

Edgar Filing: ICONET INC - Form 10QSB

ICONET INC
Form 10QSB
May 17, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB
QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarter year ended March 31, 2002

Commission File Number: 000-28481

ICONET, INC.

FORMERLY KNOWN AS

DIGITAL VIDEO DISPLAY TECHNOLOGY CORP.

(Exact name of registrant as specified in its charter)

Nevada

86-0891931

(State of organization)

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

8 Gaucho Drive
Rolling Hills Estates, CA 90274

(Address of principal executive offices)

(416) 682-9255

Registrants telephone number, including area code

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes [x]

Securities registered under Section 12(g) of the Exchange Act:

There are 31,257,115 shares of common stock outstanding as of September 30, 2001. The shares are traded on the OTC Bulletin Board, under the symbol "DVDT".

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PART I	FINANCIAL INFORMATION
	ITEM 1. FINANCIAL STATEMENTS

ICONET CORPORATION
(A DEVELOPMENT STAGE COMPANY)
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2002, AND 2001

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Weighted average common shares -basic	20,814,428	31,257,
Loss per common share - diluted	\$ (0.14)	\$ (0
Weighted average common shares- diluted	21,719,791	32,162,

See Notes to the Interim Financial Statements

ICONET, INC.
(A Company in the Development Stage)
STATEMENTS OF CASH FLOWS
(Unaudited)

	Cumulative From Inception (August 1997) through March 31, 2002	Three Months Ended March 31, 2002
Cash Flows from Operating Activities		
Net loss	\$ (3,139,551)	\$ (124,329)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation expense	22,062	-
Deferred compensation expense	40,000	20,000
Gain on cancellation of amortization	(16,500)	-
Loss on disposal of assets	59,641	-
Decrease in deposits	14,925	-
Increase in deferred tax asset	(1,067,447)	(42,272)
Increase (decrease) in accounts payable	427,654	-
Increase in related party payable	525,164	3,000
Increase in wages payable	68,327	-
Increase in interest payable	144,877	1,233
Increase in deferred tax valuation allowance	1,067,447	42,272
Increase (decrease) in accrued expenses	50,568	(22,902)
Expenses paid by issuance of common stock	736,628	81,250
Net cash used in operating activities	(1,066,205)	(41,748)
Cash Flows from Investing Activities		
Deposit paid	(14,925)	-
Purchase of fixed assets	(65,203)	-

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Net cash used in investing activities	(80,128)	-
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Cash Flows from Financing Activities		
Proceeds received from issuance of stock	204,635	-
Proceeds received from officer advances	3,600	3,600
Proceeds received from shareholder advances	5,474	-
Proceeds from bank overdraft	30,519	-
Payment of shareholder advances	(5,474)	-
Proceeds received from related party line of credit	908,199	37,700
<hr/>		
Net cash provided by financing activities	1,146,953	41,300
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Net increase in cash	620	(448)
Cash and cash equivalents at December 31, 2001, and 2000	-	1,068
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Cash and cash equivalents at March 31, 2002, and 2001	\$ 620	\$ 620
	=====	=====

SUPPLEMENTARY INFORMATION

During the three months ended March 31, 2002, and 2001, no amounts were actually paid for either

See Notes to the Interim Financial Statements

ICONET, INC.

(A Company in the Development Stage)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31, 2002

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Iconet, Inc. (the "Company") have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America, pursuant to the Securities and Exchange Commission rules and regulations. In management's opinion all adjustments necessary for a fair presentation of the results for the interim periods have been reflected in the interim financial statements. The results of operations for any interim period are not necessarily indicative of the results for a full year. All adjustments to the financial statements are of a normal recurring nature.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Such disclosures

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are those that would substantially duplicate information contained in the most recent audited financial statements of the Company, such as significant accounting policies and stock options. Management presumes that users of the interim statements have read or have access to the audited financial statements and notes thereto included in the Company's most recent annual report on Form 10-KSB.

2. GOING CONCERN

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company is currently in the development stage, and existing cash, other material assets, and available credit are insufficient to fund the Company's cash flow needs for the next year. In October 2001 a related party extended the Company a line of credit for \$100,000 (see Note 3). Management is attempting to raise additional capital.

3. RELATED PARTY LINE OF CREDIT

In October 2001 the Company obtained an unsecured line of credit from a shareholder for \$100,000 at 12% per annum. The line of credit is due on demand. At March 31, 2002, the outstanding balance on this line of credit was \$ 60,274.

8. COMMITMENTS AND CONTINGENCIES

There are various claims and lawsuits pending against the Company arising in the normal course of the Company's business. Although the amount of liability at March 31, 2002, cannot be ascertained, management is of the opinion that any resulting liability will not materially affect the Company's financial position.

Merrill Lynch Canada Inc., has filed suit against the Company regarding a dispute related to the sale of its restricted common stock by an unrelated third party to Merrill Lynch. The case is still in its early stages and the Company is trying to reach a settlement with Merrill Lynch. At this time the Company does not know if it will sustain a loss, or the amount of the loss.

The Company is a defendant in an action by a bank regarding an overdraft. The bank is seeking to recover \$30, 519, which has been accrued by the Company.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS

ICONET, INC
MARCH 31, 2002

Since the year end, December 31, 2001, Mr. Randy Miller has been serving as President, Treasurer and Secretary of the Corporation. The Company has been going through a re-organization and has been working on reducing the debt and the payables of the Corporation. We are in the midst of reviewing our business plan and also assessing the viability of this business plan. We plan to move forward and try to settle all the outstanding issues from previous activities

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and addressing management issues that have been arising as we move through our corporate files. We intend to work on financing the company and moving forward with our business plan. We are also still processing a registration statement on Form SB-2.

PART II OTHER INFORMATION

ITEM 7. SIGNATURES

SIGNATURES

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

ICONET, INC.

Date: May 17, 2002

/s/ RANDY MILLER

Randy Miller