

Edgar Filing: SICLONE INDUSTRIES INC - Form 10QSB

SICLONE INDUSTRIES INC  
Form 10QSB  
August 11, 2006

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 Quarter Ended: June 30, 2006

Commission File Number: 000-25809

Siclone Industries, Inc.  
(Exact name of registrant as specified in its charter)

State or other jurisdiction of incorporation or organization: Delaware  
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IRS Employer Identification No.: 87-0426999  
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378 North Main, #124; Layton, Utah 84041  
-----  
(Address of principal executive offices)

Registrant's telephone number including area code: (801) 497-9075  
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Former Address, if changed since last report

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)

Yes X No  
--- ----

and (2) has been subject to such filing requirements for the past 90 days.

Yes X No  
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Indicate by check mark whether the registrant is a shell company (as defined Rule 12b-2 of the Exchange Act).

Yes X No \_\_\_  
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23,810,000  
(Number of shares of common stock the registrant had on June 30, 2006)

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## PART I

### ITEM 1 - FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of June 30, 2006 and the results of its operations and changes in its financial position from December 31, 2005 through June 30, 2006 have been made. The results of its operations for the interim periods are not necessarily indicative of the results to be expected for the entire year.

SICLONE INDUSTRIES, INC.  
(A Development Stage Company)  
Balance Sheets

	June 30 2006 (Unaudited)
	-----
CURRENT ASSETS	
Cash	\$ -
Total Current Assets	\$ - =====
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
CURRENT LIABILITIES	
Accounts Payable	\$ 11,902
Notes Payable	39,260
Accrued Expenses	15,733
Total Current Liabilities	----- 66,895
Total Liabilities	----- 66,895
STOCKHOLDERS' EQUITY (DEFICIT)	
Preferred stock; \$.001 par value, 5,000,000 shares authorized, 0 issued and outstanding	-

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Common Stock; \$.001 Par Value ; 30,000,000 shares authorized; 23,810,000 shares issued and outstanding	23,810
Additional Paid-In Capital	583,693
Accumulated Deficit	(674,398)
	-----
Total Stockholders' Equity (Deficit)	(66,895)
	-----
Total Liabilities & Stockholders' Equity (Deficit)	\$ -
	=====

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

SICLONE INDUSTRIES, INC.  
(A Development Stage Company)  
Statements of Operations  
(Unaudited)

	For the Three Months Ended		For the Six Months Ended		
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$
EXPENSES	7,458	2,713	12,289	5,816	
NET LOSS	\$ (7,458)	\$ (2,713)	\$ (12,289)	\$ (5,816)	\$
NET (LOSS) PER SHARE:	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	23,810,000	23,810,000	23,810,000	23,810,000	

The accompanying notes are an integral part of these

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financial statements.

SICLONE INDUSTRIES, INC.  
(A Development Stage Company)  
Statements of Cash Flows  
(Unaudited)

	For the Six Months Ended June 30,	
	2006	2005
	-----	-----
Cash Flows from Operating Activities:		
Net (Loss)	\$ (12,289)	\$ (5,8
Adjustments to Reconcile Net (Loss) to Net Cash From Operating Activities:		
Common stock issued for services	-	
Changes in Operating Assets and Liabilities:		
Increase in accounts payable	7,334	7
Increase in accrued expenses	4,946	1,7
	-----	-----
Net Cash (Used) by Operating Activities	(9)	(3,2
	-----	-----
Cash Flows from Investing Activities:	-	
	-----	-----
Cash Flows from Financing Activities:		
Proceeds from unrelated parties	-	
Proceeds from related parties	-	3,2
Additional capital contributed	-	
Stock offering costs	-	
Issuance of common stock for cash	-	
	-----	-----
Net Cash Provided By Financing Activities	-	3,2
	-----	-----
Increase (Decrease) in Cash	(9)	(
Cash, Beginning of Period	9	1
	-----	-----
Cash, End of Period	\$ -	\$
	=====	=====
Cash Paid For:		
Interest	\$ -	\$
Income taxes	\$ -	\$

The accompanying notes are an integral part of these financial statements

SICLONE INDUSTRIES,, INC.

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(A Development Stage Company)  
Notes to the Financial Statements  
June 30, 2006 and December 31, 2005

## NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its December 31, 2005 Annual Report on Form 10-KSB of Siclone Industries, Inc. Operating results for the six months ended June 30, 2006 are not necessarily indicative of the results that may be expected for the period ending December 31, 2005.

## NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through sales of common stock. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

## NOTE 3 - COMPENSATION OF OFFICER

Starting April 2006, the Board of Directors deemed it in the Company's best interest to set a specific compensation of \$1,000 per month to Paul Adams for serving as sole officer of the Company.

## NOTE 4 - SUBSEQUENT EVENTS

During July 2006, the Company issued to an unrelated party a convertible debenture for monies advanced to the Company of \$2,000 to cover expenses. The convertible note was issued at 10% a.p.r., due on demand and convertible into common shares of the Company at the greater of market price or par value at the time of conversion and may be made in amounts that do not result in the issuance

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of control to any one person.

### ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion highlights the Company's performance and it should be read in conjunction with the financial statements (including related notes) accompanying this Report. Certain statements contained herein may constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those expectations due to changes in global politics, economics, business, competitors, competition, markets and regulatory factors. More information about these factors has been or will be contained in the Company's filings with the Security and Exchange Commission

#### Description of Business

Siclone Industries, Inc. originally incorporated in Delaware on November 1, 1985 as McKinnely Investments, Inc. The Company changed its name to Accoline Industries, Inc. on November 5, 1986 and again changed its name to Siclone Industries, Inc. on May 24, 1988.

The Company has not had active business operations since its inception and is considered a development stage company.

The Company intends to seek, investigate, and if warranted, acquire an interest in a business opportunity. It will not restrict its search to any particular industry or geographical area and may, therefore, engage in essentially any business in any industry. Its management has unrestricted discretion in seeking and participating in a business opportunity, subject to the availability of such opportunities, economic conditions and other factors.

The selection of a business opportunity in which to participate is complex and extremely risky and will be made by management in the exercise of its business judgment. There is no assurance that it will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to the Company and its shareholders.

The Company's activities are subject to several significant risks which arise primarily as a result of the fact that it has no specific business and may acquire or participate in a business opportunity based on the decision of management which will, in all probability, act without the consent, vote, or approval of its shareholders.

#### Plan of Operations

Management intends to actively seek business opportunities during the next twelve months. If they identify a suitable business opportunity during the year, the need for capital may change dramatically. Should the Company require

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additional capital, it may seek additional advances from officers, sell common stock or find other forms of debt financing. To date the Company has not pursued any business opportunities and there can be no assurance that the management will identify a business venture suitable for acquisition in the future. In addition, it cannot assure that it will be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage any business venture it acquires.

The current operating plan is to continue searching for potential businesses, products, technologies and companies for acquisition and to handle the administrative and reporting requirements of a public company.

### Sources of Opportunities

The Company anticipates that business opportunities may arise from various sources, including its officers and directors, professional advisers, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals.

The Company will seek potential business opportunities from all known sources, but will rely principally on the personal contacts of its officers and directors as well as indirect associations between them and other business and professional people. Although management does not anticipate engaging professional firms specializing in business acquisitions or reorganizations, such firms may be retained if management deems it in the Company's best interests. In some instances, the Company may publish notices or advertisements seeking a potential business opportunity in financial or trade publications.

### Criteria

The Company will not restrict its search to any particular business, industry or geographical location. The Company may acquire or enter into a business in any industry and in any stage of development. This may include a business or opportunity involving a "start up" or new company. In seeking a business venture, management's decision will not be controlled by an attempt to take advantage of an anticipated or perceived appeal of a specific industry, management group, or product or industry, but will be based upon the business objective of seeking long-term capital appreciation in the real value of the Company.

In analyzing prospective business opportunities, management will consider such matters as the available technical, financial and managerial resources; working capital and other financial requirements; the history of operations, if any; prospects for the future; the nature of present and expected competition; the quality and experience of management services which may be available and the depth of the management; the potential for further research, development or exploration; the potential for growth and expansion; the potential for profit; the perceived public recognition or acceptance of products, services, trade or service marks, name identification; and other relevant factors.

Generally, management will analyze all available factors in the circumstances and make a determination based upon a composite of available facts, without reliance upon any single factor as controlling.

### Methods of Participation of Acquisition

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Specific business opportunities will be reviewed and, on the basis of that review, the legal structure or method of participation deemed by management to be suitable will be selected. Such structures and methods may include, but are not limited to, leases, purchase and sale agreements, licenses, joint ventures, other contractual arrangements, and may involve a reorganization, merger or consolidation transaction. The Company may act directly or indirectly through an interest in a partnership, corporation, or other form of organization.

### Procedures

As part of the ongoing investigation of business opportunities, officers and directors may meet personally with management and key personnel of the firm sponsoring the business opportunity, visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and conduct other reasonable measures.

Management will generally request that it be provided with written materials regarding the business opportunity containing such items as a description of product, service and company history; management resumes; financial information; available projections with related assumptions upon which they are based; an explanation of proprietary products and services; evidence of existing patents, trademarks or service marks or rights thereto; present and proposed forms of compensation to management; a description of transactions between the prospective entity and its affiliates; relevant analysis of risks and competitive conditions; a financial plan of operation and estimated capital requirements; and other information deemed relevant.

### Competition

The Company expects to encounter substantial competition in its efforts to acquire a business opportunity. The primary competition is from other companies organized and funded for similar purposes, small venture capital partnerships and corporations, small business investment companies and wealthy individuals.

### Employees

The Company does not currently have any employees. It relies upon the efforts of its officers and directors to conduct its business.

### Results of Operations for the Three Month Period Ended June 30, 2006 and 2005.

The Company has not generated any revenues since its inception on November 1, 1985. Expenses for the three month period ended June 30, 2006 were \$7,458 compared to expenses of \$2,713, during the same period in 2005. Expenses during both periods consisted mainly of accrued interest and professional, legal and accounting costs related to the Company's public filings.

### Results of Operations for the Six Month Period Ended June 30, 2006 and 2005

The Company has not generated any revenues since its inception on November 1, 1985. Expenses for the six month period ended June 30, 2006 were \$12,289 compared to expenses of \$5,816, during the same period in 2005. Expenses during both periods consisted mainly of accrued interest and professional, legal and



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accounting costs related to the Company's public filings.

As a result of the foregoing factors, the Company realized a net loss of \$12,289 for the six month period ended June 30, 2006, compared to a net loss of \$5,816 for the six month period ended June 30, 2005.

### Liquidity and Capital Resources

At June 30, 2006, the Company has minimal liquid assets and is currently in the process of looking for business opportunities to merge with or acquire. At minimum, the Company will need to raise additional capital through private funding to meet the financial needs of being a reporting company. Total liabilities at June 30, 2006 were \$66,895 consisting of \$11,902 in accounts payable, \$39,260 in notes payable to an unrelated third party and \$15,733 in accrued interest.

In recent years the Company has relied on advances from the former president to cover its operating costs. The Company has little or no operations and no funds with which to develop operations. The Company is currently in the process of seeking short term capital while it investigates business opportunities to merge with or acquire. The Company currently has no agreement or arrangement of merger or acquisition.

There is no guarantee that the Company will be successful in developing any business opportunities or acquiring any operational capital. Any investment in the Company would be a highly speculative investment and should only be made by those investors who are capable of bearing the risk of losing the entire value of their investment.

### ITEM 3 - CONTROLS AND PROCEDURES.

(a) Evaluation of disclosure controls and procedures. The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time period specified in the rules and forms of the Securities and Exchange Commission. The Company's management including its principal executive officer and its principal financial officer, based on their evaluation of the Company's disclosure controls over financial reporting and procedures (as defined in Exchange Act Rules 13a-14c) in connection with the Annual Report on Form 10-KSB as of December 31, 2005, have concluded that the Company's disclosure controls over financial reporting and procedures are adequate and effective as of June 30, 2006 for the purposes set forth in the definition in Exchange Act rules.

(b) Changes in internal controls over financial reporting. There were not any significant changes in the Company's internal controls over financial reporting or in other factors that could materially affect or is reasonably likely to materially affect, or significantly affect the Company's internal controls subsequent to the date of their evaluation.

## PART II

### OTHER INFORMATION

ITEM 1. Legal Proceedings . . . . . None

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ITEM 2.	Changes in Securities . . . . .	None
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	

1). The following exhibits are filed with this report:

31. Written statement of Chief Executive Officer and Chief Financial Officer with respect to the compliance with Section 302 of the Sarbanes-Oxley Act of 2002.

32. Written statement of Chief Executive Officer and Chief Financial Officer with respect to the compliance with Section 13 (a) and 15(d) of the Securities Exchange Act of 1934 and pursuant to the 19 U.S.C. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002.

2). Form 8-K's filed during the period covered by this report:

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned authorized officer.

Date: August 3, 2006

SICLONE INDUSTRIES, INC.

By /s/ Paul Adams