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ARIES VENTURES INC
Form 10QSB
May 17, 2004

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 March 31, 2004

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 March 31, 2004, the Company had 2,032,226 shares of common stock outstanding.

Documents incorporated by reference: None.

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-1-

ARIES VENTURES INC.

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Balance Sheets - March 31, 2004 (Unaudited) and
September 30, 2003

Condensed Statements of Operations (Unaudited) - Three Months
Ended March 31, 2004 and 2003

Condensed Statements of Operations (Unaudited) - Six Months Ended
March 31, 2004 and 2003

Condensed Statements of Cash Flows (Unaudited) - Six Months Ended
Mach 31, 2004 and 2003

Notes to Condensed Financial Statements (Unaudited) - Three
Months and Six Months Ended March 31, 2004 and 2003

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

Item 3. Controls and Procedures

PART II. OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Small Business Issuer
Purchases of Equity Securities

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

-2-

Aries Ventures Inc.
Condensed Balance Sheets

March 31, 2004	September 30, 2003
-----	-----

(Unaudited)

ASSETS

CURRENT

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Cash and cash equivalents	\$ 2,824,038	\$ 4,345,513
Due from related party	20,368	26,894
Prepaid expenses and other current assets	10,258	43,744
	-----	-----
	2,854,664	4,416,151
	-----	-----
PROPERTY AND EQUIPMENT	27,363	27,244
Less: accumulated depreciation and amortization	(26,389)	(26,136)
	-----	-----
	974	1,108
	-----	-----
OTHER		
Deposits	2,309	2,309
	-----	-----
	\$ 2,857,947	\$ 4,419,568
	=====	=====

(continued)

-3-

Aries Ventures Inc.
Condensed Balance Sheets (continued)

	March 31, 2004	September 30, 2003
	-----	-----
	(Unaudited)	
LIABILITIES		
CURRENT		
Accounts payable	\$ 48,192	\$ 52,702
Accrued liabilities	481	30,288
	-----	-----
	48,673	82,990
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding - None	-	-

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Common stock, \$0.01 par value		
Authorized - 50,000,000 shares		
Issued -		
3,311,981 shares at March 31,		
2004 and September 30, 2003		
Outstanding -		
2,032,226 shares at March 31,		
2004 and 3,311,981 shares at		
September 30, 2003	33,120	33,120
Less: securities held in		
treasury at March 31, 2004 -		
1,279,755 shares of common		
stock and 1,194,755 Class A		
common stock purchase warrants,		
at cost	(1,343,743)	-
Additional paid-in capital	1,800,859	1,800,859
Retained earnings	2,319,038	2,502,599
	-----	-----
	2,809,274	4,336,578
	-----	-----
	\$ 2,857,947	\$ 4,419,568
	=====	=====

See accompanying notes to condensed financial statements.

-4-

Aries Ventures Inc. Condensed Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2004	2003
	----	----
REVENUES	\$ -	\$ -
	-----	-----
COSTS AND EXPENSES		
General and		
administrative	81,410	84,433
Legal fees	-	5,820
Depreciation and		
amortization	127	156
Interest expense	29	27
Interest income	(1,485)	(5,756)
Other expense	272	1,370
	-----	-----
Net loss before		
income taxes	(80,353)	(86,050)
State income taxes	800	-
	-----	-----
NET LOSS	\$ (81,153)	\$ (86,050)

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	=====	=====
LOSS PER COMMON SHARE -		
BASIC AND DILUTED	\$ (0.04)	\$ (0.03)
	=====	=====
WEIGHTED AVERAGE NUMBER OF		
COMMON SHARES OUTSTANDING -		
BASIC AND DILUTED	2,032,226	3,311,981
	=====	=====

See accompanying notes to condensed financial statements.

-5-

Aries Ventures Inc.
Condensed Statements of Operations (Unaudited)

	Six Months Ended March 31,	
	-----	-----
	2004	2003
	----	----
REVENUES	\$ -	\$ -
	-----	-----
COSTS AND EXPENSES		
General and administrative	183,127	210,270
Legal fees	2,000	15,185
Depreciation and amortization	253	254
Interest expense	292	274
Interest income	(3,138)	(11,704)
Other expense	227	8,266
	-----	-----
Net loss before income taxes	(182,761)	(222,545)
State income taxes	800	3,086
	-----	-----
NET LOSS	\$ (183,561)	\$ (225,631)
	=====	=====
LOSS PER COMMON SHARE -		
BASIC AND DILUTED	\$ (0.08)	\$ (0.07)
	=====	=====

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WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	2,367,899 =====	3,311,981 =====
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See accompanying notes to condensed financial statements.

-6-

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

	Six Months Ended March 31,	
	2004	2003
	----	----
OPERATING ACTIVITIES		
Net loss	\$ (183,561)	\$ (225,631)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	253	254
Changes in operating assets and liabilities:		
Decrease in:		
Prepaid expenses and other current assets	33,486	41,606
Decrease in:		
Accounts payable	(4,510)	(22,129)
Accrued liabilities	(29,807)	(29,937)
	-----	-----
Net cash used in operating activities	(184,139)	(235,837)
	-----	-----
INVESTING ACTIVITIES		
Payments from related party	26,894	51,075
Increase in amounts due from related party	(20,368)	(14,170)
Purchases of property and equipment	(119)	(1,400)
	-----	-----
Net cash provided by investing activities	6,407	35,505
	-----	-----

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(continued)

-7-

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

	Six Months Ended March 31,	
	2004	2003
	-----	-----
FINANCING ACTIVITIES		
Securities repurchased	\$ (1,343,743)	\$ -
	-----	-----
Net cash used in financing activities	(1,343,743)	-
	-----	-----
CASH AND CASH EQUIVALENTS:		
Net decrease	(1,521,475)	(200,332)
At beginning of period	4,345,513	4,768,749
	-----	-----
At end of period	\$ 2,824,038	\$ 4,568,417
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 29	\$ 27
	=====	=====
Cash paid for taxes	\$ 800	\$ -
	=====	=====

See accompanying notes to condensed financial statements.

-8-

Aries Ventures Inc.
Notes to Condensed Financial Statements (Unaudited)
Three Months and Six Months Ended March 31, 2004 and 2003

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1. Organization and Basis of Presentation

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

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 March 31, 2004, the results of operations for the three months and six months ended March 31, 2004 and 2003, and cash flows for the six months ended March 31, 2004 and 2003. The balance sheet as of September 30, 2003 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, 2003, 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 six months ended March 31, 2004 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending September 30, 2004.

Business - As of March 31, 2004, the Company had no business operations. The Company is focused on maintaining the corporate entity and seeking a new business opportunity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

Loss Per Share - Basic earnings (loss) per share is calculated by dividing earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share gives effect to all potentially dilutive common shares outstanding during the period. These potentially dilutive securities were not included in the calculation of loss per share for the three months and six months ended March 31, 2004 and 2003 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 is the same for the three months and six months ended March 31, 2004 and 2003.

At March 31, 2004, potentially dilutive securities consisted of outstanding Series A common stock purchase warrants to acquire 2,056,226 shares of common stock and stock options to acquire 353,318 shares of common stock.

-9-

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

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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 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 March 31, 2004 and 2003, the Company would have recorded \$0 and \$5,031 as additional compensation expense, resulting in a net loss of \$81,153 and \$91,081, respectively, and a net loss per common share of \$0.04 and \$0.03, respectively.

For the six months ended March 31, 2004 and 2003, the Company would have recorded \$1,662 and \$5,031 as additional compensation expense, resulting in a net loss of \$185,223 and \$230,662, respectively, and a net loss per common share of \$0.08 and \$0.07, respectively.

-10-

2. Due from Related Entity

During the six months ended March 31, 2004 and 2003, the Company allocated certain common corporate services aggregating \$20,368 and \$14,170, respectively, to Resource Ventures, Inc. ("Resource"), a related entity with certain common officers and directors. As of March 31, 2004 and September 30, 2003, amounts due from Resource aggregated \$20,386 and \$26,894, respectively. During the six months ended March 31, 2004 and 2003, Resource paid the Company \$26,894 and \$51,075, respectively.

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3. Stockholders' Equity

Effective November 17, 2003, the Company repurchased from an institutional shareholder 1,279,755 shares of common stock and 1,194,755 Series A common stock purchase warrants in a private transaction for an aggregate cash purchase price of \$1,343,743. As a result of the exercise price of the Series A common stock purchase warrants being substantially in excess of the fair market value of the Company's common stock, all of the consideration was allocated to the common shares. These securities have been classified as treasury securities and recorded at cost as a reduction to stockholders' equity in the Company's condensed balance sheet at March 31, 2004.

4. Recent Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS No. 149 amends and clarifies under what circumstances a contract with initial investments meets the characteristics of a derivative and when a derivative contains a financing component. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003. The adoption of SFAS No. 149 did not have a significant effect on the Company's financial statement presentation or disclosures.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. SFAS No. 150 is to be implemented by reporting the cumulative effect of a change in accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of SFAS No. 150 did not have a significant effect on the Company's financial statement presentation or disclosures.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities" ("FIN 46"), which clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", relating to consolidation of certain entities. In December 2003, the FASB issued a revised version of FIN 46 ("FIN 46R") that replaced the original FIN 46. FIN 46R requires identification of a company's participation in variable interest entities ("VIEs"), which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit it to operate on a standalone basis. For entities identified as a VIE, FIN 46R sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE (if any) bears a majority of the exposure to its expected losses, or stands to gain from a majority of its expected returns. FIN 46R also sets forth certain disclosures regarding interests in VIEs that are deemed significant, even if consolidation is not required. The Company is not currently participating in, or invested in any VIEs, as defined in FIN 46R. The implementation of the provisions of FIN 46R in 2003 did not have a significant effect on the Company's financial statement presentation or disclosures.

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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 March 31, 2004, 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 March 31, 2004 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 March 31, 2004, the Company had no business operations. The Company is focused on maintaining the corporate entity and seeking a new business opportunity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

Critical Accounting Policies:

The Company prepared the financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

The following critical accounting policies affect the more significant judgments and estimates used in the preparation of the Company's financial statements.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly-liquid investments with an original maturity of three months or less at the date of purchase. The Company minimizes its credit risk by investing its cash and cash equivalents with major banks and financial institutions located primarily in the United States. However, cash balances exceeded federally-insured levels at March 31, 2004 and September 30, 2003. Balances that exceed such limits are separately insured through the commercial insurance carrier of the financial institution. The Company believes that no risk exists with respect to its concentration of balances in cash and cash equivalents.

Income Taxes:

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company

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was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to

-12-

the deferred tax assets would be charged to operations in the period such determination was made.

Results of Operations:

Three Months Ended March 31, 2004 and 2003:

General and Administrative. General and administrative expenses were \$81,410 and \$84,433 for the three months ended March 31, 2004 and 2003, respectively. Significant components of general and administrative expenses include management and directors' compensation, insurance costs, accounting fees and office expenses.

Legal Fees. Legal fees were \$5,820 for the three months ended March 31, 2003. The Company did not have any legal fees for the three months ended March 31, 2004.

Depreciation and Amortization. Depreciation and amortization was \$127 and \$156 for the three months ended March 31, 2004 and 2003, respectively.

Interest Expense. Interest expense was \$29 and \$27 for the three months ended March 31, 2004 and 2003, respectively.

Interest Income. Interest income was \$1,485 and \$5,756 for the three months ended March 31, 204 and 2003, respectively, as a result of reduced interest-bearing cash balances during 2004 as compared to 2003.

Other Expense. Other expense was \$272 and \$1,370 for the three months ended March 31, 2004 and 2003, respectively.

Net Loss Before Income Taxes. Net loss before income taxes was \$80,353 and \$86,050 for the three months ended March 31, 2004 and 2003, respectively.

State Income Taxes. State income taxes were \$800 for the three months ended March 31, 2004. The Company did not have any state income taxes for the three months ended March 31, 2003.

Net Loss. Net loss was \$81,153 and \$86,050 for the three months ended March 31, 2004 and 2003, respectively.

Six Months Ended March 31, 2004 and 2003:

General and Administrative. General and administrative expenses were \$183,127 and \$210,270 for the six months ended March 31, 2004 and 2003, 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 2004 as compared to 2003 was primarily a result of a decrease in accounting and filing fees.

Legal Fees. Legal fees were \$2,000 and \$15,185 for the six months ended March 31, 2004 and 2003, respectively.

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Depreciation and Amortization. Depreciation and amortization was \$253 and \$254 for the six months ended March 31, 2004 and 2003, respectively.

Interest Expense. Interest expense was \$292 and \$274 for the six months ended March 31, 2004 and 2003, respectively.

Interest Income. Interest income was \$3,138 and \$11,704 for the six months ended March 31, 2004 and 2003, respectively, as a result of reduced interest-bearing cash balances during 2004 as compared to 2003.

-13-

Other Expense. Other expense was \$227 and 8,266 for the six months ended March 31, 2004 and 2003, respectively.

Net Loss Before Income Taxes. Net loss before income taxes was \$182,761 and \$222,545 for the six months ended March 31, 2004 and 2003, respectively.

State Income Taxes. State income taxes were \$800 and \$3,086 for the six months ended March 31, 2004 and 2003, respectively.

Net Loss. Net loss was \$183,561 and \$225,631 for the six months ended March 31, 2004 and 2003, respectively.

Financial Condition - March 31, 2004:

Liquidity and Capital Resources:

Overview. The Company had cash and cash equivalents of \$2,824,038 at March 31, 2004, as compared to \$4,345,513 at September 30, 2003, a decrease of \$1,521,475.

The major component of the decrease in cash and cash equivalents during the six months ended March 31, 2004 was the Company's repurchase of its securities from an institutional investor in November 2003 for \$1,343,743.

The Company had working capital of \$2,805,991 at March 31, 2004, as compared to working capital of \$4,333,161 at September 30, 2003.

Operating. The Company's operations utilized cash resources of \$184,139 and \$235,837 during the six months ended March 31, 2004 and 2003, respectively.

As of March 31, 2004, the Company had no business operations. The Company is focused on maintaining the corporate entity and seeking a new business opportunity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

The Company believes that its working capital resources are adequate to fund anticipated costs and expenses for the remainder of the fiscal year ending September 30, 2004.

Investing. During the six months ended March 31, 2004, net cash provided by investing activities was \$6,407, as compared to net cash provided by investing activities of \$35,505 for the six months ended March 31, 2003. The primary reason for the decrease in net cash provided by investing activities in 2004 as compared to 2003 was a decrease in payments from a related entity as described below.

During the six months ended March 31, 2004 and 2003, the Company allocated certain common corporate services aggregating \$20,368 and \$14,170, respectively, to Resource Ventures, Inc. ("Resource"), a related entity with certain common officers and directors. As of March 31, 2004 and September 30, 2003, amounts due

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from Resource aggregated \$20,386 and \$26,894, respectively. During the six months ended March 31, 2004 and 2003, Resource paid the Company \$26,894 and \$51,075, respectively.

Financing. Effective November 17, 2003, the Company repurchased from an institutional shareholder 1,279,755 shares of common stock and 1,194,755 Series A common stock purchase warrants in a private transaction for an aggregate cash purchase price of \$1,343,743.

Commitments and Contingencies:

At March 31, 2004, the Company did not have any material commitments for capital expenditures or have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

-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 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 period covered by this report. 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 within the time periods specified in the Securities and Exchange Commission's rules and forms.

(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

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Effective November 17, 2003, the Company repurchased from an institutional shareholder 1,279,755 shares of common stock and 1,194,755 Series A common stock

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purchase warrants in a private transaction for an aggregate cash purchase price of \$1,343,743 (\$1.05 per common share). As a result of the exercise price of the Series A common stock purchase warrants being substantially in excess of the fair market value of the Company's common stock, all of the consideration was allocated to the common shares.

ITEM 5. OTHER INFORMATION

The Company has adopted a written Code of Ethics that applies to its senior management. A copy of the Company's Code of Ethics, executed by the Company's President and Chief Financial Officer, has been filed as an exhibit to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2004. A copy of the Company's Code of Ethics is available to any shareholder by addressing a request to the attention of the Secretary of the Company and mailing such request to the Company's corporate offices. Any amendment to the Code of Ethics or any waiver of the Code of Ethics will be disclosed promptly following the date of such amendment or waiver pursuant to a Form 8-K filing with the Securities and Exchange Commission.

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 March 31, 2004: 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: May 12, 2004

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

-17-

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INDEX TO EXHIBITS

Exhibit Number -----	Description of Document -----
14	Code of Ethics
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