

CYIOS CORP  
Form 10QSB/A  
April 13, 2006

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

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FORM 10-QSB/A

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

For the quarterly period ended March 31, 2005

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

For the transition period from to

Commission File No. 000-27243

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WORLDTEQ GROUP INTERNATIONAL, INC.  
(Exact name of Registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation  
or organization)

03-7392107  
(I.R.S. Employer Identification Number)

30 West Gude Drive, Rockville, Maryland  
(Address of principal executive offices)

20850  
(Zip/Postal Code)

(301) 728-8774  
(Telephone Number)

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 (or for such 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

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date. There were 40,706,190 common stock shares, par value \$0.001, as of June 3, 2005.



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## Note Regarding FORWARD-LOOKING STATEMENTS

In addition to historical information, this Report contains forward-looking statements. Such forward-looking statements are generally accompanied by words such as "intends," "projects," "strategies," "believes," "anticipates," "plans," and similar terms that convey the uncertainty of future events or outcomes. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in ITEM 2 of this Report, the section entitled MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION." Readers are cautioned not to place undue reliance on these OPERATION." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof and are in all cases subject to the Company's ability to cure its current liquidity problems. There is no assurance that the Company will be able to generate sufficient revenues from its current business activities to meet day-to-day operation liabilities or to pursue the business objectives discussed herein.

The forward-looking statements contained in this Report also may be impacted by future economic conditions. Any adverse effect on general economic conditions and consumer confidence may adversely affect the business of the Company.

WorldTeq Group International, Inc. undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described in the "Risk Factors" section of the Company's Registration Statement filed with the Securities and Exchange Commission (the "SEC") on June 3, 2005 on Form 10KSB. In

addition, readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

## Part I Financial Information

### Item 1. Financial Statement

In the opinion of management, the accompanying unaudited financial statements included in this Form 10-QSB/A reflect all adjustments necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the financial statements.

## ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

March 31, 2005

(unaudited)

## ASSETS

## Current Assets:

|                      |    |        |
|----------------------|----|--------|
| Restricted Cash      | \$ | 45,518 |
| Accounts Receivable  |    | 14,093 |
| Other Current Assets |    |        |

|                      |  |        |
|----------------------|--|--------|
| Total current assets |  | 59,611 |
|----------------------|--|--------|

|                |  |       |
|----------------|--|-------|
| Equipment, net |  | 7,071 |
|----------------|--|-------|

|               |  |        |
|---------------|--|--------|
| Customer base |  | 35,417 |
|---------------|--|--------|

|              |    |         |
|--------------|----|---------|
| Total assets | \$ | 102,099 |
|--------------|----|---------|

## LIABILITIES AND STOCKHOLDERS' DEFECIT

## Current Liabilities

|   |    |         |
|---|----|---------|
| Convertible note payable to stockholder | \$ | 192,146 |
| Convertible note payable                |    | 3,000   |
| Accounts Payable                        |    | 253,248 |
| Accrued expenses                        |    | 60,242  |

|                           |  |         |
|---------------------------|--|---------|
| Total current liabilities |  | 508,636 |
|---------------------------|--|---------|

## Commitments and contingencies

## Stockholders' Deficit

|   |  |     |
|---|--|-----|
| Convertible preferred stock, \$.001 par value, 5,000,000 shares authorized, 911,553 shares issued and outstanding |  | 911 |
|---|--|-----|

|  |  |       |
|--|--|-------|
| Common stock, \$.001 par value, 100,000,000 shares authorized, 1,290,206 shares issued and outstanding |  | 1,290 |
|--|--|-------|

|                 |  |            |
|-----------------|--|------------|
| Paid in capital |  | 22,635,788 |
|-----------------|--|------------|

|                  |  |              |
|------------------|--|--------------|
| Retained deficit |  | (23,044,526) |
|------------------|--|--------------|

|                             |  |           |
|-----------------------------|--|-----------|
| Total stockholders' deficit |  | (406,537) |
|-----------------------------|--|-----------|

|   |    |         |
|---|----|---------|
| Total liabilities and stockholders' deficit | \$ | 102,099 |
|---|----|---------|



WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

March 31, 2005  
(unaudited)

Three Months Ended March 31

|  | 2005        | 2004         |
|--|-------------|--------------|
| Sales  | \$ 52,375   | \$ 117,540   |
| Cost of Sales                                | 11,332      | 82,691       |
| Selling, general and administrative expenses | 77,170      | 290,274      |
| Depreciation                                 | 115         | 12,698       |
| Amortization                                 | 3,125       | 11,458       |
| Bad Debts                                    | -           | -            |
|  |             |              |
| Income (loss) from operations                | (39,367)    | (279,581)    |
| Interest Expense                             | 0           | 2,888        |
|  |             |              |
| Net income (loss)                            | \$ (39,367) | \$ (282,469) |
| Basic and diluted income (loss) per share:   | \$ <(0.01)  | \$ <(0.01)   |
| Weighted Average Shares Outstanding          | 40,706,190  | 31,139,524   |

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS CASH FLOWS

March 31, 2005  
(unaudited)

Three Months Ended March 31, 2005

| Cash Flows Used in Operating Activities  | 2005        | 2004         |
|--|-------------|--------------|
| Net Income (Loss)  | \$ (39,367) | \$ (282,469) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |             |              |
| Depreciation and amortization  | 3,240       | 6,549        |
| Stock option expense   | -           | 220,000      |
| Change in:   |             |              |
| Accounts Receivable  | -           | (19,283)     |
| Other Current Assets   | (5,740)     | -            |
| Accounts Payable   | (27,687)    | 6,922        |
| Trade Accounts Receivable  | 554         | 20,925       |
| Net Cash Used In Operating Activities  | (69,000)    | (47,356)     |
| Cash Flows Used In Investing Activities  |             |              |
| Purchases of customer base   | -           | (50,000)     |
| Cash Flows Provided By Financing Activities  |             |              |
| Proceeds from shareholder note payable   | -           | -            |
| Exercise of stock options  | -           | 100,000      |
| Payments on note payable   | -           | (2,644)      |
| Net cash from financing activities   | -           | 97,356       |
| Net Change in Cash   | -           | -            |
| Cash - beginning of year   | -           | -            |
| Cash - End of Quarter  | -           | -            |



WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005  
(Unaudited)

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NOTE 1 - BASIS OF PRESENTATION

The interim financial statements and summarized notes included herein were prepared in accordance with accounting principals generally accepted in the United States of America for interim financial information, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in complete financial statements prepared in accordance with accounting principals generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, it is suggested that these financial statements be read in conjunction with the Consolidated Financial Statements and the Notes thereto, included in Worldteq's Report 10KSB filed June 3, 2005. These interim financial statements and notes hereto reflect all adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim periods presented. Such financial results should not be construed as necessarily indicative of future results.

NOTE 2 - COMMON STOCK

During the three months ended March 31, 2005, no shares, warrants, nor warrants were issued or exercised.

ITEM 2. Management's Discussion and Analysis

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the financial statements, related notes, and other detailed information included elsewhere in this Form 10QSB/A. Certain information contained below and elsewhere in this Form 10QSB/A, including information regarding our plans and strategy for our business, are forward-looking statements. See "Note Regarding Forward-Looking Statements."

*Overview*

Currently, we are a switch-less and facilities-based provider of Internet protocol and traditional fiber-based communications services, including voice and data, along with toll free and related services. We market our services to groups specializing in specific ethnic demographics, residential communities located in major metropolitan areas, associations, network marketing organizations, and multi-level-marketing organizations (MLM's). Our goal is to become a leading provider of communication services, including voice, data and Internet services to our targeted markets, comprised of affinity communities. We provide our services through a flexible network of owned, contracted facilities and resale arrangements. We have an extensive network available to us of IP gateways, international gateways, and domestic switches.

Through our subsidiary WorldTeq Corporation we provide agents, associations, and businesses with opportunities to generate revenues by supplying those associations, individuals, and businesses with Internet technology and communications solutions and services. Our products and services enable the agents and affinity groups to offer their members, customers and others a variety of revenue producing solutions and services without making large investments in technology, infrastructure or staff. The principal products and services which we offer are:



- - Long Distance Service
- - Toll Free Products
- - Financial Services / Corporate Payroll Solutions
- - Billing Services
- - Online Spanish language portal

#### *Recent Developments*

The company recently announced in the form of an 8-K filed with the SEC that it has signed a plan of exchange to acquire Harbin Yinhai Technology Development Company Ltd.

On January 21, 2005, the Registrant executed a Plan of Exchange (the "Agreement"), between and among the Registrant, Harbin Yinhai Technology Development Company Ltd., a corporation organized and existing under the laws of the Peoples' Republic of China ("Yinhai"), and Progressive Media Group, Inc., XCL Partners, Inc., Aero Financial, Inc. and Triple S Parts, Inc. (collectively, the "Consultants").

Pursuant to and at the closing of the Agreement, the shareholders of Yinhai (the "Yinhai Shareholders") will exchange all of their shares of registered capital of Yinhai for 12,211,857 shares of common stock of the Registrant, or approximately 90% of the Registrant's then outstanding shares of common stock. Upon completion of the exchange, the registered capital of Yinhai will be transferred to the Registrant, and Yinhai will become a wholly-owned subsidiary of the Registrant. An executed copy of the Initial Letter of Agreement is attached hereto as Exhibit 1.1.

Yinhai is a commercial printing company located in Harbin, Peoples' Republic of China, that, among other things, prints forms for use by banks in the Harbin area, and it has approximately 200 employees. It had unaudited revenue of approximately US\$8.6 million in fiscal 2003, and net income of approximately US\$1.57 million.

The company has filed a 14C and has obtained written consent from the majority of the stockholders as of April 7, 2005, approving (i) a reverse split of the Company's common stock at a ratio of 1:30 (the "Reverse Split"), and (ii) an amendment to the Company's Articles of Incorporation changing the name of the Company to "China Printing Inc." (the "Name Change"). The Board of Directors of the Company unanimously approved the Name Change on March 31, 2005 and the Reverse Split on April 1, 2005. Under Section 78.320 of the corporate law of the State of Nevada, action by stockholders may be taken without a meeting, without prior notice, by written consent of the holders of outstanding stock having at least a majority of the voting power that would be necessary to authorize the action at a meeting. No other vote or stockholder action is required. You are hereby being provided with notice of the approval of the Reverse Split and Name Change by less than unanimous written consent of the stockholders of the Company.

As a legal matter, the exchange transaction will become effective when Articles of Exchange are filed with the Secretary of State of the State of Nevada pursuant to the Nevada Revised Statutes Section 92A-200. The name change has taken effect and the company is now registered as China Printing Inc. and trades under the symbol CHPI on the OTC BB. A preliminary 14C was filed on May 16, 2005.

#### Results of Operations

Total sales for the first quarter 2005 was \$52,375 as compared to \$117,540 for the quarter ended March 31, 2005, a 55% decrease. This was largely due to the continuing decrease in long distance business based on competition. Additionally, the company chose to focus on new markets, such as with MundoTeq.com. If MundoTeq.com had fully launched it still would have taken a solid year of ramping to recover most of the sales losses we witnessed in the past 5 years. Just as in 2003, the sale of Networld had a significant impact on the reduction of total sales. Additionally, the 2<sup>nd</sup> half of the year saw most of the company's assets focused on finding M&A candidates. As a result of these circumstances, our telecommunications revenue accounted for almost 100% of our total revenue for the quarter ending

March 31<sup>st</sup>, 2005.

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Our net loss for the quarter ending March 31, 2005 was \$39,367 or \$.01 per share, as compared to \$282,469 for the same period in 2004, a decrease of 85% over the period ending March 31, 2004. Our decrease in net loss was primarily associated with the expensing of options issued to consultants totaling \$220,000 in 2004.

Selling, general and administrative expenses for the first quarter of fiscal 2005 were \$77,170 (excluding the non-cash stock compensation expense) as compared to \$290,274 for the same quarter in fiscal 2004.

The decrease in general and administrative costs was primarily attributable to a reduction of workforce and outsourcing of many of the sales functions. Additionally, because of our reorganization efforts in WorldTeq Corporation and the automation of our back office we were able to greatly decrease our monthly expenses.

Our bad debt expense for first quarter 2004 totaled \$0.

#### Liquidity and Capital Resources

Net cash used in operating activities for the period ended March 31, 2005 and 2004 was \$69,000 and \$47,356 respectively. Net cash used in operating activities for the period ended March 31, 2004 was primarily the result of a net loss and a decrease in accounts payable offset by recognition of deferred offering costs. Net cash used in operating activities for the period ended March 31, 2005 was primarily the result of a net loss offset by an increase in accounts payable.

#### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with any party.

#### Critical Accounting Estimates

There have been no material changes in our critical accounting policies or critical accounting estimates nor have we adopted an accounting policy that has or will have a material impact on our consolidated financial statements. For further discussion of our accounting policies see Footnote 1 "Summary of Significant Accounting Policies" in this Quarterly Report on Form 10-QSB/A and the Notes to Consolidated Financial Statements in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004.

#### ITEM 3. Controls and Procedures

*"Quarterly Evaluation of Controls.* As of the end of the period covered by this quarterly report on Form 10-QSB, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures ("Disclosure Controls"). This evaluation ("Evaluation") was performed by our Chairman, President, Chief Executive Officer, and Chief Financial Officer, Timothy Carnahan, (our "CEO" and "CFO"). In this section, we present the conclusions of our CEO and CFO based on and as of the date of the Evaluation with respect to the effectiveness of our Disclosure Controls.

*CEO and CFO Certifications.* Attached to this annual report, as Exhibits 31.1 through 31.2, are certain certifications of the CEO and CFO, which are required in accordance with the Exchange Act and the Commission's rules implementing such section (the "Rule 13a-14(a)/15d-14(a) Certifications"). This section of the annual report contains the information concerning the Evaluation referred to in the Rule 13a-14(a)/15d-14(a) Certifications. This information should be read in conjunction with the Rule 13a-14(a)/15d-14(a) Certifications for a more complete understanding of the topic presented.

*Disclosure Controls.* Disclosure Controls are procedures designed with the objective of ensuring that information required to be disclosed in our reports filed with the Commission under the Exchange Act, such as this annual report, is recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms. Disclosure Controls are also designed with the objective of ensuring that material information relating to us is made known to the CEO and the CFO by others, particularly during the period in which the applicable report is being prepared.

*Limitations on the Effectiveness of Controls.* Our management does not expect that our Disclosure Controls will prevent all error and all fraud. A control system, no matter how well developed and operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. Further, the design of the control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their design and monitoring costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of a system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

*Scope of the Evaluation.* The CEO and CFO's evaluation of our Disclosure Controls included a review of the controls' (i) objectives, (ii) design, (iii) implementation, and (iv) the effect of the controls on the information generated for use in this annual report. In the course of the Evaluation, the CEO and CFO sought to identify data errors, control problems, acts of fraud, and they sought to confirm that appropriate corrective action, including process improvement, was being undertaken. This type of evaluation is done on a quarterly basis so that the conclusions concerning the effectiveness of our controls can be reported in our quarterly reports on Form 10-QSB and annual reports on Form 10-KSB. The overall goals of these various evaluation activities are to monitor our Disclosure Controls, and to make modifications if and as necessary. Our intent in this regard is that the Disclosure Controls will be maintained as dynamic systems that change (including improvements and corrections) as conditions warrant.

*Conclusions.* Based upon the Evaluation, our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives. Our CEO and CFO have concluded that our disclosure controls and procedures are effective at that reasonable assurance level to ensure that material information relating to the Company is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared, and that our Internal Controls are effective at that assurance level to provide reasonable assurance that our financial statements are fairly presented in conformity with accounting principles generally accepted in the United States. Additionally, there has been no change in our Internal Controls that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to affect, our Internal Controls."

Part II OTHER INFORMATION

Item 1. Legal Proceedings

None in First Quarter of 2005

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

None in First Quarter of 2005

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

(a) LIST OF EXHIBITS

List of Exhibits

|             |  |
|-------------|--|
| <u>31.1</u> | Certifications of CEO pursuant to Section 302                            |
| <u>31.2</u> | Certifications of CFO pursuant to Section 302 (Included in exhibit 31.1) |
| <u>32.1</u> | Section 1350 Certifications of CEO                                       |
| <u>32.2</u> | Section 1350 Certifications of CEO (Included in exhibit 32.1)            |

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Company during the fiscal quarter ended March 31, 2005  
None

SIGNATURE

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.

WorldTeq Group International, Inc.

By: /s/ Jeff Lieberman

Jeff Lieberman  
Chief Executive Officer, President,  
Treasurer, and Chairman of the Board

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: June 15, 2005

By: /s/ Jeff Lieberman

Jeff Lieberman  
Chief Executive Officer, President,  
Treasurer, and Chairman of the Board