

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS INC
Form 10QSB
May 15, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

Quarterly Report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended March 31, 2003

Transition Report pursuant to 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period _____ to

Commission File Number 000-28535

CUSTOM BRANDED NETWORKS, INC.

(Exact name of small Business Issuer as specified in its charter)

Nevada	91-1975651
-----	-----
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

821 E. 29th North Vancouver, B. C.	V7K 1B6
-----	-----
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code: 604-904-6946

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) filed all reports required to be filed
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 No

State the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date:
38,372,532 Shares of \$.001 par value Common Stock outstanding as of
March 31, 2003.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying un-audited financial statements have been prepared in accordance with the instructions to Form 10-QSB and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' deficit in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the nine months ended March 31, 2003 are not necessarily indicative of the results that can be expected for the year ending June 30, 2003.

2

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEET
(Unaudited)
(Stated in U.S. Dollars)

	MARCH 31 2003	JUNE 30 2002
<hr style="border-top: 1px dashed black;"/>		
ASSETS		
Current		
Cash	\$ 1,214	\$ 902
Capital Assets, net (Note 4)	1,178	1,812
Mineral Properties (Note 6)	-	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	\$ 2,392	\$ 2,714
<hr style="border-top: 3px double black;"/>		
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 314,464	\$ 307,860

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

Convertible Note Payable, net of discount (Note 5)	418,528	322,803
	-----	-----
	732,992	630,663
	-----	-----
STOCKHOLDERS' DEFICIENCY		
Share Capital		
Authorized:		
50,000,000 common shares with a par value of \$0.001 per share at March 31, 2003 and June 30, 2002		
Issued and outstanding:		
38,372,532 common shares at March 31, 2003 and 33,872,532 common shares at June 30, 2002		
	19,731	15,231
Additional paid-in capital	606,506	566,006
Deficit Accumulated During The Development Stage	(1,323,087)	(1,209,186)
Other	(33,750)	-
	-----	-----
	(730,600)	(627,949)
	-----	-----
	\$ 2,392	\$ 2,714
	=====	=====

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited)
(Stated in U.S. Dollars)

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31		INCEPTION JUNE 18 1999 TO MARCH 31 2003
	2003	2002	2003	2002	2003
Revenue	\$ -	\$ -	\$ -	\$ 3,980	\$ 184,162
Expenses					
Administrative expenses	17,999	85,399	30,007	282,130	1,374,714
Interest Expense	11,298	-	33,894	-	70,090
Mineral property payment	50,000	-	50,000	-	50,000
Write down of capital assets	-	-	-	-	12,445

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

	79,297	85,399	113,901	282,130	1,507,249
Net Loss For The Period	(79,297)	(85,399)	(113,901)	(278,150)	\$(1,323,087)
Accumulated Deficit, Beginning Of Period	(1,243,790)	(1,075,899)	(1,209,186)	(883,148)	
Accumulated Deficit, End Of Period	\$(1,323,087)	\$(1,161,298)	\$(1,323,087)	\$(1,161,298)	
Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	
Weighted Average Number Of Shares Outstanding	33,072,532	33,872,532	35,252,094	33,705,865	

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
(Stated in U.S. Dollars)

	THREE MONTHS ENDED MARCH 31		NINE MONTHS ENDED MARCH 31		INCEPTION JUNE 28 1999 TO MARCH 31 2003
	2003	2002	2003	2002	2003
Cash Flows From Operating Activities					
Loss for the Period	\$ (79,297)	\$ (85,399)	\$ (113,901)	\$ (278,150)	\$ (1,254,745)
Adjustments To Reconcile Loss To Net Cash Used By Operating Activities					
Shares issued for Other than cash	11,250	-	11,250	-	11,250
Amortization	211	151	634	452	1,839
Amortization of Interest	11,298	-	33,894	-	70,090

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

Write down of capital assets	-	-	-	-	12,445
Change in prepaid expenses and advances	-	34,342	-	28,384	(28,546)
Change in accounts payable and accrued liabilities	5,452	5,611	6,604	155,411	314,464
	(51,086)	(45,295)	(61,519)	(93,903)	(873,203)

Cash Flows From Investing Activity					
Purchase of capital assets	-	-	-	-	(1,808)

Cash Flows From Financing Activities					
Proceeds from Loan payable to Shareholder	-	-	-	-	16,097
Loan receivable From shareholder	-	37,000	-	25,000	(39,000)
Issue of common Shares	-	-	-	-	18,950
Convertible note payable	51,409	8,565	61,831	63,565	879,400
Cash acquired on acquisition of subsidiary	-	-	-	-	778
	51,409	45,565	61,831	88,565	876,225

(Decrease) Increase In Cash	323	270	312	(5,338)	1,214
Cash, Beginning Of Period	891	622	902	6,230	-

Cash, End Of Period	\$ 1,214	\$ 892	\$ 1,214	\$ 892	\$ 1,214
=====					

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:

During the period ended June 30, 2001, a loan payable to a shareholder in the amount of \$16,097 was reclassified as a contribution to capital in connection with the Company's repurchase of common stock in preparation for the reverse take-over transaction.

Effective February 2, 2001, the Company acquired 100% of the issued and outstanding shares of Custom Branded Networks, Inc. by allotting 25,000,000 common shares at the fair value of \$15,228.

During the period ended March 31, 2003, the Company issued 4,500,000 common shares for consulting services at an ascribed value of \$45,000.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIENCY

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	OTHER	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL
	SHARES	AMOUNT				
Issuance of shares to founders	3,465	\$ 3	\$ 18,947	\$ -	\$ -	\$ 18,950
Net loss for the period	-	-	-	-	(159,909)	(159,909)
Balance, June 30, 2000	3,465	3	18,947	-	(159,909)	(140,959)
Repurchase of common stock by consideration of forgiveness of loan payable to shareholder	(1,445)	-	16,097	-	-	16,097
	2,020	3	35,044	-	(159,909)	(124,862)
Adjustment to number of shares issued and outstanding as a result of the reverse take-over transaction Custom Branded Networks, Inc.	(2,020)	-	-	-	-	-
Aquistar Ventures (USA) Inc.	15,463,008	-	-	-	-	-
	15,463,008	3	35,044	-	(159,909)	(124,862)
Shares allotted in connection with the acquisition of Custom Branded Networks, Inc.	25,000,000	15,228	-	-	-	15,228
Less: Allotted and not yet issued Common stock conversion	(8,090,476)	-	-	-	-	-

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

rights	-	-	421,214	-	-	421,214
Net loss for the year	-	-	-	-	(723,239)	(723,239)

Balance, June 30, 2001	32,372,532	15,231	456,258	-	(883,148)	(411,659)
------------------------	------------	--------	---------	---	-----------	-----------

Additional shares issued in connection with the acquisition of Custom Branded Networks, Inc. 1,500,000	-	-	-	-	-	-
Common stock conversion rights	-	-	109,748	-	-	109,748
Net loss for the year	-	-	-	-	(326,038)	(326,038)

Balance, June 30, 2002	33,872,532	15,231	566,006	-	(1,209,186)	(627,949)
------------------------	------------	--------	---------	---	-------------	-----------

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIENCY (Continued)

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

	COMMON STOCK		ADDITIONAL		DEFICIT	
	SHARES	AMOUNT	PAID-IN CAPITAL	OTHER	ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL
Balance, June 30, 2002	33,872,532	\$ 15,231	\$ 566,006	\$ -	\$ (1,209,186)	\$(627,949)
Issue of common stock for deferred compensation expense	4,500,000	4,500	40,500	(45,000)	-	-
Amortization of deferred compensation	-	-	-	11,250	-	11,250
Net loss for the period	-	-	-	-	(113,901)	(113,901)
Balance, March 31, 2003	38,372,532	\$ 19,731	\$ 606,506	\$ (33,750)	\$ (1,323,087)	\$(730,600)

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements as of March 31, 2003 included herein have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. It is suggested that these consolidated financial statements be read in conjunction with the June 30, 2002 audited consolidated financial statements and notes thereto.

2. NATURE OF OPERATIONS AND GOING CONCERN

Custom Branded Networks, Inc. (the "Company") was previously engaged in the business of providing turnkey private label internet services to organizations throughout the domestic United States and Canada. During the period ended March 31, 2003, the Company became an exploration staged company engaged in the acquisition and exploration of mining claims. Upon location of a commercial minable reserve, the Company expects to actively prepare the site for its extraction and enter a development stage.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern.

As shown in the accompanying financial statements, the Company has incurred a net loss of \$1,323,087 for the period from April 12, 2002 (inception) to March 31, 2003, and has no sales. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its mineral claims. Management has plans to seek additional capital through a private placement and public offering of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiary, Custom Branded Networks, Inc. (a Nevada corporation).

b) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 management's best estimates as additional information becomes available in the future.

c) Capital Assets

Capital assets are recorded at cost and are amortized at the following rates:

Office equipment - 20% declining balance basis
Computer equipment - 3 years straight line basis

d) Income Taxes

The Company has adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes" (SFAS 109). This standard requires the use of an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion of all of a deferred tax asset will not be realized, a valuation allowance is recognized.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Mineral Claim Payments and Exploration Costs

The Company expenses all costs related to the acquisition, maintenance and exploration of mineral claims in which it has secured exploration rights prior to establishment of proven and probable reserves. To date, the Company has not established the commercial feasibility of its exploration prospects, therefore, all costs are being expensed.

f) Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, and accounts payable.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

g) Loss Per Share

The Company computes net loss per share in accordance with SFAS No. 128 - "Earnings Per Share". Under the provisions of SFAS No. 128, basic loss per share is computed using the weighted average number of common stock outstanding during the periods. Diluted loss per share is computed using the weighted average number of common and potentially dilutive common stock outstanding during the period. As the Company generated net losses in each of the periods presented, the basic and diluted net loss per share is the same as any exercise of options or warrants would anti-dilutive.

h) Impairment of Long-Lived Assets and Long-Lived Assets to be

Disposed of

The Company reviews long-lived assets and including identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 141 - "Business Combinations". The Statement requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method of accounting. The Company believes that the adoption of FASB No. 141 will not have a significant impact on its financial statements.

In July 2001, the FASB issued Statement No. 142 - "Goodwill and Other Intangible Assets". The Statement will require discontinuing the amortization of goodwill and other intangible assets with indefinite useful lives. Instead, these assets will be tested periodically for impairment and written down to their fair market value as necessary. This Statement is effective for fiscal years beginning after December 15, 2001. The Company believes that the adoption of FASB No. 142 will not have a material impact on its financial statements.

In August 2001, the FASB issued Statement No. 144 - "Accounting for the Impairment of Long-Lived Assets" which is effective for fiscal years beginning after December 15, 2001. FASB No. 144 addresses accounting and reporting of long-lived assets, except goodwill, that are either held and used or disposed of through sale or other means. The Company believes that the adoption of FASB No. 144 will not have a material impact on its financial statements.

4. CAPITAL ASSETS

	MARCH 31 2003		JUNE 30 2002	
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Computer equipment	\$ 1,808	\$ 1,658	\$ 150	\$ 603
Office equipment	3,380	2,352	1,028	1,209
	\$ 5,188	\$ 4,010	\$ 1,178	\$ 1,812
	\$ 5,188	\$ 4,010	\$ 1,178	\$ 1,812

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

CUSTOM BRANDED NETWORKS, INC.
(An Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003
(Unaudited)
(Stated in U.S. Dollars)

5. CONVERTIBLE NOTE PAYABLE

On January 31, 2002, the Company executed \$1,000,000 aggregate principal amount of convertible notes due not earlier than January 31, 2009. The Company has received \$879,400 in advances through to March 31, 2003. The notes bear no interest until the maturity date, and interest at 5% per annum on any remaining principal balance after the maturity date. The notes are convertible, at the option of the holder, at any time on or prior to maturity into shares of the Company's common stock at a conversion price of \$0.05 per share, and each converted share includes a warrant to purchase an additional common stock share at an exercise price of \$0.05 per share. The warrants expire three years from the grant day.

Because the market interest rate on similar types of notes was approximately 14% per annum the day the notes were issued, the Company has recorded a discount of \$520,962 related to the beneficial conversion feature. The discount will be amortized as interest expense over the life of the convertible notes, or sooner upon conversion. During the period, the Company recorded interest expense of \$33,894.

6. MINERAL PROPERTIES

On February 5, 2003, the Company entered into an agreement to acquire 100% interest in mineral properties located in outer Mongolia.

In order to earn its interest, the Company is required to:

- i) make a cash payment of \$50,000;
- ii) issue 5,000,000 common shares.

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

FORWARD LOOKING STATEMENTS

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding the Company's capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports the Company files with the SEC. These factors may cause the Company's actual results to differ materially from any forward-looking statement. The Company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

PLAN OF OPERATIONS

At March 31, 2003, the Company had cash of \$1,214. To sustain the business operations of the Company, the Company must obtain additional capital. The Company's current plans are to borrow money as needed to sustain current operations. Since inception, the Company has executed \$1,000,000 in the aggregate principal amount of convertible notes. The Company has received \$879,400 in advances against the notes through March 31, 2003. The Company hopes to obtain additional advances against the notes in order to sustain the business operations of the Company. However, the holder of the notes is not obligated to fund the notes further and may not be willing to do so, in which event the Company will need to obtain funding from some other source. During the three month period ended March 31, 2003, we incurred expenses of \$79,297.00.

The business plan of the Company calls for the Company to provide turnkey private label Internet solutions to businesses and private organizations that desire to affiliate with a customer base via the Internet. Our business, however, has not developed as rapidly as we had originally anticipated. To date, we have signed up one customer and the deployment of the Internet services for this customer has not occurred as of yet. It is uncertain at the present time whether we will be able to develop our current business plan to commercial viability.

Of the \$79,297.00 in expenses incurred during the three month period ended March 31, 2003, \$50,000.00 was a payment toward the acquisition of six mineral properties in Mongolia. The decision by management to acquire these properties is a departure from the pursuit of continued development of the business plan of the Company to provide certain Internet solutions to businesses and private organizations. It is the intention of management to pursue avenues that will allow the Company to begin to investigate the potential for developing the mineral properties. As these possibilities develop, it is likely that the Company will abandon its Internet solutions business plan and focus on the acquisition and development of mineral interests during the next 12 months and beyond.

ITEM 3. CONTROLS AND PROCEDURES.

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures within the 90 days prior to the filing date of this report. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Mr. Paul G. Carter. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting management to material information relating to us required to be included in our periodic SEC filings. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings and to our knowledge, no such proceedings are threatened or contemplated.

Item 2. Changes in Securities

We did not complete any sales of our securities during the fiscal quarter ended March 31, 2003.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to our security holders for a vote during the fiscal quarter ended March 31, 2003.

Item 5. Other Information

On May 9, 2003, the Company acquired six mineral titles within the Turquoise Hill area of the South Gobi Region of Mongolia. The Company paid US\$50,000 toward the acquisition of the mineral titles and is required to deliver to the vendor 5,000,000 shares of common stock of the Company to complete the transaction. The Company is waiting for the vendor to make necessary legal

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

arrangements to be able to transfer title to the properties before issuing the common shares.

Management is pleased with the acquisitions due to their close proximity to mineral rich deposits that have been recently discovered within the South Gobi Region. Preliminary reports have indicated that the Ivanhoe Mines Ltd. Turquoise Hill (Oyu Tolgoi) deposit within the Turquoise Hill area is one of the largest copper and gold porphyry deposits in the world. With Ivanhoe's proposed construction of an 80 km railway link from China to Turquoise Hill and with at least 7 km of the railway link running through or close to one of the mineral titles we have acquired, management is optimistic about this project. Proximity of our mineral titles to the Ivanhoe deposit does not assure our mineral titles will possess the same mineral qualities as the Ivanhoe deposit.

It is the intention of management to commence geological and geophysical testing immediately upon receipt of legal title to the mineral properties, with primary focus on pursuing and identifying any mineral occurrences within the project areas.

Item 6. Exhibits and Reports on Form 8-K.

EXHIBITS

None

REPORTS ON FORM 8-K

We did not file any Current Reports on Form 8-K during the fiscal quarter ended March 31, 2003.

SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUSTOM BRANDED NETWORKS, INC.

Date: May 13, 2003

By: /s/ Paul G. Carter

Paul G. Carter
Principal Executive Officer
Principal Financial Officer
Chief Accounting Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul G. Carter, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-QSB of Custom Branded Networks, Inc. for the quarterly period ending March 31, 2003 fully complies

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report on Form 10-QSB fairly presents in all material respects the financial condition and results of operations of Custom Branded Networks, Inc.

Date: May 13, 2003

By: /s/ Paul G. Carter

Paul G. Carter
Principal Executive Officer
Principal Financial Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, PAUL G. CARTER, Principal Executive Officer and Principal Financial Officer of Custom Branded Networks, Inc. (the "Registrant"), certify that;

(1) I have reviewed this quarterly report on Form 10-QSB of Custom Branded Networks, 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):

Edgar Filing: CUSTOM BRANDED NETWORKS INC - Form 10QSB

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 facts 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: May 13, 2003

By: /s/ Paul G. Carter

Paul G. Carter
Principal Executive Officer
Principal Financial Officer