ENTHEOS TECHNOLOGIES INC
Form 10QSB/A
February 20, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB/Amendment No.1

(Mark One)

__X__ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended March 31, 2002

_____ 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: 000-30156

ENTHEOS TECHNOLOGIES, INC.

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

NEVADA

98-0170247

(State or other jurisdiction of

(IRS Employer Identification No.)

incorporation or organization)

Suite 216 1628 West 1st Avenue, B.C.

V6J 1G1

(Address of principal executive offices)

(Postal Code)

Registrant's telephone number, including area code:

(604) 659-5005

Check whether the issuer: (1) has filed all reports required by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 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 [X] No

State the number of shares outstanding of each of the Issuer s classes of common equity as of the latest practicable date: as of April 30, 2002, there were 1,970,887 shares of the Issuer s Common Stock, $0.00001 par value per share outstanding.

Transitional Small Business Disclosure Format (Check One): Yes [ ] No [x]

ENTHEOS TECHNOLOGIES, INC.

FORM 10-QSB/A #1, QUARTER ENDED MARCH 31, 2002

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PART I   FINANCIAL INFORMATION

Item 1.   Financial Statements

ITEM 1. Financial Statements

ENTHEOS TECHNOLOGIES, INC.

INTERIM CONSOLIDATED BALANCE SHEET

MARCH 31, 2002

(Unaudited)

ASSETS	
Current Assets	
Cash	$ 881,570
Accounts receivable Related Party (Note 5)	160,330
Total Current Assets	1,041,900
Property and equipment, net (Note 2)	162,085
Security deposit	8,423
Officer loans Related Party (Note 5)	43,267
Total Assets	$ 1,255,675
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts payable	$ 10,517
Accounts payable Related Party (Note 5)	211,333

Total Liabilities	221,850
Stockholders' Equity	
Preferred Stock: $0.0001 Par Value; Authorized Shares, 10,000,000 shares; Issued and Outstanding, None	None
Common Stock: $0.00001 Par Value; Authorized Shares, 200,000,000; Issued and Outstanding, 1,970,887	20
Additional paid in capital	3,556,396
Accumulated deficit	(2,522,591)
Total Stockholders' Equity	1,033,825
Total Liabilities and Stockholders Equity	$ 1,255,675

See condensed notes to financial statements.

ENTHEOS TECHNOLOGIES, INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(Unaudited)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Revenues related party (Note 5)	$ 160,330	$ 102,796
Revenues	5,000	-
Total Revenues	165,330	102,796
Cost of revenues Officer Wages	15,940	10,627
Cost of revenues	28,501	41,040
Total Cost of Revenues	44,441	51,667
Gross profit	120,889	51,129
General and administrative expenses		

Management and consulting fees related party (Note 5)		36,000		36,000
Officer wages		15,940		21,253
Salaries and wages		13,782		55,695
Depreciation		33,034		16,924
Other operating expenses		7,965		37,864
Total general and administrative expenses		106,721		167,736
Operating income (loss)		14,168		(116,607)
Interest Income		6,200		13,455
Net income (loss) available to common stockholders	$	20,368	$	(103,152)
Basic and diluted income (loss) per common share	$	0.01	$	(0.05)
Weighted average common shares outstanding		1,970,887		1,970,887

See condensed notes to financial statements.

ENTHEOS TECHNOLOGIES, INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(Unaudited)

		Three Months Ended March 31, 2002		Three Months Ended March 31, 2001
Cash flows from operating activities				
Net income (loss)	$	20,368	$	(103,152)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities				
Depreciation		33,034		16,924
Changes in assets and liabilities				
(Increase) decrease in accounts receivable		(8,321)		115,756
(Increase) decrease in prepaid rent		2,721		0
(Increase) Decrease in accrued interest receivable		(2,500)		0

Increase (Decrease) in accounts payable		31,056		35,728
Total adjustments		55,990		168,408
Net cash provided by operating activities		76,358		65,256
Cash flows from investing activities				
Purchase of property and equipment		(21,391)		0
Net cash flows used in investing activities		(21,391)		0
Cash flows from financing activities		0		0
Increase in cash and cash equivalents		54,967		65,256
Cash and cash equivalents, beginning of period		826,603		938,147
Cash and cash equivalents, end of period	$	881,570	$	1,003,403

See condensed notes to financial statements.

ENTHEOS TECHNOLOGIES, INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

NOTE 1 PRESENTATION OF INTERIM INFORMATION

The accompanying unaudited interim financial statements have been prepared in accordance with Form 10-QSB instructions and in the opinion of management of Entheos Technologies, Inc. and subsidiaries (the Company), include all normal adjustments considered necessary to present fairly the financial position as of March 31, 2002 and the results of operations for the three months ended March 31, 2002 and 2001. These results have been determined on the basis of generally accepted accounting principles and practices and applied consistently with those used in the preparation of the Company s 2001 Annual Report on Form 10-KSB.

Certain information and footnote disclosures normally included in the financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that the accompanying unaudited interim financial statements be read in conjunction with the financial statements and notes thereto incorporated by reference in the Company s 2001 Annual Report on Form 10-KSB.

Certain accounts have been reclassified to conform to the current period s presentation. These changes have no effect on previously reported results of operations or total stockholders equity.

NOTE 2 INTERIM INFORMATION

The Company s quarterly financial report for the quarter ended March 31, 2001, included only two months of sales, whereas the quarter ended June 30, 2001 included four months of sales. The statement of operations for the quarter ended March 31, 2001, has been restated by $37,955 in income to reflect three months of sales. Accordingly, the periods above should have reported the following net losses and related loss per share amounts, which have been adjusted for the reverse stock split, respectively, as follows: March 31-$103,152 and $0.05; June 30-$69,587 and $0.04.

NOTE 3 PROPERTY AND EQUIPMENT

Property and Equipment consists of the following at March 31, 2002:

Computer equipment	$ 434,475
Computer software	70,890
Furniture and fixtures	12,339
Total	517,704
Less accumulated depreciation	355,619
Net book value	$ 162,085

Depreciation expense charged to operations during 2002 was $33,034.

NOTE 4 EARNINGS PER SHARE

Basic earnings or loss per share is based on the weighted average number of shares outstanding during the period of the financial statements. Diluted earnings or loss per share are based on the weighted average number of common shares outstanding and dilutive common stock equivalents. All per share

and per share information are adjusted retroactively to reflect stock splits and changes in par value, when applicable. All earnings or loss per share amounts in the financial statements are basic earnings or loss per share. The computation of basic loss per share is as follows at March 31:

	2002	2001
Numerator-net income (loss) available to common stockholders	$ 20,368	$(103,152)
Denominator-weighted average number of common shares outstanding	1,970,887	1,970,887
Basic and diluted loss per common share	$ 0.01	$ (0.05)

NOTE 5 RELATED PARTY TRANSACTIONS

Officer loans Officer loans at March 31, 2002, represent a loan in the amount of $40,000 dated September 10, 2001, to the president of the Company, plus $3,267 accrued interest. The terms of the loan include interest at 6.25 percent per annum, with both the principal and interest due at maturity, which is September 10, 2003.

Revenues and accounts receivable Approximately 97% (2001: 100%) of our revenues were from an entity whose director and majority shareholder is Harmel S. Rayat our majority shareholder and director. All of the accounts receivable at March 31, 2002, are related party receivables.

Management and consulting fees During the three-month period ended March 31, 2002 and 2001, the Company charged $36,000 to operations for management and consulting fees incurred for services rendered by the chairman and majority stockholder. Included in accounts payable at March 31, 2002 is a payable of $211,333 representing accrued, but unpaid fees through March 31, 2002.

ITEM 2. Management s discussion and analysis of financial condition and results of operations

When used in this discussion, the words "believes, "anticipates, "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Actual results, performance or achievements could differ materially from those anticipated in such forward looking statements as a result of numerous factors, including but not limited to the Company s ability to continually expand its client base, future acceptance of its services and other factors described in the company s filings with the Securities and Exchange Commission. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures made by the Company which attempt to advise interested parties of the factors which affect the Company's business, in this report, as well as the Company's periodic reports on Forms 10-KSB, 10QSB and 8-K filed with the Securities and Exchange Commission.

Overview

Entheos Technologies Inc. ("Entheos" or the "Company"), through its wholly-owned subsidiary, Email Solutions, Inc., operates as an Application Service Provider developing reliable, scalable, real time, high volume outsourced email services.

RESULTS OF OPERATIONS

Revenues. The Company generated $165,330 and $102,796 in revenues for the three months ended March 31, 2002 and 2001. This $62,534, or 61%, increase in revenues is a result of the Company distributing a larger volume of emails during the quarter. To date, the Company has not relied on revenues for funding.

Cost of revenues. The Company incurred $44,441 and $51,667 in cost of revenues for the three months ended March 31, 2002 and 2001, respectively. These cost of revenues were 27% and 50% of revenues for the three-month period ended March 31, 2002 and 2001, respectively. This decrease is a result of significantly lower personnel costs due to the loss of approximately five employees during 2001 whom contributed to the ongoing costs of developing and maintaining the Company s operations.

General and administrative expenses. During the three months ended March 31, 2002, and 2001, the Company incurred $106,721 and $167,736, respectively, in general and administrative expenses, a decrease of 36%. These decreases represent lower salary expenses due to the loss of approximately five employees during 2001.

Interest income. Interest income was $6,200 and $13,455 for the three-month period ended March 31, 2002 and 2001, respectively. The decrease in interest income is a direct result of changes in interest rates. Interest earned in the future will be dependent on Company funding cycles and prevailing interest rates.

Provision for income taxes. As of March 31, 2002, the Company's accumulated deficit was $2,522,591 and as a result, there has been no provision for income taxes to date.

Net income (loss). For the three months ended March 31, 2002 and 2001, the Company recorded a net income of $20,368 and a net loss of $103,152, respectively. This decrease is a result of the Company s ongoing efforts to reduce operating expenses and improve revenues.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2002, the Company had a cash balance of $881,570, compared to $826,603 as at December 31, 2001. The Company has financed its operations primarily through cash on hand during the three-month period ending March 30, 2002.

Net cash provided by operating activities was $76,358 for the three-month period ending March 31, 2002, compared to net cash provided of $65,256 for the same period in 2001. This change was primarily due to a decrease in net losses, offset by an increase in accounts receivable.

Net cash flows used in investing activities was $21,391 for the three-month period ending March 31, 2002 for the purchase of additional equipment required by the Company s operations.

The Company's future funding requirements will depend on numerous factors. These factors include the Company's ability to operate its business profitably in the future, recruit and train qualified management, technical and sales personnel, and the Company's ability to compete against other, better capitalized corporations.

The Company has adequate cash to satisfy its cash requirements over the next twelve months. The Company may raise additional funds through private or public equity investment in order to expand the

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range and scope of its business operations. There is no assurance that such additional funds will be available for the Company to finance its operations on acceptable terms, if at all.

RELATED PARTY TRANSACTIONS

Officer loans Officer loans at March 31, 2002, represent a loan in the amount of $40,000 dated September 10, 2001, to the president of the Company, plus $3,267 accrued interest. The terms of the loan include interest at 6.25 percent per annum, with both the principal and interest due at maturity, which is September 10, 2003.

Revenues and accounts receivable Approximately 97% (2001: 100%) of our revenues were from an entity whose director and majority shareholder is Harmel S. Rayat our majority shareholder and director. All of the accounts receivable at March 31, 2002, are related party receivables.

Management and consulting fees During the three-month period ended March 31, 2002 and 2001, the Company charged $36,000 to operations for management and consulting fees incurred for services rendered by the chairman and majority stockholder. Included in accounts payable at March 31, 2002 is a payable of $211,333 representing accrued, but unpaid fees through March 31, 2002.

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PART II Other Information

Item 1. Legal Proceedings

None

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

(a) Exhibits

None

(b) Reports on Form 8-K

On February 28, 2002, the Company filed an 8-K with the Securities and Exchange Commission under Item 5 to report that, on December 19, 2001, the Board of Directors of the Company passed a resolution canceling stock options for Kesar S. Dhaliwal, Harmel S. Rayat, and Herdev S. Rayat. Kesar S. Dhaliwal had a 1998 stock option plan for 192,000 shares. Harmel S. Rayat had a 1997 stock option plan for 24,000 shares. Herdev S. Rayat had a 1997 stock option plan for 17,600 shares.

Signature Page

Pursuant to the requirements of section 13 or 15(d) 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.

ENTHEOS TECHNOLOGIES, INC

/s/ Stanley D. Wong

Stanley D. Wong

CEO And President

/s/ Harmel S. Rayat

Harmel S. Rayat

Director

/s/ Terry DuMoulin

Terry DuMoulin

Director, Secretary & Treasurer

Dated: February 19, 2003

CERTIFICATIONS

I, Stanley D. Wong, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Entheos Technologies, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 19, 2003

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Stanley D. Wong,

President and CEO

I, Terry DuMoulin, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Entheos Technologies, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 19, 2003

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Terry DuMoulin

Principal Financial Officer