

CYBERLUX CORP

FORM 10QSB

(Quarterly Report of Financial Condition)

Filed 05/15/02 for the Period Ending 03/31/02

Address	4625 CREEKSTONE DRIVE SUITE 100 DURHAM, NC 27703
Telephone	919-474-9700
CIK	0001138169
Symbol	CYBL
SIC Code	3674 - Semiconductors and Related Devices
Fiscal Year	12/31

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

FORM 10-QSB

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from

Commission file number 000-33415

Cyberlux Corporation
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

91-2048978
(IRS Employer Identification No.)

105 Aviemore Drive, Suite 2000, Pinehurst, NC 28374 (Address of principal executive offices)

(910) 235-0066
(Issuer's telephone number)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,152.396 shares of
\$0.001 par value common stock

Transitional Small Business Disclosure Format (Check one): Yes ☐ No ☒

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

EDWARDS & WATTS, LLP

Certified Public Accountants
3340 Wynn Road Suite B
Las Vegas, Nevada 89102
(702) 222 - 0373

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Cyberlux Corporation
Las Vegas, Nevada

We have reviewed the accompanying balance sheet of Cyberlux Corporation (a Nevada corporation) as of March 31, 2002 and the related statements of operations for the three months ended March 31, 2002 and 2001, and the statements of cash flows for the three-month period ending March 31, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modification that should be made to the accompanying financial statements referred to above for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2001 were audited by G. Brad Beckstead, CPA, and he expressed an unqualified opinion on them in his report dated April 30, 2002. There have not been any any auditing procedures performed on the financial statements since April 30, 2002.

/s/ Edwards & Watts LLP

May 9, 2002

And
Statements of Operations,
And Cash Flows
For the Three Months Ending
March 31, 2002 and 2001

Cyberlux Corporation
(a Development Stage Company)
Balance Sheet

	March 31, <u>2002</u>	December 31, <u>2001</u>
Assets		
Current assets:		
Cash and equivalents	\$ 4,751	\$ 30,602
Prepaid interest	1,362	6,812
Prepaid design services	20,000	20,000
	<hr/>	<hr/>
Total current assets	26,113	57,414
Fixed assets, net	101,080	46,582
Other assets		
Deposits	8,614	6,819
	<hr/>	<hr/>
	\$ 135,807	\$ 110,815
	<hr/>	<hr/>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued interest	\$ 15,623	\$ 16,018
Other accrued liabilities	1,950	3,250
Management fees payable - related party	344,505	286,504
Short-term notes payable - shareholders	104,045	97,745
Short-term notes payable	165,000	90,000
	<hr/>	<hr/>
Total current liabilities	631,123	493,517
	<hr/>	<hr/>
Convertible debentures	-	-
	<hr/>	<hr/>
	-	338
Long-term note payable	170,000	170,000

Convertible debentures	<u>-</u>	<u>-</u>
	170,000	170,000
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$0.001 par value, 20,000,000 shares authorized, 6,152,396 issued and outstanding as of 3/31/02 and 12/31/01, respectively	6,152	6,152
Additional paid-in capital	473,569	473,568
Subscriptions receivable	-	-
(Deficit)	<u>(1,145,037)</u>	<u>(1,032,422)</u>
	<u>(665,316)</u>	<u>(552,702)</u>
	\$ 135,807	\$ 110,815
	<u></u>	<u></u>

Cyberlux Corporation
(a Development Stage Company)
Statement of Operations

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Year Ending December 31, 2001
Revenue	\$ -	\$ -	\$ -
Expenses:			
Marketing and advertising expense	-	47,096	74,535
Depreciation	4,030	-	2,356
Research and development costs	1,250	19,000	85,500
Management and consulting fees - related party	59,001	-	263,088
General and administrative expenses	37,106	37,882	107,991

Total expenses	101,387	103,978	533,470
Other income or (expense):			
Interest income	-	-	-
Interest expense	(11,228)	(76)	(44,301)
Net (loss)	\$ (112,615)	\$ (104,054)	\$ (577,771)
Weighted average number of common shares outstanding - basic and fully diluted	4,413,467	3,808,446	
Net (loss) per share - basic and fully diluted	\$ (0.03)	\$ (0.03)	

Cyberlux Corporation
(a Development Stage Company)
Statement of Cash Flows

	Three Months Ended March 31 2002	Three Months Ended March 31, 2001	Year Ended December 31, 2001
Cash flows from operating activities			
Net (loss)	\$ (112,615)	\$ (104,054)	\$ (577,771)
Depreciation	4,030	-	2,356
(Increase) in deposits	(1,795)	-	(5,000)
Decrease (increase) in prepaid interest	5,449	-	-
(Decrease) in accrued interest	(394)	-	14,751
Increase in management fee payable- related party	58,001	-	216,504
Decrease in other accrued liabilities	(1,300)	-	3,250
Net cash (used) by operating activities	(48,624)	(104,054)	(345,910)

Cash flows from investing activities

Purchase of fixed assets	(58,527)	-	(45,400)
	(58,527)	-	(45,400)

Cash flows from financing activities

Proceeds from long-term notes payable	-	-	170,000
Proceeds from short-term notes payable	75,000	1,000	61,283
Proceeds from convertible debentures	-	45,000	40,500
Repayments of notes payable	(13,700)	-	-
Proceeds from short-term notes payable- shareholders	20,000	34,845	97,745
Issuance of common stock	-	-	30,687
Net cash provided by financing activities	81,300	80,845	400,215
Net increase in cash	(25,851)	(23,209)	8,905
Cash - beginning	30,602	21,697	21,697
Cash - ending	\$ 4,751	\$ (1,512)	\$ 30,602

Supplemental disclosures:

Interest paid	\$ 11,621	\$ -	\$ 1,202
Income taxes paid	\$ -	\$ -	\$ -
Shares issued for conversion of debt	\$ -	\$ -	\$ 171,050

Cyberlux Corporation
(A Development Stage Company)
Notes

Note 1 - Basis of Presentation

The consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, 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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information

presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2001 and notes thereto included in the Company's form 10-SB filing with the US Securities and Exchange Commission. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

Note 2 - Fixed assets

The Company purchased \$58,527 in equipment during the period ended March 31, 2002. Depreciation expense totaled \$4,030 for the three months ended March 31, 2002.

Note 3 - Notes payable

The Company received cash from unrelated individuals in exchange for promissory notes totaling \$75,000 during the three months ended March 31, 2002. The unsecured notes bear an interest rate of 10.0%, and the principal and interest are due in March 2003.

Interest expense was \$11,228 for the three months ended March 31, 2002.

Note 4 - Related Party Transactions

The Company received \$20,000 in cash from shareholders during the period ending March 31, 2002. The cash was in exchange for promissory notes bearing interest at 12%, due and payable in one year with interest.

The Company accrued management fees payable to officers and shareholders of the Company totaling \$59,001 for the quarter ended March 31, 2002.

Note 5 - Going concern

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Without realization of additional capital, it would be unlikely for the Company to continue as a going concern. The Company plans to seek additional funding through debt and equity offerings.

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

When used in this Form 10-QSB and in our future filings with the Securities and Exchange Commission, the words or phrases "will likely result," "management expects," or "we expect," "will continue," "is anticipated," "estimated" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. These statements are subject to risks and uncertainties, some of which are described below. Actual results may differ materially from historical earnings and those presently anticipated or projected. We have no obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect anticipated events or circumstances occurring after the date of such statements .

For the period May 17, 2000 (inception) through May 17, 2000 through March 31, 2002, we did not generate revenue

from sales or other sources. During this development stage, we pursued capital accumulation through debt and equity financing and development of the Cyberlux Home Safety Light described below. We are positioned to produce the light with the completion of the injection molds in January 2002 for sale and distribution during the second quarter 2002.

Our cash requirements have been, and continue to be, met by loans from Officers, the forbearance of salaries by Officers and the Agreement with Shelby County Community Services, ("SCCS") which provides for payment by SCCS for all component parts and packaging incident to the assembly and shipment of the Home Safety Light to retail customers of Cyberlux. The shipment of the Home Safety Light to retail customers creates a receivable that becomes a negotiable instrument for purposes of finance. The receivable financing provides revenue to pay SCCS for its finished goods financing and to pay our the overhead. If there are no retail purchase orders, there are no fungible receivables and, therefore, no logical reason for us to continue our business. As indicated above, the business of the Company is the sale of its products to retail establishments. All Officers have agreed to forbearance of salaries until such time as the revenues generated through sales to such retail establishments is sufficient to pay salaries and retire debt. Our history reflects investment in the design, development and manufacture of a unique product for sale through retail establishments to consumers. Although no such sales have yet occurred, there was no product available for sale until the current quarter of 2002.

To fund ongoing fiscal 2002 operations, we will need to begin to generate revenues to fund our operations and provide for our working capital needs. If we are unable to generate sufficient revenues, we will need to obtain additional funding through a public or private offering of equity or debt. In the meantime, our officers and directors plan to advance funds to us on an as-needed basis, although there is no definitive or legally binding agreement to do so. We have no arrangements or agreements to obtain funding, and we cannot assure you that such financing will be available on reasonable terms, if at all. Unless we begin generating revenues, obtain additional financing or continue to receive funds advanced by officers and directors, there is substantial doubt of our ability to continue as a going concern.

Description of Products

The Cyberlux Home Safety Light is a portable fixture that may be hand-held, placed on a level platform in a horizontal or vertical plane, or suspended by a wall-mounted hook to broadcast a blanket of light. The fixture, patent pending, is designed to produce three levels of light, which are activated by simply pushing a button. Level one activates 4 amber diodes which serve as a locator or night light and can provide up to 500 hours of light on one set of batteries. Level two disengages the amber diodes and activates 6 white diodes which produce a reading level light and can provide up to 42 hours of light on one set of batteries. Level three engages all 10 diodes to produce an intense space light for room, corridor or stairwell illumination and can provide up to 27 hours of light on one set of batteries. To that extent, the Home Safety Light is unique in that through the use of diodes and circuitry, it is able to provide up to 500 hours of light on one set of batteries. It has no bulbs, such as are used in flashlights, which normally provide only one to two hours of illumination. When a home suffers power outage, without the necessary illumination to move about the house during this period, the occupants are placed in a precarious situation. Using the moderate level of illumination, the Home Safety Light can provide 42 hours of illumination and under high intensity illumination, it can provide 27 hours of illumination. In other words, the Home Safety Light can provide practically a full week of reliable, portable light in storm situations and power outages (based on use of moderate level of light for seven days at six hours per day without battery replacement).

The circuitry design of the Cyberlux Home Safety Light contributed to the development of a second-generation product, Cyberlux Wireless Interim Lighting System (CWILS), which is currently in the design and testing stage. CWILS is a permanently installed system comprised of three light fixtures and one radio frequency (RF) transmitter. The circuit board in each of the fixtures contains an RF receiver that is activated by a signal from the RF transmitter that is plugged into an electrical wall outlet in a home or business. When the power that activates the wall outlet is interrupted (as in a power outage), the RF transmitter sends a signal to the three fixtures, which illuminates the diodal lighting elements thereby providing a bright blanket of light to the space in which the fixture is installed. The CWILS product is scheduled for introduction to retail sales during the fourth quarter of 2002.

We are positioned to go to production of the Home Safety Light with the completion of the injection molds in January, 2002. These molds provide the proprietary component parts, which in conjunction with the proprietary circuit board and battery pack, complete the finished product. Our objective is delivery to the first purchase orders during the second quarter of 2002.

We have produced 200 units of the Home Safety Light to use for sales and marketing purposes. We have submitted proposals to two major home improvement warehouse chains, wherein we suggested introduction of the Home Safety Light through its stores located in Virginia, North Carolina, South Carolina, Georgia and Florida. We have since expanded the proposals to include stores located in Alabama, Mississippi, Louisiana and Texas. The product introduction in the stores suggested is consistent with the geography usually affected by storm activity during the Hurricane Season (June 1 through November 30). One characteristic of the Hurricane Season is the incidence of power outages caused by severe storms. The Home Safety Light is designed as a long-term interim light source which is particularly useful during power outages. In anticipation of providing the product to the stores suggested, Cyberlux issued a purchase order to SCCS for 10,000 Home Safety Lights which are now in production. The proposals to these national chains are currently under consideration, but no purchase orders have yet been received from them. The first 200 units produced were to test circuit board accuracy and product assembly protocols. The 200 units are now used as working models for display and sales purposes.

The anticipated placement will require initial production of 10,000 Home Safety Lights. Based upon consumer acceptance and resulting reorders, we have made provisions to produce up to 80,000 units per month at the SCCS facilities. We have undertaken other marketing initiatives with SCCS, a not-for-profit quasi-government entity, which will introduce the Home Safety Light in a different format to the Federal Emergency Management Agency (FEMA), the Department of Defense (DOD) and comparable state, county and municipal emergency service organizations. While SCCS has received no commitments from these agencies to purchase our products, SCCS currently does business with these entities and is of the opinion that their emergency services would be enhanced by the use of our products.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See, Item 3: Legal Proceedings in our annual report on Form 10-KSB for the year ended 12/31/01 for a description of current legal proceedings. There have been no material changes with respect to legal proceedings since that report was filed.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information.

None .

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

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.

Date: May 14, 2002

Cyberlux Corporation
(Registrant)
/s/ John W. Ringo
John W. Ringo
Secretary and Corporate Counsel

End of Filing

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