

**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 September 30, 2001**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

001-15337  
(Commission file number)

**MODERN MFG SERVICES, INC.**  
(Exact name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation or organization)

84-0503585  
(IRS Employer  
Identification No.)

4462 Russell Road, Suite 102  
Mukilteo, Washington 98275  
(Address of principal executive offices)

(425) 315-1772  
(Issuer's telephone number)

\_\_\_\_\_  
(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 Exchange Act during the past 12 months (or for such shorter 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 ☐

**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common equity.  
As of November 9, 2001 - 13,253,485 shares of common stock were outstanding.

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

## Modern MFG Services, Inc.

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## PART I. FINANCIAL INFORMATION

### ITEM 1. Financial Statements

#### MODERN MFG SERVICES, INC. CONSOLIDATED BALANCE SHEETS

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	<u>September 30, 2001</u> (Unaudited)
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,984
<b>Total current assets</b>	1,984
<b>Other Assets</b>	
Prepaid expenses	38,500
Capitalized web site development costs	443,908
<b>Total Assets</b>	<u>\$ 484,392</u>
<b>Liabilities and Stockholders' (Deficit)</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 318,699
Consulting fees payable	205,000
Payable to related parties	550,140
<b>Total Current Liabilities</b>	1,073,839
<b>Stockholders' (Deficit)</b>	
Common Stock, par value \$.001 per share, authorized 100,000,000; issued and outstanding 13,259,985 shares as of September 30, 2001, and 12,339,985 shares as of June 30, 2001	13,260
Additional paid-in capital	889,177
Retained deficit	(1,491,884)
<b>Total Stockholders' (Deficit)</b>	<u>(589,447)</u>
<b>Total Liabilities and Stockholders' (Deficit)</b>	<u>\$ 484,392</u>

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

**MODERN MFG SERVICES, INC.**  
**STATEMENTS OF OPERATIONS**

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	<b>For the Three Months Ended</b>	
	<b><u>September 30, 2001</u></b>	<b><u>September 30, 2000</u></b>
<b>Income</b>	\$ <u>-</u>	\$ <u>-</u>
<b>Operating Expenses</b>		
General and administrative expenses	<u>66,592</u>	<u>37,499</u>
<b>Net Loss</b>	\$ <u>(66,592)</u>	\$ <u>(37,499)</u>
<b>Basic Loss Per Share</b>	\$ <u>(0.01)</u>	\$ <u>(0.00)</u>
<b>Weighted Average     Common Shares Outstanding</b>	<u>12,606,139</u>	<u>12,330,679</u>

The accompanying notes are an integral part of the financial statements

**MODERN MFG SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**

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	<b>For the Three Months Ended</b>	
	<b><u>September 30, 2001</u></b>	<b><u>September 30, 2000</u></b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (66,592)	\$ (37,499)
Adjustments to net loss to net cash provided by operating activities:		
Common stock issued for services	50,000	-
(Increase) decrease in assets		
Decrease in deposits		800
(Increase) in capitalized software development costs	(216,000)	(15,285)
Increase (decrease) in liabilities		
Increase in accounts payable	185,000	5,221
Increase in payable to officers and affiliates	<u>44,402</u>	<u>47,965</u>
<b>Net cash used in operating activities</b>	<u>(3,190)</u>	<u>1,202</u>
<b>Cash Flows from Investing Activities</b>		
<b>Net cash provided (used) in investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,190)	1,202
<b>Cash and cash equivalents - beginning of period</b>	<u>5,174</u>	<u>145</u>
<b>Cash and cash equivalents - end of period</b>	<u><u>\$ 1,984</u></u>	<u><u>\$ 1,347</u></u>

The accompanying notes are an integral part of the financial statements

**MODERN MFG SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**

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**SUPPLEMENTAL DISCLOSURES TO STATEMENT OF CASH FLOWS**

**For the Three Months Ended**  
**September 30, 2001**      **September 30, 2000**

**Cash Paid During Year For:**

<b>Income Taxes</b>	<b>\$ <u>          -</u></b>	<b>\$ <u>          -</u></b>
<b>Interest Expense</b>	<b>\$ <u>          -</u></b>	<b>\$ <u>          -</u></b>

**Supplemental disclosures of non-cash investing activities:**

During the three months ended September 30, 2001, the company issued 50,000 shares as part consideration for a license agreement from Active/RMS. The shares were valued at \$60,000.

**Supplemental disclosures of non-cash financing activities:**

During the three months ended September 30, 2001, the company issued 450,000 shares of its common stock to two consultants in cancellation of \$32,500 of indebtedness due them.

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

# **MODERN MFG SERVICES** **NOTES TO FINANCIAL STATEMENTS**

**Note 1.** In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position of the Company as of September 30, 2000 and 2001 and the results of operations and cash flows for the three-month periods then ended. The operating results of the Company on a quarterly basis may not be indicative of operating results for the full year.

**Note 2.** In August 2001, the Company acquired Modern MFG Services, Inc. a corporation formed in Washington in a business combination accounted for as a pooling of interests. Modern MFG Services, Inc. is in the process of developing a service organization using modern technology through the Internet for machinists, machine shops, and customers, to make contact, bid for jobs and other related matters. Modern MFG Services, Inc. became a wholly owned subsidiary of the Company through the exchange of 11,525,000 shares of the Company's common stock for all of the outstanding stock of Modern MFG Services, Inc. The accompanying financial statements include the consolidated results of the combined companies as if the combination took place at the beginning of each period presented.

Summarized results of operations of the separate companies for the periods presented are as follows:

	Modern MFG Services <u>(Nevada)</u>	Modern MFG Services <u>(Washington)</u>
OPERATIONS:		
September 30, 2000		
Income	\$ -	\$ -
Operating Expense	<u>19,514</u>	<u>17,985</u>
Net Loss	<u>\$ (19,514)</u>	<u>\$ (17,985)</u>
September 30, 2001		
Income	\$ -	\$ -
Operating Expense	<u>57,875</u>	<u>8,717</u>
Net Loss	<u>\$ (57,875)</u>	<u>\$ (8,717)</u>

**MODERN MFG SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

	Modern MFG Services <u>(Nevada)</u>	Modern MFG Services <u>(Washington)</u>
BALANCE SHEET:		
September 30, 2001		
Assets		
Cash and Cash Equivalents	\$ 1,984	\$ -
Prepaid Expenses	38,500	-
Capitalized Web Site Development Costs	<u>-</u>	<u>443,908</u>
	<u>\$ 40,484</u>	<u>\$ 443,908</u>
Liabilities		
Accounts Payable	\$ 138,699	\$ 180,000
Consulting Fees Payable	205,000	-
Payable to Related Parties	<u>264,643</u>	<u>285,497</u>
	<u>\$ 608,342</u>	<u>\$ 465,497</u>
Stockholder's Deficit		
Common Stock	\$ 935	\$ 12,325
Additional Paid In Capital	785,446	103,731
Retained Deficit	<u>(1,354,239)</u>	<u>(137,645)</u>
	<u>\$ (567,858)</u>	<u>\$ (21,589)</u>
 Total Liabilities and Stockholder's Deficit	 <u>\$ 40,484</u>	 <u>\$ 443,908</u>

**Note 3.** On September 4, 2001, the Company entered into an agreement with Retailport.com, Inc. for the acquisition of an end user license for software that will be utilized in the Company's Website. Under the terms of the agreement, the Company will issue 200,000 shares of its common stock in four equal installments of 50,000 shares commencing September 4, 2001 through March 4, 2003. The shares issued pursuant to this agreement are valued at \$1.20 each. As of September 30, 2001, the first installment of the 50,000 shares has been issued and the Company has recorded the remaining balance of \$180,000 as a liability.



## MODERN MFG SERVICES

### Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement includes projections of future results and "forward looking statements" as that term is defined in Section 27A of the Securities Act of 1933 as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

#### Financial Summary

##### Results of Operations

The analysis as herein provided pertain to the Company's and its wholly owned subsidiary's combined results of their operations as if the two Company's were merged throughout the reporting period.

##### **For the three months ended September 30, 2000 and 2001.**

During the three month period ended September 30, 2000, the Company did not generate and revenue and had operating expenses of \$37,499 which consisted of general operating overhead.

During the three month period ended September 30, 2001, the Company still had no revenue and incurred operating expenses of \$66,592 of which \$51,000 related to the costs incurred in the acquisition of the Company's wholly owned subsidiary, Modern Mfg. Services, Inc. The remaining \$15,592 pertain to the general operating overhead.

##### **Liquidity and Capital Resources**

Cash and cash equivalents as of September 30, 2001 was reduced by \$3,190, which was used in the Company's operations. Of the remaining operating expenses for the three month period ending September 30, 2001 of \$63,402; \$55,000 was paid through the issuance of 420,000 shares of the Company's common stock, and \$8,402 relate to amounts due to Key Manufacturing for the Company's allocated share of rent and related overhead and direct expenses of the Company which were paid by Key on its behalf.

#### Management Plan of Operations

##### Overview

Modern MFG Services, Inc. was incorporated in December 2000, for the purpose of providing an Internet based technology, which is planned to be a vehicle for business-to-business e-commerce. Specifically, it is the plan of Modern MFG Services, Inc. to allow registered users in the manufacturing industry to deal with one another in the buying and selling of goods and services. Modern MFG Services, Inc. is a development stage company, which has not yet commenced operations. Modern MFG Services, Inc. has no material inventories or accounts receivable. No independent market surveys have ever been conducted to determine demand for the Modern MFG Services, Inc.'s products and services. Modern MFG Services, Inc. has never generated any revenues with exception of "seed" investment. At the present time, Modern MFG Services, Inc.'s principal assets are an active Web Site, and the Virtual RFQ business concept. Virtual RFQ will be the product of Modern MFG Services, Inc.

Modern MFG Services, Inc. plans to provide the opportunity, over the Internet, for purchasing agents and job shops to send out encrypted Requests For Quotations (RFQ's) to registered users and to receive responses to such RFQ's.

### General Plan of Operation

Modern MFG Services, Inc.'s marketing plan will be focused on manufacturers in the aerospace, commercial, and medical industries, along with the first and second tier of suppliers to these manufacturers. The customers for the services will be purchasing agents and job shops for these industries. This plan will be the primary focus for Modern MFG Services, Inc.'s marketing efforts during the coming fiscal year. During the past fiscal year, Modern MFG Services, Inc. has focused solely on development stage activities. For at least the next twelve months of operation, Modern MFG Services, Inc. will subcontract equipment and personnel to create its operations. This function will be re-evaluated at the end of the twelve month period.

This strategy has been adopted for several reasons. The initial capital equipment and expertise required to competitively and effectively take on the development of the software is substantial. We believe that there are numerous expert subcontract software houses capable of producing the software necessary for Modern MFG Services, Inc.. By utilizing several of these subcontractors, the potential costs and risks can be greatly reduced.

Modern MFG Services, Inc. plans to primarily function in the United States and Canada. Throughout calendar year 2001 and into calendar year 2002, Modern MFG Services, Inc.'s efforts will be concentrated on improving the financial position of Virtual RFQ.

### Marketing Plan

Modern MFG Services, Inc. plans to create a loyal customer base and to build repeat site traffic while expanding its products and services in a business-to-business environment.

Modern MFG Services, Inc. plans to employ a multi-faceted approach to marketing. These activities will be aimed at providing increased customer awareness and education relative to the availability and capabilities of the newer emerging business-to-business market via the Internet. Modern MFG Services, Inc. will search for strategic alliances to implement its planned operations. Modern MFG Services, Inc. will utilize the mailing lists and personal contacts compiled from direct contacts by our sales/marketing group. The proposed direct mail and e-mail campaign is the most cost effective method of reaching this customer base. Fax mailings and direct mailings are used to approach new groups.

Through direct mail and e-mail campaigns, participation in trade shows and selected advertising, Modern MFG Services, Inc. will attempt to create corporate awareness and demand for its products and services in the marketplace. This is especially important for the success of Virtual RFQ. Modern MFG Services, Inc. through its many relationships with various trade organizations will provide the opportunity for a grass roots marketing campaign. Modern MFG Services, Inc. intends to advertise in various trade publications aimed at the managers of medium to large size manufacturers. Participation in trade shows is another avenue that will be heavily pursued to reach the end-user business market. Modern MFG Services, Inc. has participated in several industry trade shows with a great deal of success and interest shown in their products and services. Modern MFG Services, Inc. plans to offer many of its products and services on a subscriber basis.

In the Company's opinion, proceeds from possible future equity funding will satisfy its cash requirements for the next twelve months. The Company has financed its operations since inception from the sale of equity. The Company has no management or similar report that has been prepared or provided for external use by the issuer or underwriter.

The company currently has low cash reserves and no significant revenues established, additional funds may be required in order to proceed with the current business plan. These funds may be raised through a private placement. There is no assurance that such additional financing will be available when required in order to proceed with the business plan or that the Company's ability to respond to competition or changes in the market place or to exploit opportunities will not be limited by lack of available capital financing. If the Company is unsuccessful in securing the additional capital needed to continue operations within the time required, the Company will not be in a position to continue operations under the current business plan.

## MODERN MFG SERVICES

### Part II. OTHER INFORMATION

**Item 1. Legal Proceedings**

None

**Item 2. Change in Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

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

Not applicable

**Item 5. Other Information**

None

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

Reports on Form 8-K

On October 10, 2001, the Company filed a Form 8-K with the United States Securities and Exchange Commission; re: Changes in Control of Registrant and Financial Statements. Financial Statements included were Mpeg Supersite, Inc. thru June 30, 2001 and Modern MFG, Inc. thru June 30, 2001

On July 20, 2001, the Company filed a Form 8-K with the United States Securities and Exchange Commission; re: Other Events.

Exhibits

None

No other filings were made during the period covered by this report.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MODERN MFG SERVICES, INC.

By: /s/ Roger Janssen  
Roger Janssen, President

By: /s/ Terry Burke  
Terry Burke, Chief Financial Officer

Date: November 09, 2001