

Edgar Filing: AZONIC CORP - Form 10QSB

AZONIC CORP
Form 10QSB
November 15, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For Quarter Ended

September 30, 2004

0-28315

Commission File No.

AZONIC CORPORATION

(Exact name of Registrant as specified in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

84-1517404

(I.R.S. Empl. Ident. No.)

7 Dey Street, Suite 900, New York, New York 10007

(Address of Principal Executive Offices) (Zip Code)

(212) 962-4400

(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the Registrant (1) has 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 such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes No

The number of shares outstanding of each of the Registrant's classes of common equity, as of September 30, 2004 are as follows:

Class of Securities -----	Shares Outstanding -----
Common Stock, \$.001 par value	24,000,000

INDEX

Page of
Report

PART I. FINANCIAL STATEMENTS

Edgar Filing: AZONIC CORP - Form 10QSB

Item 1. Financial Statements.

Balance Sheets:

As of September 30, 2004 (Unaudited) and March 31, 2004 F-1

Statements of Operations (Unaudited):

For the three and six months ended September 30, 2004, and year ended March 31, 2004 and Cumulative from inception (May 1, 1996) through September 30, 2004..... F-2-F3

Statements of Cash Flows (Unaudited):

For the six months ended September 30, 2004, year ended March 31, 2004 and Cumulative from inception (May 1, 1996) through September 30, 2004..... F-4

Statement of Changes in Stockholders' Equity (Unaudited):

From inception (May 1, 1996) through September 30, 2004..... F-5

Notes to Financial Statements (Unaudited) F-6

Item 2. Management's Discussion and Analysis or Plan of Operation..... 5

Item 3. Controls and Procedures..... 7

PART II. OTHER INFORMATION

Item 1. Legal Proceedings..... 8

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.... 7

Item 3. Defaults Upon Senior Securities..... 7

Item 4. Submission of Matters to a Vote of Security Holders..... 7

Item 5. Other Information..... 8

Item 6. Exhibits 8

Signatures..... 9

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

AZONIC CORPORATION
(A Development Stage Company)

BALANCE SHEETS
ASSETS

(Unaudited) (Audited)

Edgar Filing: AZONIC CORP - Form 10QSB

	September 30 2004 -----	Mar. 31 2004 -----
Current Assets:		
Cash	\$ -0-	\$7,500
Plant, Property and Equipment:	-0-	-0-
Other Assets	-0- -----	-0- -----
TOTAL ASSETS	\$ -0- =====	\$7,500 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$25,253	\$ 1,284
Notes payable - related party	39,639 -----	25,102 -----
	64,892	26,386
Stockholders' Equity:		
Preferred Stock: 5,000,000 shares Authorized; \$.001 par value; none issued and outstanding	-0-	-0-
Common Stock: 50,000,000 shares Authorized; \$.001 par value; 24,000,000 shares outstanding	24,000	24,000
Paid in Capital (deficit)	6,800	(23,700)
Deficit accumulated during The development stage	(95,692) -----	(19,186) -----
Total Stockholders' Equity	(64,892) -----	(18,886) -----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ -0- =====	\$7,500 =====

The accompanying notes are an integral part of the financial statements.

F-1

AZONIC CORPORATION
(A Development Stage Company)

STATEMENT OF OPERATIONS
For the Periods as Noted

(Unaudited)	(Unaudited)
3 Months	3 Months
Ended	Ended
9-30-04	9-30-03
-----	-----

Edgar Filing: AZONIC CORP - Form 10QSB

Revenues:	\$ -0-	\$ -0-
	-----	-----
Costs and Expenses:		
Amortization	-0-	-0-
General and Administrative	57,752	1,500
	-----	-----
Net (Loss) from Operations	(57,752)	(1,500)
Other Income (Expense)	-0-	-0-
	-----	-----
Net (Loss) for the Period	\$ (57,752)	\$ (1,500)
	=====	=====
(Loss) per common share	\$ (.002)	\$ *
	=====	=====
Weighted Average Shares Outstanding	24,000,000	24,000,000
	=====	=====

* Less than (\$.01) per share.

The accompanying notes are an integral part of the financial statements.

F-2

AZONIC CORPORATION
(A Development Stage Company)

STATEMENT OF OPERATIONS
For the Periods as Noted

	(Unaudited) 6 Months Ended 9-30-04	(Unaudited) 6 Months Ended 9-30-03	May 1, 1996 (Inception) to September 30, 2004
	-----	-----	-----
Revenues:	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----
Costs and Expenses:			
Amortization	-0-	-0-	50
General and Administrative	76,506	1,500	95,642
	-----	-----	-----
Net (Loss) from Operations	(76,506)	(1,500)	(95,692)
Other Income (Expense)	-0-	-0-	-0-
	-----	-----	-----
Net (Loss) for the Period	\$ (76,506)	\$ (1,500)	\$ (95,692)
	=====	=====	=====
(Loss) per common share	\$ (.003)	\$ *	\$ (.004)

Edgar Filing: AZONIC CORP - Form 10QSB

	=====	=====	=====
Weighted Average			
Shares Outstanding	24,000,000	24,000,000	16,000,000
	=====	=====	=====

* Less than (\$.01) per share.

The accompanying notes are an integral part of the financial statements.

F-3

AZONIC CORPORATION
(A Development Stage Company)

STATEMENT OF CASH FLOWS
For the Periods as Noted

	(Unaudited) 6 Months Ended 9-30-04	(Unaudited) 6 Months Ended 9-30-03	May 1, 1996 (Inception) to September 30, 2004
	-----	-----	-----
Cash Flows from Operating Activities			
Net loss	\$ (76,506)	\$ (1,500)	\$ (95,692)
Adjustments to reconcile net loss			
To net cash provided by operating activities			
Amortization	-0-	-0-	50
Noncash services	-0-	-0-	250
Increase in accounts payable	23,969		25,253
	-----	-----	-----
Net cash used by operating Activities	(52,537)	(1,500)	(70,139)
Cash Flows from Investing Activities	-0-	-0-	-0-
Cash Flows from Financing Activities			
Shareholder contribution	-0-	1,500	-0-
Increase in notes payable	45,637		70,139
	-----	-----	-----
Net cash provided by Financing activities	45,637	-0-	57,654
Net Increase (Decrease)	(7,500)	-0-	-0-
Beginning Cash Balance	7,500	-0-	-0-
	-----	-----	-----
Cash Balance - End of Period	\$ -0-	\$ -0-	\$ -0-
	=====	=====	=====

Supplemental disclosure of noncash investing and financing activities:

Edgar Filing: AZONIC CORP - Form 10QSB

Note payable contributed To capital	\$30,500 =====	\$ -0- =====	\$30,500 =====
Common Stock issued for Organizational costs & Services	\$ -0- =====	\$ -0- =====	\$ 300 =====

The accompanying notes are an integral part of the financial statements.

F-4

AZONIC CORPORATION
(A Development Stage Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY For the
Period May 1, 1996 (Inception)
to September 30, 2004

	Common Stock			Deficit Accumulated from Inception
	Shares	Amount	Paid-in (Deficit)	
Balances May 1, 1996	-0-	\$ -0-	\$ -0-	\$ -0-
Common stock issued For services & costs	4,000,000	4,000	(3,950)	
Net Loss 3-31-97	-0-	-0-	-0-	(9)
Balance 3-31-97	4,000,000	4,000	(3,950)	(9)
Net loss 3-31-98	-0-	-0-	-0-	(10)
Balance 3-31-98	4,000,000	4,000	(3,950)	(19)
Net loss 3-31-99	-0-	-0-	-0-	(31)
Balance 3-31-99	4,000,000	4,000	(3,950)	(50)
Common stock issued For services 8-10-99	20,000,000	20,000	(19,750)	-0-
Net loss 3-31-00	-0-	-0-	-0-	(250)
Balance 3-31-00	24,000,000	24,000	(23,700)	(300)
Net Income 3-31-01	-0-	-0-	-0-	-0-
Balance 3-31-01	24,000,000	24,000	(23,700)	(300)
Net Income 3-31-02	-0-	-0-	-0-	-0-

Edgar Filing: AZONIC CORP - Form 10QSB

Balance 3-31-02	24,000,000	24,000	(23,700)	(300)
Net Income 3-31-03	-0-	-0-	-0-	-0-
	-----	-----	-----	-----
Balance 3-31-03	24,000,000	24,000	(23,700)	(300)
Net Income 3-31-04	-0-	-0-	-0-	(18,886)
	-----	-----	-----	-----
Balance 3-31-04	24,000,000	24,000	(23,700)	(19,186)
Note payable contributed To capital			30,500	
Net income 9-30-04	-0-	-0-	-0-	(76,506)
	-----	-----	-----	-----
Balance 9-30-04	24,000,000	\$24,000	\$6,800	(95,692)
	=====	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

F-5

AZONIC CORPORATION
(A Development Stage Company)

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)
September 30, 2004

NOTE 1: THE COMPANY

Organization and Nature of Operations- The financial statements presented are those of Azonic Corporation. The Company is a development stage company with no operations. The Company is developing a business plan pursuing opportunities in the telecommunications area. Its principal executive offices are located at 7 Dey Street, New York, New York 10005. Azonic was initially incorporated in the state of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. The Company changed its name to Azonic Engineering Corporation on September 23, 1998. On November 12, 1999, it was redomiciled to the State of Nevada by merging into its wholly-owned subsidiary, Azonic Corporation, which now is the name of the Company. As a result of the merger, the Company has changed the par value of its common stock to \$.001. The accompanying financial statements have been restated to reflect this change.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Condensed Financial Statements - The financial statements dated 9-30-04 included herein have been prepared by Azonic Corporation (the "Company") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading. While management believes the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are, in some respects, dependent upon the facts that will exist, and procedures that will be accomplished by the Company in the future.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates

Edgar Filing: AZONIC CORP - Form 10QSB

and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

F-6

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes - The Company provides for income taxes using the asset and liability method as prescribed by Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Income Taxes - As of September 30, 2004 the Company had a net operating loss carryforward of \$69,000, which expires in varying amounts from 2012 to 2015. Generally, these operating losses are available to offset future federal and state taxable income.

Loss per Common Share - Loss per common share is computed using the weighted average number of common shares outstanding during each period.

Statement of Cash Flows - For purposes of the statement of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Comprehensive Income - The Company adopted Statement of Financial Accounting Standards (SFAS) No. 130 Reporting Comprehensive Income, effective April 1, 1998. SFAS No. 130 establishes standards for reporting comprehensive income and its components (revenues, expenses, gains and losses). Components of comprehensive income are net income and all other non-owner changes in equity. SFAS No. 130 requires an enterprise to (a) classify items of other comprehensive income by their nature in a financial statement, and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. The Company has no items of comprehensive income at September 30, 2004.

NOTE 3: RELATED PARTY TRANSACTIONS

The Company's corporate offices are located in the offices of its principal stockholder, Infinity Capital Group, Inc. (hereinafter "Infinity") and that of its former President, CEO and Chairman of the Board, Greg Laborde, on a rent-free basis. Furthermore, all legal and accounting costs with the exception of the work prepared by the independent auditors were paid by Infinity and legal services are provided by McCormick, P.C. of New York, New York, a corporate entity which provides such services to Infinity Capital Group, Inc.

F-7

NOTE 4: STOCKHOLDERS' EQUITY

Edgar Filing: AZONIC CORP - Form 10QSB

Capital Structure - The Company was originally incorporated under Colorado law on May 1, 1996, under the name of Grand Canyon Ventures Two, Incorporated. On September 23, 1998, the Company amended its Articles of Incorporation and changed its name to Azonic Engineering, Incorporated. On September 17, 1999, Azonic Corporation was formed in Nevada. On November 12, 1999 Azonic Engineering, Incorporated was merged into Azonic Corporation. The surviving capital structure now consists of 55 million shares of \$.001 par value stock, of which 50 million shares are designated as common stock and 5 million shares are designated as preferred stock. Stockholders' equity has been restated from inception to conform to the current capital structure.

Preferred Stock - No shares of the Company's preferred stock have been issued as of September 30, 2004. Dividends, voting rights and other terms, rights and preferences have not been designated. The Company's board of directors may establish these provisions from time to time.

Common Stock - 1,000,000 shares of common stock have been issued at \$0.00005 in exchange for services performed and costs advanced to organize the Company in May 1996.

On August 10, 1999, the board of directors authorized the issuance of 5,000,000 shares of common stock at \$0.00005 per share to the Company's president in exchange for services valued at \$250.

F-8

RECENT DEVELOPMENTS

Strategic Partnership with Wireless Age Communications, Inc.

On August 30, 2004 the Company announced that Wireless Age Communications, Inc. had entered into strategic partnership with Azonic Corporation to develop and market a disposable cellular phone.

Under the terms of this agreement, Wireless Age agreed to acquire 4,460,000 Azonic Corporation common shares from Infinity Capital Group, Inc., for an undisclosed amount. In addition, Azonic Corporation entered into a 2 year management services contracts for the services of certain officers of Wireless Age to provide management services to Azonic Corporation. Assets Acquired from Filippo Guani Revocable Trust On October 13, 2004 the Company announced that it had purchased certain assets owned by the Filippo Guani Revocable Trust (the "Trust"). In connection with the closing, the Company issued 3,000,000 shares of its common stock to the Trust. In addition, if, on or before June 1, 2005, Azonic receives the assets that it did not receive at the closing, free and clear of any encumbrances, it will issue an additional 1,500,000 shares of its common stock to the Trust. The Trust will also be entitled to receive an earn out payment of up to \$3 million based on Azonic's future operating profits. The Company plans to utilize certain intellectual property and other assets it acquired to introduce the "Cyclone Phone," as its solution for a "phone for the phoneless." The Company plans to market two low-cost, analog phones. One is designed to be located in glove boxes, first aid kits and emergency supply packages and used for emergency purposes. The second is a prepaid wireless phone designed to be used in the low cost and short-term usage markets. Potential applications include the traditional prepaid market, kiddy phone and throw away markets for business people and tourists in immediate need of a cell phone but who do not wish to enter into multi year expensive contracts or purchase expensive handsets. These low-cost disposable phones will bring wireless communication to millions who cannot afford the cost of current offerings, want to avoid monthly charges, or simply need an inexpensive wireless phone while traveling or for emergency calls only. This new product offering will make and receive calls, be "ready to go" out of the box using "AA" batteries, will be

Edgar Filing: AZONIC CORP - Form 10QSB

refreshable, and will incorporate proprietary patented design.

New Officers and Directors

John G. Simmonds: Chief Executive Officer and Director

Mr. Simmonds, 54, has 35 years of experience in the communications sector. He has extensive experience in building teams, operating systems, and distribution networks. Mr. Simmonds has particular experience with developing distribution networks for Midland(TM) LMR products worldwide, an asset now owned by Wireless Age Communications, Inc. (OTCBB:WLSA), through its wholly owned subsidiary, Prime Wireless Corporation. Mr. Simmonds was integral in developing the Midland(TM) brand worldwide following an initial product launch in Canada during the late 1970's through his family business A.C Simmonds & Sons Ltd. and later followed by the successful acquisition of Midland International Corporation from Western Auto, a subsidiary of Sears in 1993.

Mr. Simmonds has, since March 2003, been the Chief Executive Officer and a Director of Wireless Age Communications, Inc. In addition, since 1998, Mr. Simmonds has served as the CEO and a Director of TrackPower (OTCBB:TPWR), a development company involved in horse race track ownership opportunities. Mr. Simmonds has also been CEO and or director of several other companies. Mr. Simmonds will replace Gregory H. Laborde as Azonic's CEO. Mr. Laborde, who has served as Azonic's CEO since September of 2003, voluntarily resigned as CEO as of October 12, 2004.

3

Gary Hokkanen: Chief Financial Officer

Mr. Hokkanen, 48, is an executive level financial manager with over 6 years experience in public company financial management. Mr. Hokkanen has, since May 2003, been the Chief Financial Officer of Wireless Age Communications, Inc. From January 2001 to April 2003 Mr. Hokkanen was CFO of IRMG Inc., a Toronto based financial management consulting firm. Mr. Hokkanen served as CFO of Simmonds Capital Limited from July 1998 to January 2001 and served as CFO of Trackpower Inc. from February 1998 to June 2001. For the period April 1996 to July 1998, Mr. Hokkanen served as Treasurer of Simmonds Capital Limited. Mr. Hokkanen holds a Bachelor of Arts degree from the University of Toronto and is a CMA (Certified Management Accountant) and a member of the Society of Management Accountants, Ontario.

Jim Hardy: Chief Operating Officer

Mr. Hardy, 49, has more than 25 years of experience in both technical and business development. He has served since May 2004 as Chief Operating Officer of Wireless Age Communications, Inc. From 1999-2000, he served as the President and COO of Iceberg Media Inc. (TSX Venture Exchange symbol: YIC), where he implemented a fully integrated internet broadcast facility. In 1991, Mr. Hardy founded HTI Inc., which is a professional services consulting firm involved in the high tech industry. In 1987, he joined Oracle Corporation Canada Inc. as Corporate Consultant and later became Vice-President responsible for Oracle Canada's Consulting Division until 1991. In 1984, he co-founded Nexus Computer Consultants, a systems consulting firm, and served as President and CEO.

David MacKinnon: Chief Technology Officer.

Mr. MacKinnon, 54, has more than 30 years of experience in wireless communications systems, business development and management. Mr. MacKinnon has,

Edgar Filing: AZONIC CORP - Form 10QSB

since May of 2004, been the Chief Technology Officer of Wireless Age Communications, Inc. From 1995 until May of 2004, Mr. MacKinnon was employed as the Chairman of Selmah House, Ltd., a private company involved in the business of technology consulting, financial services and investments. From 1980 until 1995, Mr. MacKinnon was employed with SNC-Lavalin (TSX:SNC), an engineering consulting company, where he last held the position of Senior Vice President. At SNC-Lavalin, Mr. MacKinnon was involved in remote sensing in particular the real-time collection of oceanographic, metrological and sea ice information ice in both the Beaufort Sea and the North Atlantic. Mr. MacKinnon is a 1971 graduate of St. Mary's University in Halifax, Nova Scotia. He also attended Dalhousie University in Halifax, Nova Scotia, for two years.

Carrie Weiler: Corporate Secretary

Ms. Weiler, 45, provides Corporate Secretarial services to the Simmonds group of companies, which she joined in 1979. She has, since 1994, also served as Vice President of Corporate Development for Simmonds group of companies. In addition, since May 2003, Ms. Weiler has served as the Corporate Secretary of Wireless Age Communications, Inc.

David Smardon (Chairman of the Board)

Dave Smardon, 50, is a seasoned executive with a background in establishing, growing, and financing technology-based companies. Mr. Smardon is currently CEO and Managing Partner of Nibiru Capital Management Limited.

Since 1991, Mr. Smardon has been involved in several turnarounds and re-financings of Canadian technology companies where he has raised additional capital and assisted in operational restructuring. In 1997, he was chosen to spearhead the establishment of a government sponsored Internet portal called Innovator's Alliance. As interim CEO, Mr. Smardon attracted over \$2 million in corporate sponsors for the non-profit organization and helped recruit a membership base of 125 CEOs before turning the reigns over to a full-time Managing Director.

4

Through the 1990s, Mr. Smardon established and expanded the Nibiru group of companies including Nibiru Tactical Corporation, Nibiru Investments and Nibiru Capital Management Limited. These entities provide investment capital and hands-on operational management to high growth technology companies. In addition they provide advisory, due diligence and investment syndication services to the institutional investment communities.

Ralph V. (Terry) Hadley, III, Esq.: Director

Mr. Hadley, 62, is currently and has been the Managing Partner of Swan & Hadley, P.A., a law firm based in Winter Park, Florida, since prior to 1994. Mr. Hadley is the nominee of the Filippo Guani Revocable Trust, which is entitled to nominate one member of Azonic Corp.'s Board of Directors pursuant to an Asset Sale Agreement with Azonic Corp. dated August 26, 2004. The Trust currently owns 3,000,000 shares of the Azonic's common stock and is eligible to receive up to an additional 1,500,000 shares of Azonic Corp.'s common stock and an earn out payment of up to \$3,000,000. Mr. Hadley received his Bachelor of Science degree from the University of Florida in 1965 and his law degree from the University of Florida College of Law in 1968.

Messrs. Simmonds, Smardon and Hadley join Mr. Laborde on Azonic's Board of Directors. Mr. Karl Nelson, who served as a Director of Azonic since September of 2003, voluntarily resigned in August of 2004.

Edgar Filing: AZONIC CORP - Form 10QSB

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements and information relating to Azonic that are based on the beliefs of its management as well as assumptions made by and information currently available to its management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan" and similar expressions, as they relate to Azonic or its management, are intended to identify forward-looking statements. These statements reflect management's current view of Azonic concerning future events and are subject to certain risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; a general lack of interest for any reason in going public by means of transactions involving public blank check companies; federal or state laws or regulations having an adverse effect on blank check companies, Securities and Exchange Commission regulations which affect trading in the securities of "penny stocks," and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. Readers should realize that Azonic is in the development stage, with virtually no assets, and that for Azonic to succeed requires that it either originate a successful business (for which it lacks the funds) or acquire a successful business. Azonic's realization of its business aims as stated herein will depend in the near future principally on the successful completion of its acquisition of a business, as discussed below.

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

BACKGROUND. Azonic was incorporated in the State of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. The Company changed its name to Azonic Engineering Corporation on June 23, 1998. On November 12, 1999, it was redomiciled to the State of Nevada by merging into its wholly owned subsidiary Azonic Corporation ("Company"), a Nevada corporation, which now is the name of the Company.

The Company is in the development stage in accordance with Financial Accounting Standards Board Standard No. 7. The Company has not been operational, other than described below, nor had revenues other than interest income since its inception.

5

RESULTS OF OPERATIONS FOR QUARTER ENDED JUNE 30, 2004 COMPARED TO SAME QUARTER IN 2003

The Company had no revenues during the first fiscal quarter in 2004 and 2003. During the fiscal quarter ended September 30, 2004, Azonic incurred a net loss of \$57,752, due to expenses to pursue its business development, compared to \$1,500 in the fiscal quarter ended September 30, 2003. The Company paid no rent or salaries and had no operations during the quarter. The net loss per share was nominal in the period in 2004 and 2003.

SIX MONTHS ENDED SEPTEMBER 30, 2004 COMPARED WITH SIX MONTHS ENDED SEPTEMBER 30, 2003

During the six months ended September 30, 2004 and 2003, the Company had no revenues.

Edgar Filing: AZONIC CORP - Form 10QSB

Interest and expenses for the six months ended September 30, 2004 was \$76,506 compared to \$1,500 for the six months ended September 30, 2003. The Company had a net loss on operations of (\$76,506) in the six month period in 2004 compared to a (\$1,500) net loss in 2003 in the period. The net loss per share was nominal in the period in 2004 and 2003.

Unless the Company achieves a cash positive business combination, it expects the trend of losses to continue.

FINANCIAL POSITION

The Company's working capital deficit was \$64,892 at September 30, 2004. The decrease in working capital during the six months ended September 30, 2004, was primarily due to use of capital to seek acquisitions. The Company had no cash for working capital.

LIQUIDITY and CAPITAL RESOURCES

Azonic had minimal cash on hand at the end of the quarter and had no other assets to meet ongoing expenses or debts that may accumulate. Since inception, Azonic has accumulated a deficit (net loss) of \$(95,692).

Management plans to aggressively pursue the new business plan (see Recent Developments). Azonic's ability to fund the planned growth is connected to its ability to raise external financing. Additional funding will be required for acquisitions, additional working capital and pre-maturity operating losses. Management plans to raise the necessary capital in an appropriate mixture of long term debt, subordinated debt and equity private placements. Current common stock shareholders are expected to experience substantial dilution as Azonic grows in size.

There can be no assurance that Azonic will be able to raise this funding as and when needed.

Such a lack of funds could result in severe consequences to Azonic, including among others:

(1) failure to make timely filings with the SEC as required by the Exchange Act, which also probably would result in suspension of trading or quotation in Azonic's stock and could result in fines and penalties to Azonic under the Exchange Act;

6

or (2) inability to complete its business plan due to lack of funds to pay legal and accounting fees and business-related expenses.

Item 3. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures:

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

Edgar Filing: AZONIC CORP - Form 10QSB

regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

b. Changes in Internal Control over Financial Reporting:

There were no changes in the Company's internal control over financial reporting identified in connection with the Company evaluation of these controls as of the end of the period covered by this report that could have significantly affected those controls subsequent to the date of the evaluation referred to in the previous paragraph, including any correction action with regard to significant deficiencies and material weakness.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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

None

7

Item 5. Other Information

None

Item 6. Exhibits

Exhibits - Exhibits 31 and 32 (Sarbanes-Oxley)

8

Edgar Filing: AZONIC CORP - Form 10QSB

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this Report on Form 10-QSB to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED: November , 2004

AZONIC CORPORATION

By: /s/ John Simmonds

John Simmonds, CEO

By: /s/ Gary Hokkanen

Gary Hokkanen, CFO