

Edgar Filing: ARIES VENTURES INC - Form 10QSB

ARIES VENTURES INC
Form 10QSB
August 12, 2003

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

FORM 10-QSB

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

For the quarterly period ended June 30, 2003

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

For the transition period from _____ to _____

Commission file number: 0-14136

Aries Ventures Inc.

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

Nevada

84-0987840

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

28720 Canwood Street, Suite 207, Agoura Hills, California 91301

(Address of principal executive offices)

Issuer's telephone number: (818) 879-6501

Not Applicable

(Former name, former address and former fiscal year, if
changed since last report.)

Check whether the issuer (1) has 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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

As of June 30, 2003, the Company had 3,311,981 shares of common stock issued and outstanding.

Documents incorporated by reference: None.

Edgar Filing: ARIES VENTURES INC - Form 10QSB

ARIES VENTURES INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Balance Sheets - June 30, 2003 (Unaudited) and
September 30, 2002

Condensed Statements of Operations (Unaudited) - Three Months and
Nine Months Ended June 30, 2003 and 2002

Condensed Statements of Cash Flows (Unaudited) - Nine Months
Ended June 30, 2003 and 2002

Notes to Condensed Financial Statements (Unaudited) - Three
Months and Nine Months Ended June 30, 2003 and 2002

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

Item 3. Controls and Procedures

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

-2-

Aries Ventures Inc. Condensed Balance Sheets

	June 30, 2003 ----- (Unaudited)	September 30, 2002 -----
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,464,169	\$ 4,768,749
Due from related entity	33,591	51,075
Prepaid expenses and other current assets	63,076	46,235
	----- 4,560,836	----- 4,866,059
PROPERTY AND EQUIPMENT	27,244	25,844
Less: accumulated depreciation		

Edgar Filing: ARIES VENTURES INC - Form 10QSB

and amortization	(26,019)	(25,583)
	-----	-----
	1,225	261
	-----	-----
OTHER		
Deposits	2,309	2,309
	-----	-----
	\$ 4,564,370	\$ 4,868,629
	=====	=====

(continued)

-3-

Aries Ventures Inc.
Condensed Balance Sheets (continued)

	June 30, 2003	September 30, 2002
	-----	-----
	(Unaudited)	
LIABILITIES		
CURRENT		
Accounts payable	\$ 50,033	\$ 68,847
Accrued liabilities	52,701	29,937
Income taxes payable	33,587	-
	-----	-----
	136,321	98,784
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding - None	-	-
Common stock, \$0.01 par value		
Authorized - 50,000,000 shares		
Issued and outstanding -		
3,311,981 shares at June 30,		
2003 and September 30, 2002	33,120	33,120
Additional paid-in capital	1,800,859	1,800,859
Retained earnings	2,594,070	2,935,866
	-----	-----
	4,428,049	4,769,845
	-----	-----
	\$ 4,564,370	\$ 4,868,629
	=====	=====

Edgar Filing: ARIES VENTURES INC - Form 10QSB

See accompanying notes to condensed financial statements.

-4-

Aries Ventures Inc.
Condensed Statements of Operations (Unaudited)

	Three Months Ended June 30,	
	2003	2002
	-----	-----
REVENUES	\$ -	\$ -
	-----	-----
COSTS AND EXPENSES		
General and administrative	88,074	125,542
Legal fees	20	10,435
Depreciation and amortization	182	1,533
Interest expense	492	15,420
Interest income	(5,751)	(588)
Other expense	104	470
	-----	-----
Net loss before income taxes	(83,121)	(152,812)
State income taxes	33,044	-
	-----	-----
NET LOSS	\$ (116,165)	\$ (152,812)
	=====	=====
LOSS PER COMMON SHARE -		
BASIC AND DILUTED	\$ (0.04)	\$ (0.04)
	=====	=====
WEIGHTED AVERAGE NUMBER OF		
COMMON SHARES OUTSTANDING -		
BASIC AND DILUTED	3,311,981	3,594,177
	=====	=====

See accompanying notes to condensed financial statements.

-5-

Aries Ventures Inc.

Edgar Filing: ARIES VENTURES INC - Form 10QSB

Condensed Statements of Operations (Unaudited)

	Nine Months Ended June 30,	
	2003	2002
REVENUES	\$ -	\$ -
COSTS AND EXPENSES		
General and administrative	301,430	349,506
Legal fees	15,205	36,301
Depreciation and amortization	436	7,507
Interest expense	766	43,272
Interest income	(17,455)	(3,777)
Other expense	8,370	3,747
	-----	-----
Net loss before income taxes	(308,752)	(436,556)
State income taxes	33,044	-
	-----	-----
NET LOSS	\$ (341,796)	\$ (436,556)
	=====	=====
LOSS PER COMMON SHARE -		
BASIC AND DILUTED	\$ (0.10)	\$ (0.12)
	=====	=====
WEIGHTED AVERAGE NUMBER OF		
COMMON SHARES OUTSTANDING -		
BASIC AND DILUTED	3,311,981	3,587,399
	=====	=====

See accompanying notes to condensed financial statements.

-6-

Aries Ventures Inc. Condensed Statements of Cash Flows (Unaudited)

	Nine Months Ended June 30,	
	2003	2002

Edgar Filing: ARIES VENTURES INC - Form 10QSB

OPERATING ACTIVITIES		
Net loss	\$ (341,796)	\$ (436,556)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	436	7,507
Common stock issued for services	-	1,830
Changes in operating assets and liabilities:		
Increase in:		
Prepaid expenses and other current assets	(16,841)	(20,090)
Increase (decrease) in:		
Accounts payable	(18,814)	(109,605)
Accrued liabilities	22,764	72,477
Income taxes payable	33,587	-
	-----	-----
Net cash used in operating activities	(320,664)	(484,437)
	-----	-----
INVESTING ACTIVITIES		
Payment from related entity	65,245	77,393
Increase in amount due from related entity	(47,761)	(45,865)
Purchase of property and equipment	(1,400)	-
	-----	-----
Net cash provided by investing activities	16,084	31,528
	-----	-----

(continued)

-7-

Aries Ventures Inc.
Condensed Statements of Cash Flows (Unaudited) (continued)

	Nine Months Ended June 30,	
	2003	2002
	----	----
FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	\$ -	\$ 500,000

Edgar Filing: ARIES VENTURES INC - Form 10QSB

	-----	-----
Net cash provided by financing activities	-	500,000
	-----	-----
CASH AND CASH EQUIVALENTS:		
Net increase (decrease)	(304,580)	47,091
At beginning of period	4,768,749	68,616
	-----	-----
At end of period	\$ 4,464,169	\$ 115,707
	=====	=====

See accompanying notes to condensed financial statements.

-8-

Aries Ventures Inc.
Notes to Condensed Financial Statements (Unaudited)
Three Months and Nine Months Ended June 30, 2003 and 2002

1. Organization and Basis of Presentation

Basis of Presentation - The accompanying condensed financial statements include the operations of Aries Ventures Inc., a Nevada corporation ("Aries" or the "Company"), the successor to Casmyn Corp., a Colorado corporation ("Casmyn"). The condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States.

The accompanying interim condensed financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at June 30, 2003, the results of operations for the three months and nine months ended June 30, 2003 and 2002, and cash flows for the nine months ended June 30, 2003 and 2002. The balance sheet as of September 30, 2002 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2002, as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

The results of operations for the three months and nine months ended June 30, 2003 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending September 30, 2003.

Edgar Filing: ARIES VENTURES INC - Form 10QSB

Business - The Company currently has no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

Income (Loss) Per Share - Basic income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated assuming the issuance of common shares, if dilutive, resulting from the exercise of stock options and warrants. These potentially dilutive securities were not included in the calculation of loss per share for the three months and nine months ended June 30, 2003 and 2002 because the Company incurred a loss during such periods and thus their effect would have been anti-dilutive. Accordingly, basic and diluted loss per share are the same for the three months and nine months ended June 30, 2003 and 2002. As of June 30, 2003, potentially dilutive securities consisted of outstanding Series A common stock purchase warrants and stock options to acquire 3,250,981 shares and 353,318 shares, respectively.

-9-

Comprehensive Income (Loss) - Since the Company had no items of comprehensive income (loss) during the three months and six months ended June 30, 2003 and 2002, a statement of comprehensive income (loss) is not presented.

Stock-Based Compensation - The Company may periodically issue shares of common stock for services rendered or for financing costs. Such shares are valued based on the market price on the transaction date.

The Company may periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs.

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation", which establishes a fair value method of accounting for stock-based compensation plans.

The provisions of SFAS No. 123 allow companies to either record an expense in the financial statements to reflect the estimated fair value of stock options or warrants to employees, or to continue to follow the intrinsic value method set forth in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", but to disclose on an annual basis the pro forma effect on net income (loss) and net income (loss) per common share had the fair value of the stock options and warrants been recorded in the financial statements. SFAS No. 123 was amended by SFAS No. 148, which now requires companies to disclose in interim financial statements the pro forma effect on net income (loss) and net income (loss) per common share of the estimated fair market value of stock options or warrants issued to employees. The Company has elected to continue to account for stock-based compensation plans utilizing the intrinsic value method. Accordingly, compensation cost for stock options and warrants is measured as the excess, if any, of the fair market price of the Company's common stock at the date of grant above the amount an employee must pay to acquire the common stock.

In accordance with SFAS No. 123, the cost of stock options and warrants issued to non-employees is measured at the grant date based on the fair value of the award. The fair value of the stock-based award is determined using the Black-Scholes option pricing model. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive benefit, which is generally the vesting period.

Pro Forma Financial Disclosure - The fair value of stock options granted under

Edgar Filing: ARIES VENTURES INC - Form 10QSB

the Company's Employee Stock Option Plan and Management Incentive Stock Option Plan on November 1, 2000 were estimated on the grant date using the Black-Scholes option pricing model. Had such stock options been accounted for pursuant to SFAS No. 123, the effect on the Company's results of operations would have been as follows:

For the three months ended June 30, 2003 and 2002, the Company would have recorded \$5,031 as additional compensation expense, resulting in a net loss of \$121,196 and \$157,843, respectively, and a net loss per common share of \$0.04 and \$0.04, respectively.

For the nine months ended June 30, 2003 and 2002, the Company would have recorded \$15,093 as additional compensation expense, resulting in a net loss of \$356,889 and \$451,649, respectively, and a net loss per common share of \$0.11 and \$0.13, respectively.

2. Due from Related Entity

During the nine months ended June 30, 2003 and 2002, the Company allocated certain common corporate services aggregating \$47,761 and \$45,865, respectively, to Resource Ventures, Inc. ("Resource"), the Company's former wholly-owned

-10-

Nevada subsidiary engaged in gold-mining activities in Zimbabwe. The Company spun-off and distributed all of the common stock of Resource to the Company's shareholders on July 1, 2000. As of June 30, 2003 and September 30, 2002, amounts due from Resource aggregated \$33,591 and \$51,075, respectively. During the three months and nine months ended June 30, 2003, Resource paid the Company \$14,170 and \$65,245, respectively.

-11-

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2003 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2003 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

General Overview:

As of June 30, 2003, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the

Edgar Filing: ARIES VENTURES INC - Form 10QSB

corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

Results of Operations:

Three Months Ended June 30, 2003 and 2002:

General and Administrative. General and administrative expenses were \$88,074 and \$125,542 for the three months ended June 30, 2003 and 2002, respectively. Significant components of general and administrative expenses include management and directors' compensation, insurance costs, accounting fees and office expenses. The decrease in expenses in 2003 as compared to 2002 was primarily a result of reduced management compensation, accounting fees and insurance costs.

Legal Fees. Legal fees were \$20 and \$10,435 for the three months ended June 30, 2003 and 2002, respectively. The decrease in legal fees in 2003 as compared to 2002 was a result of the Company concluding legal settlements with respect to all litigation and claims that it had been pursuing in various jurisdictions against the Company's former officers, directors, auditors and legal counsel during the year ended September 30, 2002.

Depreciation and Amortization. Depreciation and amortization was \$182 and \$1,533 for the three months ended June 30, 2003 and 2002, respectively.

Interest Expense. Interest expense was \$492 and \$15,420 for the three months ended June 30, 2003 and 2002, respectively. The decrease in interest expense in 2003 as compared to 2002 was a result of the repayment in August 2002 of notes payable of \$500,000, which the Company originally borrowed in October 2001.

Interest Income. Interest income was \$5,751 and \$588 for the three months ended June 30, 2003 and 2002, respectively, as a result of increased interest-bearing cash balances during the fiscal year ending September 30, 2003.

Other Expense. Other expense was \$104 and \$470 for the three months ended June 30, 2003 and 2002, respectively.

-12-

Net Loss Before Income Taxes. Net loss before income taxes was \$83,121 and \$152,812 for the three months ended June 30, 2003 and 2002, respectively.

State Income Taxes. At June 30, 2003, the Company accrued \$33,044 of state income tax expense for the California alternative minimum tax relating to the proceeds from the legal settlements received in September 2002, which was paid in July 2003. The Company does not expect to be subject to this tax in subsequent periods. The Company did not have any state income tax expense in 2002.

Net Loss. Net loss was \$116,165 and \$152,812 for the three months ended June 30, 2003 and 2002, respectively.

Nine Months Ended June 30, 2003 and 2002:

General and Administrative. General and administrative expenses were \$301,430 and \$349,506 for the nine months ended June 30, 2003 and 2002, respectively. Significant components of general and administrative expenses include management and directors' compensation, insurance costs, accounting fees and office expenses. The decrease in expenses in 2003 as compared to 2002 was primarily a result of reduced management compensation and office expenses, offset in part by increased accounting fees and insurance costs.

Edgar Filing: ARIES VENTURES INC - Form 10QSB

Legal Fees. Legal fees were \$15,205 and \$36,301 for the nine months ended June 30, 2003 and 2002, respectively. The decrease in legal fees in 2003 as compared to 2002 was a result of the Company concluding legal settlements with respect to all litigation and claims that it had been pursuing in various jurisdictions against the Company's former officers, directors, auditors and legal counsel during the year ended September 30, 2002. The Company expects legal fees to decrease from these levels in subsequent quarters.

Depreciation and Amortization. Depreciation and amortization was \$436 and \$7,507 for the nine months ended June 30, 2003 and 2002, respectively.

Interest Expense. Interest expense was \$766 and \$43,272 for the nine months ended June 30, 2003 and 2002, respectively. The decrease in interest expense in 2003 as compared to 2002 was a result of the repayment in August 2002 of notes payable of \$500,000, which the Company originally borrowed in October 2001.

Interest Income. Interest income was \$17,455 and \$3,777 for the nine months ended June 30, 2003 and 2002, respectively, as a result of increased interest-bearing cash balances during the fiscal year ended September 30, 2003.

Other Expense. Other expense was \$8,370 and \$3,747 for the nine months ended June 30, 2003 and 2002, respectively.

Net Loss Before Income Taxes. Net loss before income taxes was \$308,752 and \$436,556 for the nine months ended June 30, 2003 and 2002, respectively.

State Income Taxes. At June 30, 2003, the Company accrued \$33,044 of state income tax expense for the California alternative minimum tax relating to the proceeds from the legal settlements received in September 2002, which was paid in July 2003. The Company does not expect to be subject to this tax in subsequent periods. The Company did not have any state income tax expense in 2002.

Net Loss. Net loss was \$341,796 and \$436,556 for the nine months ended June 30, 2003 and 2002, respectively.

Financial Condition - June 30, 2003:

Liquidity and Capital Resources:

Overview. The Company had cash and cash equivalents of \$4,464,169 at June 30, 2003, as compared to \$4,768,749 at September 30, 2002, a decrease of \$304,580.

-13-

The Company had working capital of \$4,424,515 at June 30, 2003, as compared to working capital of \$4,767,275 at September 30, 2002.

Operating. The Company's operations utilized cash resources of \$320,664 and \$484,437 during the nine months ended June 30, 2003 and 2002, respectively.

As of June 30, 2003, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the corporate entity.

The Company anticipates that its working capital resources are adequate to fund anticipated costs and expenses at least through the remainder of the fiscal year ending September 30, 2003.

Investing. During the nine months ended June 30, 2003, net cash provided by

Edgar Filing: ARIES VENTURES INC - Form 10QSB

investing activities was \$16,084, consisting of the payment from a related entity of \$65,245, reduced by an increase in the amount due from the related entity of \$47,761 and the purchase of property and equipment of \$1,400. During the nine months ended June 30, 2002, net cash provided by investing activities was \$31,528, consisting of the payment from a related entity of \$77,393, reduced by an increase in the amount due from the related entity of \$45,865.

Financing. During October 2001, the Company borrowed \$500,000 pursuant to unsecured notes payable, with interest at 12% per annum, both principal and interest payable on September 30, 2002. The lender also received 85,000 Class A common stock purchase warrants that had been originally issued to an affiliate of the Company. The Company was obligated to pay the notes from the net proceeds received by the Company from the settlement of its legal claims against other parties that aggregated in excess of \$500,000. During August 2002, the notes were paid in full, with interest. Since the exercise price of the Series A common stock purchase warrants was substantially in excess of the market value of the underlying common stock, the warrants had nominal intrinsic value, and therefore no accounting value was ascribed to the warrants for financial statement purposes.

-14-

ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act of 1934 is accumulated and communicated to the Company's management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its principal executive and financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the fiscal quarter. Based upon and as of the date of that evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

(b) Changes in Internal Controls

There were no changes in the Company's internal controls or in other factors that could have significantly affected those controls subsequent to the date of the Company's most recent evaluation.

-15-

PART II. OTHER INFORMATION

Edgar Filing: ARIES VENTURES INC - Form 10QSB

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) Reports on Form 8-K

Three Months Ended June 30, 2003: None

-16-

SIGNATURES

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

ARIES VENTURES INC.

(Registrant)

DATE: August 11, 2003

By: /s/ ROBERT N. WEINGARTEN
Robert N. Weingarten
President and Chief
Financial Officer
(Duly Authorized Officer
and Chief Financial
Officer)

-17-

INDEX TO EXHIBITS

Exhibit Number -----	Description of Document -----
31	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

-18-