

Edgar Filing: TOMAHAWK INDUSTRIES INC - Form 10QSB

TOMAHAWK INDUSTRIES INC  
Form 10QSB  
February 12, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-QSB

-----  
(Mark one)

X Quarterly Report Under Section 13 or 15(d) of the Securities Exchange  
----- Act of 1934

For the quarterly period ended January 31, 2004

----- Transition Report Under Section 13 or 15(d) of the Securities Exchange  
Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
-----

Commission File Number: 0-9483  
-----

Tomahawk Industries, Inc.  
(Exact name of small business issuer as specified in its charter)

Nevada  
-----  
(State of incorporation)

95-3502207  
-----  
(IRS Employer ID Number)

211 West Wall Street, Midland, TX 79701-4556  
-----

(Address of principal executive offices)

(432) 682-1761  
-----

(Issuer's telephone number)  
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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  
-----

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: February 10, 2004: 56,637,228

Transitional Small Business Disclosure Format (check one): YES NO X

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Tomahawk Industries, Inc.

Form 10-QSB for the Quarter ended January 31, 2004

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Part I  
Item 1 - Financial Statements

Tomahawk Industries, Inc.  
Balance Sheets  
January 31, 2004 and 2003

(Unaudited)

	January 31, 2004	January 31, 2003
	-----	-----
Assets		
-----		
Assets		
Cash on hand and in bank	\$ 594	\$ 594
	-----	-----
Total Assets	\$ 594	\$ 594
	=====	=====
Liabilities and Shareholders' Equity		
-----		
Liabilities		
Accounts payable - trade	\$ --	\$ --
Advances from shareholder	5,144	--
	-----	-----
Total Liabilities	5,144	--
	-----	-----
Commitments and contingencies		
Shareholders' Equity		
Common stock - \$0.001 par value		
200,000,000 shares authorized		
56,637,228 shares issued and outstanding, respectively	56,637	56,637
Additional paid-in capital	5,443,447	5,443,447
Accumulated deficit	(5,504,634)	(5,499,490)
	-----	-----
Total shareholders' equity	(4,550)	594
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 594	\$ 594
	=====	=====

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The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.  
Statements of Operations and Comprehensive Loss  
Nine and Three months ended January 31, 2004 and 2003

(Unaudited)

	Nine months ended January 31, 2004	Nine months ended January 31, 2003	Three months ended January 31, 2004	Three months ended January 2003
	-----	-----	-----	-----
Revenues	\$ --	\$ --	\$ --	\$ --
	-----	-----	-----	-----
Expenses				
General and administrative expenses	5,144	250	--	--
	-----	-----	-----	-----
Loss from operations	(5,144)	(250)	--	--
Other Income (Expense)	--	--	--	--
	-----	-----	-----	-----
Loss before provision for income taxes	(5,144)	(250)	--	--
Provision for income taxes	--	--	--	--
	-----	-----	-----	-----
Net Loss	(5,144)	(250)	--	--
Other Comprehensive Income	--	--	--	--
	-----	-----	-----	-----
Comprehensive Loss	\$ (5,144)	\$ (250)	\$ --	\$ --
	=====	=====	=====	=====
Loss per weighted-average share of common stock outstanding, computed on Net Loss - basic and fully diluted	nil	nil	nil	nil
	=====	=====	=====	=====

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Weighted-average number of shares of common stock outstanding	56,637,228 =====	56,637,228 =====	56,637,228 =====	56,637, =====
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The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.  
Statements of Cash Flows  
Nine months ended January 31, 2004 and 2003

(Unaudited)

	Nine months ended January 31, 2004 -----	Nine months ended January 31, 2003 -----
Cash Flows from Operating Activities		
Net Loss	\$ (5,144)	\$ (250)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	--	--
	-----	-----
Net cash used in operating activities	(5,144)	(250)
	-----	-----
Cash Flows from Investing Activities	--	--
	-----	-----
Cash Flows from Financing Activities		
Cash advanced by controlling shareholder to support operations	5,144	--
	-----	-----
Net cash provided by financing activities	5,144	--
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	--	(250)
Cash and cash equivalents at beginning of period	594	844
	-----	-----
Cash and cash equivalents at end of period	\$ 594 =====	\$ 594 =====
Supplemental Disclosures of Interest and Income Taxes Paid		
Interest paid during the period	\$ -- =====	\$ -- =====

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Income taxes paid (refunded) during the period	\$	--	\$	--
	=====		=====	

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.

Notes to Financial Statements

Note A - Organization and Description of Business

Tomahawk Industries, Inc. (Company) was incorporated under the laws of the State of Nevada on May 13, 1980. From its inception through 1988, the Company was engaged in oil and gas exploration. Beginning in 1984, the Company entered the business of installing energy recovery and energy saving devices through a then wholly-owned subsidiary.

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied. The Company then ceased all business operations, liquidated its former subsidiary and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1988.

Note B - Preparation of Financial Statements

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has a year-end of April 30.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and

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Exchange Commission on its Annual Report on Form 10-KSB for the year ended April 30, 2003. The information presented within these interim financial statements may not include all disclosures required by accounting principles generally accepted in the United States of America and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-QSB, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending April 30, 2004.

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

### Note C - Going Concern Uncertainty

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied and the Company ceased all business operations and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1988.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

If no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and upon additional funds loaned by management and/or significant stockholders to preserve the integrity of the corporate entity at this time. In the event, the Company is unable to acquire advances from management and/or significant stockholders, the Company's ongoing operations would be negatively impacted.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

The Company has a limited operating history, minimal cash on hand, no profit and

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operates a business plan with inherent risk. Because of these factors, our auditors have issued an audit opinion for the Company which includes a statement describing our going concern status. This means, in our auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach our goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

### Note D - Summary of Significant Accounting Policies

#### 1. Cash and cash equivalents

-----  
For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

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Tomahawk Industries, Inc.

### Notes to Financial Statements - Continued

### Note D - Summary of Significant Accounting Policies - Continued

#### 2. Income Taxes

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The Company uses the asset and liability method of accounting for income taxes. At January 31, 2004 and 2003, respectively, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

As of January 31, 2004 and 2003, the deferred tax asset related to the Company's net operating loss carryforward is fully reserved. Due to the provisions of Internal Revenue Code Section 338, the Company may have limited net operating loss carryforwards available to offset financial statement or tax return taxable income in future periods in the event of a change in control involving 50 percentage points or more of the issued and outstanding securities of the Company.

#### 3. Income (Loss) per share

-----  
Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants, using the treasury stock method, at either the beginning of the

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respective period presented or the date of issuance, whichever is later. As of January 31, 2004 and 2003, respectively, the Company has no outstanding stock warrants, options or convertible securities which could be considered as dilutive for purposes of the loss per share calculation.

### Note E - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The company does not use derivative instruments to moderate its exposure to financial risk, if any.

(Remainder of this page left blank intentionally)

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

### Note F - Advances from Controlling Shareholder

On September 25, 2001, the Company sold 15,000,000 shares of restricted, unregistered common stock at \$0.001 per share for gross proceeds of \$15,000, pursuant to a private placement memorandum to Little & Company Investment Securities, Inc., an entity owned by Glenn A. Little, the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

On September 25, 2001, the Company converted the \$25,000 in advances from Glenn A. Little, the Company's President and Chief Executive Officer into 25,000,000 shares of restricted, unregistered common stock at \$0.001 per share, pursuant to a private placement memorandum. These funds were used to settle outstanding trade accounts payable and provide working capital for the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

During the quarter ended July 31, 2003, the Company's controlling shareholder advanced approximately \$5,100 through payments on the Company's behalf to support operations and the corporate entity. These advances are non-interest bearing and are repayable upon demand.

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### Note G - Income Taxes

The components of income tax (benefit) expense for the nine months ended January 31, 2004 and 2003, respectively, are as follows:

	Nine months ended January 31, 2004	Nine months ended January 31, 2003
	-----	-----
Federal:		
Current	\$     --	\$     --
Deferred	--	--
	-----	-----
	--	--
	-----	-----
State:		
Current	--	--
Deferred	--	--
	-----	-----
	--	--
	-----	-----
Total	\$     --	\$     --
	=====	=====

As of January 31, 2003, the Company has a net operating loss carryforward of approximately \$21,000 to offset future taxable income. Subject to current regulations, this carryforward will begin to expire in 2021. The amount and availability of the net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

### Note G - Income Taxes - Continued

The Company's income tax expense (benefit) for the nine months ended January 31, 2004 and 2003, respectively, differed from the statutory federal rate of 34 percent as follows:

	Nine months ended January 31, 2004	Nine months ended January 31, 2003
	-----	-----

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Statutory rate applied to income before income taxes	\$	(1,750)	\$	(85)
Increase (decrease) in income taxes resulting from:				
State income taxes		--		--
Other, including reserve for deferred tax asset and application of net operating loss carryforward		1,750		85
		-----		-----
Income tax expense	\$	--	\$	--
		=====		=====

Temporary differences, consisting primarily of statutory deferrals of expenses for organizational costs and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and liabilities as of January 31, 2004 and 2003, respectively:

	January 31, 2004	January 31, 2003
	-----	-----
Deferred tax assets		
Net operating loss carryforwards	\$ 7,500	\$ 5,635
Less valuation allowance	(7,500)	(5,635)
	-----	-----
Net Deferred Tax Asset	\$ --	\$ --
	=====	=====

During the nine months ended January 31, 2003 and 2002, respectively, the reserve for the deferred current tax asset increased (decreased) by approximately \$1,865 and \$85.

(Remainder of this page left blank intentionally)

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Part I - Item 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Caution Regarding Forward-Looking Information

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of

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the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-QSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

### (2) Results of Operations, Liquidity and Capital Resources

Tomahawk Industries, Inc. (Company) was incorporated under the laws of the State of Nevada on May 13, 1980. From its inception through 1988, the Company was engaged in oil and gas exploration. Beginning in 1984, the Company entered the business of installing energy recovery and energy saving devices through a then wholly-owned subsidiary.

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied. The Company then ceased all business operations and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1988.

The Company had no revenue for the respective nine and three month periods ended January 31, 2004 and 2003, respectively.

General and administrative expenses for the six months ended October 31, 2003 and 2002 were approximately \$5,144 and \$250, respectively. These expenses consisted primarily of legal and accounting expenses associated with maintaining the corporate status of the Company and compliance with the periodic reporting requirements of the Securities Exchange Act of 1934 ('34 Act).

The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under the '34 Act.

Net income (loss) for the nine months ended January 31, 2004 and 2003, respectively, was approximately \$(5,144) and \$(250). Earnings per share for the respective year-to-date periods ended January 31, 2004 and 2003 was \$0.00 and \$0.00 on the weighted-average post-reverse split shares issued and outstanding.

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At January 31, 2004 and 2003, respectively, the Company had working capital of approximately \$600 and \$600.

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The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

In such a restricted cash flow scenario, the Company would be unable to complete our business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

The Company has a limited operating history, minimal cash on hand, no profit and operates a business plan with inherent risk. Because of these factors, our auditors have issued an audit opinion for the Company which includes a statement describing our going concern status. This means, in our auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach our goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

### Item 3 - Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, within the 90 days prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of the Company's management, including the Company's President, Chief Executive and Financial Officer. Based upon that evaluation, the Company's President, Chief Executive and Financial Officer concluded that the Company's disclosure controls and procedures are effective. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

## Part II - Other Information

### Item 1 - Legal Proceedings

None

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Item 2 - Changes in Securities

None

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Item 3 - Defaults on 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

Exhibits

31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Reports on Form 8-K

None

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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.

Tomahawk Industries, Inc.

Dated: February 10, 2004  
-----

/s/ Glenn A. Little.  
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Glenn A. Little  
President, Chief Executive Officer,  
Chief Financial Officer and Director

