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MNS EAGLE EQUITY GROUP III INC

Form 10QSB

January 18, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE EXCHANGE ACT

COMMISSION FILE NUMBER 0-27781

MNS EAGLE EQUITY GROUP III, INC.

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

NEVADA

84-1517723

(State or other jurisdiction of
incorporation or organization)

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

12373 E. Cornell Avenue
Aurora, Colorado 80014

(Address of principal executive offices)

(303) 478-4442

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 the past 90
days. Yes No

State the number of shares outstanding of each of the issuer's classes of common
equity: Common stock, \$.001 par value, 284,689 shares outstanding at November
30, 2005.

Transitional Small Business Disclosure Format (check one): Yes No

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MNS EAGLE EQUITY GROUP III, INC.
 (A Development Stage Company)
 Balance Sheet (Unaudited)
 March 31, 2005

ASSETS

Total assets	\$ -- =====
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LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Accounts payable	\$ 1,110
Due to an officer/stockholder	6,970

	8,080
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	4,287
Deficit accumulated during the development stage	(13,015)

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	(8,080)

Total liabilities and stockholders' deficit	\$ --
	=====

See notes to financial statements.

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

	Three Months Ended		Feb. 28, 1997
	March 31,		(inception) to
			March 31,
	2005	2004	2005
	-----	-----	-----
Costs and expenses:			
Amortization	\$	\$	\$ 445
General and administrative	2,427	1,481	12,570
	-----	-----	-----
Net loss applicable to common shareholders	\$ (2,427)	\$ (1,481)	\$ (13,015)
	=====	=====	=====
Basic and diluted net loss per common share	\$ **	\$ **	
	=====	=====	
Weighted average number of common shares outstanding	647,584	647,584	
	=====	=====	

** Less than \$(.01) per share.

See notes to financial statements.

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

	Three Months Ended		Feb. 28, 1997
	March 31,		(inception) to
			March 31,
	2005	2004	2005
	-----	-----	-----

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	-----	-----	-----
Cash flows from operating activities:			
Net loss	\$ (2,427)	\$ (1,481)	\$ (13,015)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization			445
Capital contribution			3,885
Changes in operating assets and liabilities:			
Increase in accounts payable	240		1,110
Increase in amounts due to an officer/stockholder	2,187	1,481	6,970
	-----	-----	-----
Net cash used in operating activities	--	--	(605)
	-----	-----	-----
Cash flows from investing activities:			
Organization costs			(100)
	-----	-----	-----
Net cash used in investing activities	--	--	(100)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from sale of common stock			803
Deferred offering costs			(98)
	-----	-----	-----
Net cash provided by financing activities	--	--	705
	-----	-----	-----
Net increase (decrease) in cash	--	--	--
Cash at beginning of year	--	--	--
	-----	-----	-----
Cash at end of year	\$ --	\$ --	\$ --
	=====	=====	=====
Supplemental disclosure of noncash investing and financing activities:			
Capital contribution			\$ 3,885
			=====
Common stock issued for organizational costs			\$ 345
			=====
Common stock issued for deferred offering costs			\$ 77
			=====

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

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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 a recurring nature unless otherwise disclosed herein. The results of operations for such interim periods are not necessarily indicative of operations for a full year.

Note 2 - Related party transactions

During the three-month periods ended March 31, 2005 and 2004, the Company incurred corporate, administrative and accounting fees of approximately \$2,200 and \$700, respectively, for services performed by the Company's president and for expenses paid by the president on behalf of the Company. The Company has a payable to its president in the amount of \$6,970 at March 31, 2005. In addition, the Company uses the office of its president for corporate and administrative purposes.

Note 3 - Subsequent events

On August 23, 2005, the Company purchased from nine shareholders 335,689 shares of its \$.001 par value common stock for \$671.38 or \$.002 per share. On September 27, 2005, the Company purchased from four shareholders 27,206 shares of its \$.001 par value common stock for \$54.41 or \$.002 per share. These shares were cancelled by the Company. The Company's president advanced the necessary funds to complete the stock purchases.

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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 has no 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 Eagle Equity Group III, Inc., 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

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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.

MNS owns no real estate and has no full time employees, and it will have no operations of its own unless and until it engages in one or more of the activities described below under this ITEM 1. MNS is a "blank check" company which intends to enter into a business combination with one or more as yet unidentified privately held businesses.

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,

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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 FORM 10-KSB 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

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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 employees. MNS only has one officer, who is also the sole director of the Company. 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 2005 - During the quarter ended March 31, 2005, MNS incurred a net loss of \$2,427. General and administrative expenses related primarily to accounting and legal fees, miscellaneous filing fees, office costs and supplies and other miscellaneous expenses, of which approximately \$2,200 were related party expenses. The Company paid no rent or salaries and had no operations.

FIRST QUARTER 2004 - During the quarter ended March 31, 2004, MNS incurred a net loss of \$1,481. General and administrative expenses related primarily to accounting and legal fees, miscellaneous filing fees, office costs and supplies and other miscellaneous expenses, of which approximately \$700 were related party expenses. The Company paid no rent or salaries and had no operations.

LIQUIDITY and CAPITAL RESOURCES

MNS had no 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 \$13,015.

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

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accounting expenses and other expenses relating to making filings required under the Securities Exchange Act of 1934 (the "Exchange Act"), and are not expected to exceed \$10,000 in the fiscal year ending December 31, 2005. 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 has 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's debt may make it more difficult to complete, or prevent completion of, a desirable acquisition. In addition, offices are provided to MNS by its president 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

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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 has agreed to continue its services to MNS and to accrue sums owed for services and expenses and expect payment.

Should existing management or shareholders refuse to advance needed funds, MNS would be forced to turn to outside parties to either loan money to MNS or buy MNS securities. There is no assurance whatsoever that MNS will be able 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.

OFF-BALANCE SHEET ARRANGEMENTS

MNS does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

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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, 2005, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our

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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.

PART II. OTHER INFORMATION

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.

DATE: January 4, 2006

MNS EAGLE EQUITY GROUP III, INC.

By: /s/ Stephen M. Siedow

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