

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

**FORM 10-QSB  
(Amendment #1)**

(Mark One)

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

**For the quarterly period ended September 30, 2002**

☐ 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.

The number of shares outstanding of each of the issuer's classes of common equity:  
as of November 14, 2002 - 20,045,872 shares of common stock

**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**

#### **Independent Accountants' Review Report**

To the Board of Directors  
Modern MFG Services, Inc.

We have reviewed the accompanying balance sheet of Modern MFG Services, Inc. as of September 30, 2002, and the related statements of operations and cash flows for the three-month periods ended September 30, 2001 and 2002. These financial statements are the responsibility of the Company's management.

We conducted our reviews 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 the financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of 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 modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

s/ Jonathon P. Reuben CPA

Jonathon P. Reuben,  
Certified Public Accountant  
November 20, 2002

**Modern MFG Services, Inc.**  
**CONCOLIDATED BALANCE SHEET**

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	<u><b>September 30, 2002</b></u> <b>(Unaudited)</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 8,545
Accounts receivable	26,519
Receivable from others	5,045
Prepaid expenses	<u>7,500</u>
<b>Total current assets</b>	47,609
<b>Property and Equipment</b>	
Marine vessel held under capital lease	600,000
Office equipment	<u>227</u>
	600,227
Less accumulated depreciation	<u>(25)</u>
	<u>600,202</u>
<b>Other Assets</b>	
Security deposits	15,913
Intangible assets	
Goodwill	1,373,251
Other	<u>502,570</u>
	1,891,734
<b>Total assets</b>	<u><u>\$ 2,539,545</u></u>
<b>Liabilities and Stockholders' Equity</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 202,333
Accrued expenses	247,371
Payable to others	262,777
Payable to related parties	472,519
Current maturities of long-term debt	50,333
Current portion of obligations under capital lease	<u>61,535</u>
<b>Total current liabilities</b>	\$ 1,296,868
Long-term debt	610,097
Obligations under capital lease	<u>525,870</u>
<b>Total liabilities</b>	2,432,835
<b>Stockholders' (Deficit)</b>	
Common Stock, par value \$.001 per share, authorized 100,000,000 issued and outstanding 18,359,872 as of September 30, 2002	18,360
Additional paid-in capital	1,459,095
Retained deficit	<u>(1,370,745)</u>
<b>Total stockholders' equity</b>	<u>106,710</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 2,539,545</u></u>

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

**Modern MFG Services, Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

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	<b>For the Three Months Ended September 30,</b>	
	<b><u>2001</u></b>	<b><u>2002</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Income</b>	\$ -	\$ -
<b>Operating expenses</b>		
General and administrative expenses	66,592	76,440
Loss on abandonment of website development	-	-
Research and development	-	-
Interest expense	-	333
	<u>66,592</u>	<u>76,773</u>
<b>Extraordinary items</b>		
Gain on extinguishment of debt	-	-
<b>Net Loss</b>	<u>\$ (66,592)</u>	<u>\$ (76,773)</u>
<b>Per Share Data</b>		
<b>Basic loss before extraordinary items</b>	\$ (0.01)	\$ (0.01)
<b>Extraordinary items</b>	<u>-</u>	<u>-</u>
<b>Net Loss</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
<b>Weighted average common shares outstanding</b>	<u>12,606,139</u>	<u>13,971,225</u>

The accompanying notes are an integral part of the financial statements

**Modern MFG Services, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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	<b>For the Three Months Ended September 30,</b>	
	<b><u>2001</u></b>	<b><u>2002</u></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (66,592)	\$ (76,773)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Common stock issued for services	50,000	-
Abandonment of website development	-	-
Gain on extinguishments of indebtedness	-	-
Depreciation expense	-	19
(Increase) decrease in assets		
(Increase) Decrease in deposits and other assets	-	(8,205)
(Increase) in capitalized software development costs	(216,000)	-
Increase (Decrease) in Liabilities		
Increase in accounts payable and accrued expenses	185,000	28,858
Increase in accrued compensation due officers	<u>44,402</u>	<u>36,000</u>
<b>Net cash used in operating activities</b>	<u>(3,190)</u>	<u>(20,101)</u>
<b>Cash Flows from Investing Activities</b>		
Office equipment purchase	-	-
Cash used in acquisition of Integrated Maritime Platforms, Inc.	<u>-</u>	<u>(127,000)</u>
<b>Net cash provided (used) in investing activities</b>	<u>-</u>	<u>(127,000)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from private offerings	-	110,000
Costs incurred in private offerings	-	(3,480)
Amounts received from related parties	-	5,000
Loans from unrelated third party	-	50,000
Cash received in reverse acquisition with Integrated Maritime Platforms, International		165
Repayments to related parties	<u>-</u>	<u>(9,500)</u>
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>152,185</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,190)	5,084
<b>Cash and cash equivalents - beginning of period</b>	<u>5,174</u>	<u>3,461</u>
<b>Cash and cash equivalents - end of period</b>	<u>\$ 1,984</u>	<u>\$ 8,545</u>
<b>Cash Paid For:</b>		
Interest Expense	<u>\$ -</u>	<u>\$ -</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

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

**Modern MFG Services, Inc.**  
**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, 2002, and the results of operations and cash flows for the three-month periods ended September 30, 2001 and 2002.. The operating results of the Company on a quarterly basis may not be indicative of operating results for the full year.

**Note 2.** On September 30, 2002, the Company acquired all of the outstanding stock of Integrated Maritime Platforms International, Inc., ("Integrated") a corporation formed in Washington in a business combination accounted for as a purchase. Integrated with three other manufacturer is developing an unmanned surface vessel for the United States Navy. In exchange for receiving all of the outstanding stock of Integrated, the Company issued to the shareholders of Integrated 4,000,075 shares of its common stock and provided \$127,000 to Integrated to be used in the operations of the company. The accompanying financial statements include the consolidated results of the combined companies as of the acquisition date.

Summarized results of operations of the separate companies for the periods presented as if the acquisition took place on July 1, 2002 are as follows:

	<u>Modern MFG Services, Inc.</u>	<u>Integrated Platforms</u>	<u>Combined</u>
Operations:			
September 30, 2001			
Income	\$ -	\$ -	\$ -
Operating Expenses	<u>66,592</u>	<u>-</u>	<u>66,592</u>
Net Loss	<u>(66,592)</u>	<u>-</u>	<u>(66,592)</u>
September 30, 2002			
Income	\$ -	\$ 26,519	\$ 26,519
Operating Expenses	76,440	78,498	154,938
Research and development	-	68,672	68,672
Interest expense	<u>333</u>	<u>31,542</u>	<u>31,875</u>
	<u>76,773</u>	<u>178,712</u>	<u>255,485</u>
Net Loss	<u>\$ (76,773)</u>	<u>\$ (152,193)</u>	<u>\$ (228,966)</u>
Balance Sheet			
September 30, 2002			
Current assets			
Cash and cash equivalents		\$ 8,380	\$ 165
Accounts receivable		-	-
Other current assets		<u>7,500</u>	<u>5,045</u>
Total current assets		<u>15,880</u>	<u>31,729</u>
Property and equipment		202	600,000
Other assets		705	1,891,029
Total assets		<u>\$ 16,787</u>	<u>\$ 2,522,758</u>
Liabilities			
Current liabilities		1,194,194	102,674
Note payable		-	610,097
Obligations under capital lease		<u>-</u>	<u>525,870</u>
		<u>1,194,194</u>	<u>1,238,641</u>
Stockholders' equity (deficit)		<u>\$ (1,177,407)</u>	<u>\$ 1,248,117</u>

## **Modern MFG Services, Inc.**

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

#### **Results of Operations**

The analysis as herein provided pertain to Modern Mfg Services, Inc. (formerly MPEG Supersite, Inc.) and its wholly owned subsidiary Modern Mfg Services, Inc. (a Washington corporation) combined results of their operations during the reporting periods.

#### **For the three months ended September 30, 2001 and 2002**

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 its the Company's wholly owned subsidiary, Modern Mfg. Services, Inc. The remaining \$15,592 pertain to the general operating overhead.

During the three month period ended September 30, 2002, the Company did not generate any revenue and had operating expenses of \$76,440 which consisted of general operating overhead including accrued officers' compensation of \$36,000 and consulting expenses of \$11,448.

#### **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 its behalf.

Cash and cash equivalents as of September 30, 2002 was increased by \$5,084. Cash received during this three month period included \$110,000 from the sale of 627,275 shares of the Company common stock, \$50,000 from an investor in exchange for a convertible note, and \$5,000 from a related party. Of the \$165,000 received, \$20,101 was used in operations, \$3,480 was incurred in the private offerings and \$9,500 was repaid to a related party.

### **Management Plan of Operations**

#### **General Plan of Operation**

The company has historically and continues to rely on equity and debt financing to sustain operations. No significant revenue sources have been established and the company has incurred substantial debt.

The company has secured exclusive worldwide rights from Biological Defense Corporation, Inc to manufacture, distribute, market and sell certain equipment producing electromagnetic fields capable of sterilizing various strains of microorganisms. These products are unproven to date and are under development and testing.

The company has recently acquired as a subsidiary, Integrated Maritime Platforms International, Inc. ("Integrated Maritime"). Integrated Maritime is currently developing for construction an Unmanned Surface Vehicle Prototype. The company has committed to provide funding in the amount of \$1,500,000 to be used in the fulfillment of a contract with the United States government related to the development and construction an Unmanned Surface Vehicle Prototype.

The company is currently planning to raise additional capital to develop these projects and establish revenues for continued operations. The terms have not been determined at this time and may involve equity or debt financing.



**Part II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

None

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

During the first quarter of 2002, the Company issued a total of 4,627,350 shares of its common stock, of which 627,275 were sold through private offerings from which the Company received a total of \$110,000. And 4,000,075 shares were issued in connection with the acquisition of Integrated Maritime Platforms International, Inc. The shares issued in the acquisition were valued at the share's quoted price of \$.28.

From October 1, 2002 through November 14, 2002, the Company issued 1,686,000 shares of its common stock of which 1,000,000 were issued in cancellation of \$150,000 of indebtedness, 676,000 were issued to various consultants for services, and 10,000 shares were issued in exchange for equipment valued at \$5,000.

**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**

Modern MFG Services, Inc. incorporates by reference its Annual Report for the fiscal year ended June 30, 2002, filed October 17, 2002 with the Securities and Exchange Commission, and exhibits filed therewith; including:

Exhibits

- |      |                                                          |
|------|----------------------------------------------------------|
| 3.1  | Current Articles of Incorporation filed July 8, 2001     |
| 10.1 | Material Contract - Biological Defense Corporation, Inc. |
| 10.2 | Material Contract - Integrated Maritime Platforms, Inc.  |

Modern MFG Services, Inc. includes herewith the following exhibits:

Exhibits

- |      |                                                                                                                                                                                     |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                  |
| 99.2 | Certification of Chief Financial Officer and Principal Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

Reports on Form 8-K

On October 2, 2002, the company filed a report on form 8-K disclosing a Change in Registrant's Certifying Accountant; as occurring October 1, 2002.

## **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, President  
Roger Janssen, President

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

Date: November 27, 2002