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RHOMBIC CORP
Form 10QSB
May 15, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-29049

RHOMBIC CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

86-0824125

(State or other jurisdiction of
incorporation or organization)

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

11811 N. Tatum Blvd. # 3031
Phoenix, Arizona 85028

(Address of principal executive offices (zip code))

(602) 953-7702

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the last 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at March 31, 2002
----- Common Stock, par value \$0.001	----- 28,697,042

PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RHOMBIC CORPORATION

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CONSOLIDATED BALANCE SHEET
(A Development Stage Company)
March 31, 2002
(Unaudited)

=====		
ASSETS		
CURRENT ASSETS:		
Cash	\$	6,820

Total Current Assets		6,820

OTHER ASSETS:		
Investments		12,042
Licensing Agreements and Intellectual property		281,258
Patents		734

Total assets	\$	300,854
		=====
LIABILITIES		
CURRENT		
Accounts Payable	\$	29,961
Due to affiliates		58,543

Total current liabilities		88,504
STOCKHOLDERS' EQUITY		
Common stock, \$.001 par value, 70,000,000 shares authorized, 28,697,042 issued and outstanding		28,697
Additional paid-in capital		8,452,629
(Deficit) accumulated during the development stage		(8,261,500)
Net unrealized holding loss on securities held for sale		(7,476)

Total stockholders' equity		212,350

Total liabilities and stockholders' equity	\$	300,854
		=====

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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RHOMBIC CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
March 31, 2002
(Unaudited)

=====

	For the 3 months ended		Cumulative from
	-----		November 21, 1994
March 31, 2002	March 31, 2001		(Inception) to
			March 31, 2002
	-----		-----

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Royalty income	\$ 0	\$ 0	\$ 5,729
Interest income	0	80	6,954
	-----	-----	-----
	0	80	12,683
EXPENSES			
Research and development expense	0	5,781	697,747
Write down on intellectual property	0	0	1,891,788
Legal & accounting	27,235	50,871	763,552
Transfer Agent Expenses	300	164	26,854
Consulting, related party	0	0	367,000
Consulting	0	875	2,876,830
Interest	0	252	2,918
Other general & administrative	14,457	86,392	1,577,204
	-----	-----	-----
Total Expenses	41,992	144,335	8,203,893
	-----	-----	-----
Net (loss) from operations	(41,992)	(144,255)	(8,191,210)
OTHER REVENUES & EXPENSES			
Loss on sale of investments	0	0	(70,290)
	-----	-----	-----
NET (LOSS)	\$ (41,992)	\$ (144,255)	\$ (8,261,500)
	=====	=====	=====
NET LOSS PER SHARE:			
Basic	\$ (0.00)	\$ (0.01)	
	=====	=====	
Diluted	\$ (0.00)	\$ (0.01)	
	=====	=====	
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	28,697,042	25,984,243	
	=====	=====	
Diluted	28,697,042	25,984,243	
	=====	=====	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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RHOMBIC CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
March 31, 2002
(Unaudited)

	Common Stock		Additional	(Deficit)	Net unrea
	Shares	Amount	Paid-In	Accumulated	holding lo
	-----	-----	Capital	During	on avail
			-----	Development	securiti
				Stage	held for
				-----	-----
Balance at December 31, 2000	26,286,100	\$ 26,286	\$ 8,043,540	\$(7,236,754)	\$
Shares issued for services	290,000	290	59,710	0	
Net loss for the quarter ended March 31, 2001				(144,255)	

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Balance at March 31, 2001	26,576,100	\$ 26,576	\$ 8,103,250	\$ (7,381,009)	\$
Balance at December 31, 2001	28,697,042	\$ 28,697	\$ 8,452,629	\$ (8,219,508)	\$ (7,47
Net loss for the quarter Ended March 31, 2002				(41,992)	
Balance at March 31, 2002	28,697,042	\$ 28,697	\$ 8,452,629	\$ (8,261,500)	\$ (7,47

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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RHOMBIC CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOW
March 31, 2002
(Unaudited)

	For the three months ended March 31,		Cummu Novem (Inc Marc
	2002	2001	
OPERATING ACTIVITIES			
Net (loss) income for the period	\$ (41,992)	\$ (144,255)	\$ (8
Adjustments to reconcile net cash used by operations:			
Write down on intellectual property and patents	0	0	1
Loss on sale of marketable securities	0	0	
Rockford shares issued for services	0	0	
Common stock issued for services	0	60,000	1
Fair value of options granted	0	0	2
(Increase) decrease in prepaid expenses	300	(1,000)	
(Increase) decrease in deferred offering costs	0	(10,000)	
Increase (decrease) in accounts payable	(9,301)	(20,743)	
Increase (decrease) in due to affiliates	30,111	0	
Net Cash (Used) by Operating Activities	(2,280)	(115,998)	(2
FINANCING ACTIVITIES			
Proceeds from private placements	0	0	1
Proceeds from convertible debenture	0	100,000	
Proceeds from exercise of stock options	0	0	1
Cash provided from financing activities	0	100,000	2
INVESTING ACTIVITIES			
Cost of patents	0	(14,120)	
Proceeds from sale of marketable securities	0	0	
Investment in marketable securities	0	0	
Cash used in investment activities	0	(14,120)	

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Increase in cash	(2,280)	(30,118)	
Cash at beginning of period	9,100	93,384	
	-----	-----	
Cash at end of period	\$ 6,820	\$ 63,266	\$
	=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Issuance of common stock for licensing agreements and intellectual property	\$ 0	\$ 0	\$ 2
Unrealized loss on securities available held for sale	\$ 0	\$ 0	\$

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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RHOMBIC CORPORATION
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2002

The unaudited financial statements included herein were prepared from the records of the Company in accordance with generally accepted accounting principles. These financial statements reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the interim periods. Such financial statements generally conform to the presentation reflected in the Company's Forms 10-KSB and 10-KSB filed with the Securities and Exchange Commission for the year ended December 31, 2001. The current interim period reported herein should be read in conjunction with the Company's Form 10-KSB subject to independent audit at the end of the year.

The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

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

The following discussion is intended to provide an analysis of the Company's financial condition and Plan of Operation and should be read in conjunction with the Company's financial statements and the notes thereto. The matters discussed in this section that are not historical or current facts deal with potential future circumstances and developments. Such forward-looking statements include, but are not limited to, the development plans for the technologies of the Company, trends in the results of the Company's development, anticipated development plans, operating expenses and the Company's anticipated capital requirements and capital resources. The Company's actual results could differ materially from the results discussed in the forward-looking statements.

The Company has not generated revenue from operations during the first three months of 2002 or since its inception.

At December 31, 2001 the Company had \$ 9,000 in cash and \$ 49,092 in current payables. At March 31, 2002 the Company had approximately \$ 6,800 in cash and approximately \$ 88,500 in current payables. Although the company could probably settle debt to affiliates in the amount of \$ 58,543 for restricted common stock, it would have approximately 30,000 in debt remaining.

The competition in the technology proliferation and transfer market is highly intense and is based on product and technology recognition and

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acceptance, novelty and marketability of an invention, price, and sales expertise. The Company has placed its primary emphasis on product development, dependability and commercial viability of its acquired technologies. Management is currently determining the expenses involved to develop its Excimer Lamp intellectual property into commercial applications. To date, the Company has not generated any revenues from any of its acquired intellectual property except minimal royalties from Daimler Benz from the IEC Technology. Rhombic is currently a development stage company and is operating at a loss. None of the technologies have been developed to commercialization. The Company is not able to determine an approximate date for commercialization of any of its intellectual property at this time. No assurances can be given that any of the Company's intellectual property will ever be developed to a point of usefulness or, if developed, that any will be commercially feasible.

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Development of its intellectual property may be possible through joint ventures where Rhombic contributes its intellectual property for an ownership percentage in a joint venture and all costs are paid by the other joint venture partners.

On March 19, 2002, Rhombic canceled the letter intent for the proposed merger with FAMCO because it had not received sufficient financial information from the six corporations in order to negotiate an agreement. During the calendar year 2002, Rhombic plans to actively seek the acquisition of a revenue generating operation. Ideally, the acquisition will have operations that bear some relationship to one or more of the intellectual properties currently held by Rhombic; however, the acquisition may or may not bear a relationship to the intellectual property currently owned. The objective of management is to optimize the value of the company through acquisitions or development projects.

In the event Rhombic had an opportunity to raise cash, it would pay for a marketing study and development plan for the Excimer Lamp. An 18-month budget of approximately \$ 350,000 to develop a prototype with patent protection.

The Company currently has options outstanding from which it could obtain cash; however, it is not probable that Rhombic will obtain cash from the options while the stock price trades below the outstanding option strike prices. In the event all of the outstanding options were exercised, the Company would receive \$1,725,000 before December 31, 2002. The Company has a total of 2,000,000 options outstanding at an average exercise price of \$.86 per share. The exercise prices range from \$.50 to \$4.50.

The Company does not have any employees and uses consultants for matters pertaining to coordinating technology development and administration. The Company may hire employees during the next twelve months depending upon its success in developing prototype applications for sale and financing more development. This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Exchange Act of 1934. Although the Company believes that the expectations reflected in the forward-looking statements and the assumptions upon which the forward-looking statements are based are reasonable, it can give no assurance that such expectations and assumptions will prove to be correct.

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PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings against the Company and the Company is unaware of any proceedings contemplated against it.

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ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

NONE

(b) Reports on Form 8-K

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 thereunto duly authorized.

RHOMBIC CORPORATION

Dated: May 15, 2002

By: /s/ Albert Golusin

Acting Chief Executive Officer,
Principal Executive Officer,
Chief Financial Officer,
Principal Financial Officer