAGLE EQUITY GROUP III, INC.
(Exact name of Registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

84-1517723
(I.R.S. Empl. Ident. No.)

12373 E. Cornell Avenue
Aurora, Colorado 80014
(Address of Principal Executive Offices)

(303) 478-4442
(Registrant's 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 Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes X No

The number of shares outstanding of each of the Registrant's classes of common equity, as of March 31, 2004 are as follows:

Class of Securities	Shares Outstanding
Common Stock, $.001 par value	647,584

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PART I. FINANCIAL INFORMATION

MNS EAGLE EQUITY GROUP III, INC.
(A Development Stage Company)
Balance Sheet (Unaudited)
March 31, 2004

ASSETS

Total assets	$ --
	=======

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Due to a related party	$ 7,540
Stockholders' deficit:	
Preferred stock; $.001 par value; authorized - 5,000,000 shares; issued - none	--
Common stock; $.001 par value; authorized - 50,000,000 shares; issued and outstanding - 647,584 shares	648
Additional paid-in capital	402
Deficit accumulated during the development stage	(8,590)
	(7,540)
Total liabilities and stockholders' deficit	$ --

See notes to financial statements

MNS EAGLE EQUITY GROUP III, INC.
(A Development Stage Company)
Statements of Operations (Unaudited)

	Three Months Ended March 31, 2004, 2004	2003	Feb. 28, 1997 (inception) to March 31, 2004
Costs and expenses:			
Amortization	$ --	$ --	$ 445
General and administrative	1,481	1,125	8,145
Net loss applicable to common stockholders	$ (1,481)	$ (1,125)	$ (8,590)
Basic and diluted net loss per common share	$ (.002)	$ (.002)	
Weighted average number of common shares outstanding	647,584	647,584	

See notes to financial statements

MNS EAGLE EQUITY GROUP III, INC.
(A Development Stage Company)
Statements of Cash Flows (Unaudited)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Feb (in
Cash flows from operating activities:			
Net loss	$(1,481)	$(1,125)	
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization	--	--	
Changes in operating assets and liabilities:			
Increase in accounts payable	--	--	
Increase in amounts due to a related party	1,481	1,125	
Net cash used in operating activities	--	--	
Cash flows from investing activities:			
Organization costs	--	--	
Net cash used in investing activities	--	--	
Cash flows from financing activities:			
Proceeds from sale of common stock	--	--	
Deferred offering costs	--	--	
Net cash provided by financing activities	--	--	
Net increase (decrease) in cash	--	--	
Cash at beginning of year	--	--	
Cash at end of period	$ --	$ --	
Supplemental disclosure of noncash investing and financing activities:			
Common stock issued for organizational costs	$ --	$ --	
Common stock issued for deferred offering costs	$ --	$ --	

See notes to financial statements

MNS EAGLE EQUITY GROUP III, INC.
(A Development Stage Company)
Notes to Financial Statements (Unaudited)

Note 1 - Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods have been made and are of recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of operations for a full year.

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FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements and information relating to MNS Eagle Equity Group III, Inc. ("MNS" or "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to its management. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions, as they relate to MNS or its management, are intended to identify forward-looking statements. These statements reflect management's current view of MNS concerning future events and are subject to certain risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; a general lack of interest for any reason in going public by means of transactions involving public blank check companies; federal or state laws or regulations having an adverse effect on blank check companies, Securities and Exchange Commission regulations which affect trading in the securities of "penny stocks," and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. Readers should realize that MNS is in the development stage, with only very limited assets, and that for MNS to succeed requires that it either originate a successful business (for which it lacks the funds) or acquire a successful business. MNS's realization of its business aims as stated herein will depend in the near future principally on the successful completion of its acquisition of a business, as discussed below.

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

BACKGROUND. MNS, a Nevada corporation, was incorporated on February 28, 1997. MNS issued 725,000 shares of common stock to MNS Eagle Equity Group, Inc. ("MNS Parent") for cash, organization costs and deferred offering costs. MNS is in the development stage with no significant assets or liabilities and has been essentially inactive, except for organizational activities and the private placement offering described below.

MNS Parent offered for sale, at the price of US$1.00 per unit, a total of 100,000 Units. Each Unit consisted of a share of common stock in six different corporations for a total of six (6) shares of stock, including one share of common stock, $.001 par value per share, of MNS Eagle Equity Group, Inc., the former parent, and one share of common stock, $.001 par value per share, of each of the following corporations organized in the State of Nevada and which were at that time wholly owned subsidiaries of MNS Parent, namely: MNS Eagle Equity Group I, Inc., MNS Eagle Equity Group II, Inc., MNS Eagle Equity Group III, Inc., MNS Eagle Equity Group IV, Inc. and MNS Eagle Equity Group V, Inc. No minimum number of Units had to be sold.

On October 31, 1997, MNS Parent closed the private placement offering. A total of 7,500 units were sold for $7,500. The proceeds were allocated by MNS Parent as follows: $5,000 to the parent and $500 to each of the wholly owned subsidiaries.

PLAN of OPERATION

MNS is a blank check company whose plan of operation over the next twelve months is to seek and, if possible, acquire an operating business or valuable assets by entering into a business combination. MNS will not be restricted in its search for business combination candidates to any particular geographical area, industry or industry segment, and may enter into a combination with a private business engaged in any line of business, including service, finance,

mining, manufacturing, real estate, oil and gas, distribution, transportation, medical, communications, high technology, biotechnology or any other. Management's discretion is, as a practical matter, unlimited in the selection of a combination candidate. Management of MNS will seek combination candidates in the United States and other countries, as available time and resources permit, through existing associations and by word of mouth. This plan of operation has been adopted in order to attempt to create value for MNS's shareholders. For further information on MNS's plan of operation and business, please consult MNS's 10KSB available on the EDGAR system of the U.S. Securities and Exchange Commission.

MNS does not intend to do any product research or development. MNS does not expect to buy or sell any real estate, plant or equipment except as such a purchase might occur by way of a business combination that is structured as an asset purchase, and no such asset purchase currently is anticipated. Similarly, MNS does not expect to add additional employees or any full-time employees except as a result of completing a business combination, and any such employees likely will be persons already then employed by the company acquired.

COMPETITION. MNS will be in direct competition with many entities in its efforts to locate suitable business opportunities. Included in the competition will be business development companies, venture capital partnerships and corporations, small business investment companies, venture capital affiliates of industrial and financial companies, broker-dealers and investment bankers, management and management consultant firms and private individual investors. Most of these entities will possess greater financial resources and will be able to assume greater risks than those which MNS, with its limited capital, could consider. Many of these competing entities will also possess significantly greater experience and contacts than MNS's Management. Moreover, MNS also will be competing with numerous other blank check companies for such opportunities.

EMPLOYEES. MNS has no full-time employees, and its only employees currently are its officers. It is not expected that MNS will have additional full-time or other employees except as a result of completing a combination.

RESULTS OF OPERATIONS

FIRST QUARTER 2004 - During the three months ended March 31, 2004, MNS incurred a net loss of $1,481. Expenses related primarily to miscellaneous filing fees and accounting costs. The Company paid no rent or salaries and had no operations.

FIRST QUARTER 2003 - During the three months ended March 31, 2003, MNS incurred a net loss of $1,125. Expenses related primarily to miscellaneous filing fees and accounting costs. The Company paid no rent or salaries and had no operations.

LIQUIDITY and CAPITAL RESOURCES

MNS had $-0- cash on hand at the end of the quarter and had no other assets to meet ongoing expenses or debts that may accumulate. Since inception, MNS has accumulated a deficit of $8,590.

MNS has no commitment for any capital expenditure and foresees none. However, MNS will incur routine fees and expenses incident to its reporting

duties as a public company, and it will incur expenses in finding and investigating possible acquisitions and other fees and expenses in the event it makes an acquisition or attempts but is unable to complete an acquisition. MNS's cash requirements for the next twelve months are relatively modest, principally accounting expenses and other expenses relating to making filings required under the Securities Exchange Act of 1934 (the "Exchange Act"), which should not exceed $5,000 in the fiscal year ending December 31, 2004. Any travel, lodging or other expenses which may arise related to finding, investigating and attempting to complete a combination with one or more potential acquisitions could also amount to thousands of dollars.

MNS's current management and its counsel have informally agreed to continue rendering services to MNS and to not demand payment of sums owed unless and until MNS completes an acquisition. The terms of any such payment will have to be negotiated with the principals of any business acquired. The existence and amounts of MNS debt may make it more difficult to complete, or prevent completion of, a desirable acquisition. In addition, offices are provided to MNS without charge.

MNS will only be able to pay its future debts and meet operating expenses by raising additional funds, acquiring a profitable company or otherwise generating positive cash flow. As a practical matter, MNS is unlikely to generate positive cash flow by any means other than acquiring a company with such cash flow. MNS believes that management members or shareholders will loan funds to MNS as needed for operations prior to completion of an acquisition. Management and the shareholders are not obligated to provide funds to MNS, however, and it is not certain they will always want or be financially able to do so. MNS shareholders and management members who advance money to MNS to cover operating expenses will expect to be reimbursed, either by MNS or by the company acquired, prior to or at the time of completing a combination. MNS has no intention of borrowing money to reimburse or pay salaries to any MNS officer, director or shareholder or their affiliates. There currently are no plans to sell additional securities of MNS to raise capital, although sales of securities may be necessary to obtain needed funds. MNS's current management and its counsel have agreed to continue their services to MNS and to accrue sums owed them for services and expenses and expect payment reimbursement only.

Should existing management or shareholders refuse to advance needed funds, however, MNS would be forced to turn to outside parties to either loan money to MNS or buy MNS securities. There is no assurance whatever that MNS will be able at need to raise necessary funds from outside sources. Such a lack of funds could result in severe consequences to MNS, including among others:

(1) failure to make timely filings with the SEC as required by the Exchange Act, which also probably would result in suspension of trading or quotation in MNS's stock and could result in fines and penalties to MNS under the Exchange Act;

(2) curtailing or eliminating MNS's ability to locate and perform suitable investigations of potential acquisitions; or

(3) inability to complete a desirable acquisition due to lack of funds to pay legal and accounting fees and acquisition-related expenses.

MNS hopes to require potential candidate companies to deposit funds with MNS that it can use to defray professional fees and travel, lodging and other due diligence expenses incurred by MNS's management related to finding and investigating a candidate company and negotiating and consummating a business combination. There is no assurance that any potential candidate will agree to make such a deposit.

Item 3. Controls and Procedures

Within 90 days of the filing of this Form 10-QSB, an evaluation was carried out by Stephen M. Siedow, our CEO, President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Form 10-QSB, is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms. Based on that evaluation, Mr. Siedow concluded that as of March 31, 2004, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were effective to satisfy the objectives for which they are intended.

There were no changes in our internal control over financial reporting identified in connection with the evaluation performed that occurred during the fiscal quarter covered by this report that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

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

(a) EXHIBITS. The following exhibits are filed as part of this report.

31 Certification of the Chief Executive Officer, President and Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certification of the Chief Executive Officer, President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) REPORTS ON FORM 8-K. None

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this Report on Form 10-QSB to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED: May 3, 2004

MNS EAGLE EQUITY GROUP III, INC.

By /s/ Stephen M. Siedow

Stephen M. Siedow
Chief Executive Officer,
President and
Chief Financial Officer