

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

**FORM 10-QSB/A**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2005**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**RECOV Energy, Corp.**

(Exact Name of Small Business Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of incorporation)

**000-24189**

(Commission File Number)

**65-0488983**

(IRS Employer Identification No.)

**3163 Kennedy Boulevard, Jersey City, New Jersey**

(Address of principal executive offices)

**07306**

(Zip Code)

(201) 217-4137

(Registrant's telephone number, including area code)

Check whether the issuer (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days. **YES [X] NO [ ]**

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act.)  
**[X] Yes [ ] No**

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

As of September 30, 2005 the number of the Company's shares of par value \$.001 common stock outstanding was 3,869,521.

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

SEC 2334 (9-05) **Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

# **RECOV Energy, Corp.**

FORM 10-QSB/A

June 30, 2005

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## **EXPLANATORY NOTE**

This Form 10-QSB/A has been amended principally to reflect certain corrections to the financial statements included in the Company's Form 10-QSB filed on October 4, 2005. These financial statement corrections relate to: (i) a recalculation of the earnings per share included in the Consolidated Income Statement; (ii) reclassification of the Gain on Reduction of Debt of Discontinued Subsidiary from a line item within the Continuing Operations section to a separate line item of the Consolidated Income Statement; (iii) to include disclosure relating to the Company curing the deficiencies in its reporting obligations under NASD Rule 6530 as a consequence of which the Company was re-listed to be traded on the Over-the-Counter Bulletin Board. Certain minor textual modifications have also been made herein.

## **PART I - FINANCIAL INFORMATION**

### **Item 1 - Financial Statements**

#### **RECOV ENERGY, CORP. FKA INTERACTIVE MULTIMEDIA NETWORK, INC. CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>		<b>June 30, 2005</b>	<b>March 31, 2005</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	-	\$ 38
Prepaid expenses		160,971	
Accounts Receivable		10,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>170,971</b>	<b>38</b>
<b>OTHER ASSETS</b>			
Property and equipment, net		3,308	15,123
<b>TOTAL OTHER ASSETS</b>		<b>3,308</b>	<b>15,123</b>
<b>TOTAL ASSETS</b>	\$	<b>174,279</b>	\$ <b>15,161</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	225,465	\$ 210,019
Notes payable and accrued interest (principally related parties)		348,321	396,992
<b>TOTAL CURRENT LIABILITIES</b>		<b>573,786</b>	<b>607,011</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		-	-
<b>SHAREHOLDERS' DEFICIT</b>			
Preferred stock, \$.001 par value, 50,000,000 shares authorized, none issued and outstanding		-	-
Common stock, \$.001 par value, 200,000,000 shares authorized, 9,190,692 issued and outstanding - June 30, 2005 and 668,026 issued and outstanding - March 31, 2005		9,191	668
Paid-in-capital		3,610,898	3,359,631
Accumulated deficit		(4,019,596)	(3,952,149)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<b>(399,507)</b>	<b>(591,850)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	\$	<b>174,279</b>	\$ <b>15,161</b>

See accompanying notes to financial statements.

**RECOV ENERGY, CORP.**  
**FKA INTERACTIVE MULTIMEDIA NETWORK, INC.**  
**CONSOLIDATED INCOME STATEMENT**  
**QUARTER ENDED JUNE 30,**

	<b>2005</b>	<b>RESTATED 2004</b>
	<hr/>	<hr/>
REVENUE	\$ -	\$ 1,052
COST OF REVENUE	<hr/> -	<hr/>
	-	1,052
EXPENSES		
Consulting services	53,700	-
Selling, general and administrative expenses	17,300	2,085
Rent	300	300
Interest expense	(3,852)	2,262
TOTAL EXPENSES	<hr/> 67,447	<hr/> 4,647
LOSS FROM CONTINUED OPERATIONS	<hr/> (67,447)	<hr/> (3,595)
DISCONTINUED OPERATIONS		
Gain on reduction of debt of discontinued subsidiary	<hr/> -	<hr/> 440,492
NET (LOSS) INCOME	<hr/> \$ (67,447)	<hr/> \$ 436,897
	<hr/> <hr/>	<hr/> <hr/>
(LOSS) EARNINGS PER SHARE:		
WEIGHTED AVERAGE COMMON SHARES		
OUTSTANDING	3,953,900	653,511
CONTINUING OPERATIONS LOSS PER SHARE	(0.017)	(0.006)
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE	<hr/> \$ (0.017)	<hr/> \$ 0.669
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**RECOV ENERGY, CORP.**  
**FKA INTERACTIVE MULTIMEDIA NETWORK, INC.**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' DEFICIT**  
**QUARTER ENDED JUNE 30, 2005**

	Preferred Stock		Common Stock		Paid in	Accumulated	Total
	Shares	Amount	Shares	Amount	Capital	Deficit	Shareholder's Equity/(Deficit)
Balance, beginning April 01, 2004	-	-	653,511	653	2,955,986	(3,842,290)	(885,651)
Issuance of common stock	-	-	7,500	8	9,992	-	10,000
Issuance of common stock for services	-	-	7,000	7	13,993	-	14,000
Imputed rent expense	-	-	-	-	1,200	-	1,200
Disposal of wholly owned subsidiaries					(15,000)	31,953	16,953
Additional shares due to reverse stock split			15				-
Beneficial conversion feature					393,460		393,460
Net loss	-	-	-	-	-	(141,812)	(141,812)
Balance, ending March 31, 2005	-	-	668,026	668	3,359,631	(3,952,149)	(591,850)
Conversion of notes payable into common stock	-	-	2,422,666	2,423	42,396	-	44,819
Imputed rent expense	-	-	-	-	300	-	300
Issuance of common stock for services			6,100,000	6,100	208,571		214,671
Net loss	-	-	-	-	-	(67,447)	(67,447)
Balance, ending June 30, 2005	<u>-</u>	<u>\$ -</u>	<u>9,190,692</u>	<u>\$ 9,191</u>	<u>\$ 3,610,898</u>	<u>\$ (4,019,596)</u>	<u>\$ (399,507)</u>

See accompanying notes to financial statements.

**RECOV ENERGY, CORP.**

**FKA INTERACTIVE MULTIMEDIA NETWORK, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
QUARTER ENDED JUNE 30,**

	<b>2005</b>	<b>RESTATED 2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (67,447)	\$ 436,897
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	26	935
Issuance of stock for services	53,700	-
Loss on disposal of fixed assets	1,789	-
Accrued interest - shareholders loan	(3,852)	2,262
Office rent applied to paid in capital	300	300
Changes in operating assets and liabilities:		
Accounts receivable	(10,000)	(19,305)
Other current assets	(0)	-
Accounts payable and accrued liabilities	15,446	(754,871)
Notes and accrued interest assumed	(44,820)	221,160
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(54,858)</b>	<b>(112,622)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of property and equipment	10,000	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>10,000</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from shareholder loans	-	39,516
Additional paid-in-capital	156,671	70,000
Conversion of shareholders loans	44,820	-
Issuance of common stock	-	3,220
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>44,820</b>	<b>112,736</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(38)</b>	<b>114</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>38</b>	<b>353</b>
<b>CASH, END OF PERIOD</b>	<b>\$ -</b>	<b>\$ 467</b>

**SUPPLEMENTAL INFORMATION:**

Issuance of shares in settlement of liabilities	-	-
Issuance of shares in payment of services	\$ 214,671	-

See accompanying notes to financial statements.

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION**

RECOV Energy, Corp., f/k/a Interactive Multimedia Network, Inc. (the “Company”) was organized in the State of New Jersey on March 04, 1994 and reincorporated in the State of Delaware on September 13, 1995. The name of the Company changed to RECOV Energy, Corp. effective March 29, 2005. The Company is a shell company that is actively seeking a potential merger or acquisition candidate.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, such interim statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for these interim periods are not necessarily indicative of the results to be expected for the year ending March 31, 2006. These financial statements should be read in conjunction with the audited financial statements and footnotes included in the Company's annual report on Form 10-KSB/A-2 for the year ended March 31, 2005.

The Company had two subsidiaries: AutoSmart USA, Inc., a Nevada corporation and AutoSmart USA Leasing, Inc., a Florida corporation, which operate in tandem the vehicle sales operations of the Company. During the fiscal year ended March 31, 2002, these two subsidiaries ceased operations.

RECOV Energy, Corp. prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. Financial statement items are recorded at historical cost and may not necessarily represent current values.

The applicable opening balances in the stockholders' equity accounts were restated to reflect the reverse stock split.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Principles of Consolidation*

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates 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. Certain amounts included in the financial statements are estimated based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of financial statements and actual results could differ from the estimates and assumptions. Every effort is made to ensure the integrity of such estimates.

*Fair value of Financial Instruments*

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued expenses and other liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments.



**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

*Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives when the property and equipment is placed in service.

	<u>Estimate Useful Life (In Years)</u>
Furniture and Fixtures	7
Equipment & Vehicles	5
Computer Equipment & Software	3

Leasehold improvements are amortized over their estimated useful lives or the estimated useful lives of the leasehold improvements, whichever is shorter.

The cost of fixed assets retired or sold, together with the related accumulated depreciation, are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is included in operations. Maintenance and repairs are expensed as incurred. Repairs and maintenance are charged to operations as incurred, and expenditures for significant improvements are capitalized.

*Revenue Recognition*

Revenues are principally from services and commissions from providing marketing plans, services related to the Internet marketing arena and sales from health related products. Revenues from marketing and Internet related activity are recognized when the services are completed. Revenues from the sale of health related products are recognized when the products are shipped to the customer.

In December 1999, the Securities and Exchange Commission (“SEC”) issued Staff Accounting Bulletin No. 101 (“SAB 101”), “Revenue Recognition,” which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provide guidance for disclosures related to revenue recognition policies. Management believes that RECOV Energy, Corp.’s revenue recognition practices are in conformity with the guidelines of SAB 101.

*Advertising*

The Company expenses advertising costs as incurred. There was no advertising expense for the three months ended June 30, 2005 and 2004.

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

*Earnings (Loss) per Share of Common Stock*

Earnings (Loss) per common share are calculated under the provisions of SFAS No. 128, “Earnings per Share,” which establishes standards for computing and presenting earnings (loss) per share. SFAS No. 128 requires the Company to report both basic earnings (loss) per share, which is based on the weighted-average number of common shares outstanding during the period, and diluted earnings (loss) per share, which is based on the weighted-average number of common shares outstanding plus all potential dilutive common shares outstanding. Options and warrants have not been considered in calculating diluted earnings (loss) per share since considering such items would have an anti-dilutive effect.

*Statement of Cash Flows*

For purposes of the statement of cash flows, as applicable, the Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

*Recent Accounting Pronouncements:*

The Statement of Financial Accounting Standards Board (SFAS) No. 141, “Business Combinations,” was issued by the Financial Accounting Standards Board (FASB) in July 2001. This Statement establishes standards for accounting and reporting for business combinations. This statement requires the purchase method of accounting to be used for all business combinations, and prohibits the pooling-of-interests method of accounting. This Statement is effective for all business combinations initiated after September 30, 2001 and supercedes APB Opinion No. 16, “Business Combinations” as well as Financial Accounting Standards Board Statement of Financial Accounting Standards No. 38, “Accounting for Preacquisition Contingencies of Purchased Enterprises.” The adoption of this statement by the Company did not have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 142, “Goodwill and Other Intangible Assets,” was issued by the Financial Accounting Standards Board (FASB) in July 2001. This Statement addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. This statement requires goodwill amortization to cease and for goodwill to be periodically reviewed for impairment, for fiscal years beginning after October 31, 2001. SFAS No. 142 supercedes APB Opinion No. 17, “Intangible Assets.” The adoption of this statement by the Company did not have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 143, “Accounting for Asset Retirement Obligation,” was issued by the Financial Accounting Standards Board (FASB) in August 2001. This Statement requires companies to record a liability for asset retirement obligations in the period in which they are incurred, which typically could be upon completion or shortly thereafter. The FASB decided to limit the scope to legal obligation and the liability will be recorded at fair value. The adoption of this statement by the Company did not have a material impact on its financial condition or results of operations.

The Statement of Financial Accounting Standards Board (SFAS) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” was issued by the Financial Accounting Standards Board (FASB) in October 2001. This Statement provides a single accounting model for long-lived assets to be disposed of and replaces SFAS No. 121 “Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of.” This Statement is effective for fiscal years beginning after December 15, 2001. The adoption of this statement by the Company did not have a material impact on its financial condition or results of operations.

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 3 – PROPERTY, EQUIPMENT AND ACCUMULATED DEPRECIATION**

Property and equipment, net, at June 30, 2005 and March 31, 2005 consists of the following:

	June 30, 2005	March 31, 2005
Furniture & Fixtures	4,770	4,770
Equipment	5,137	5,137
Computer Equipment	-	27,254
Software	-	1,626
Website	-	10,000
	<u>9,907</u>	<u>48,787</u>
Less: Accumulated depreciation and amortization	<u>6,559</u>	<u>33,664</u>
Property and equipment, net	<u><u>3,308</u></u>	<u><u>15,123</u></u>

The Company sold its Computer Equipment, Software and Website to its former subsidiary, Best Health, Inc.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES - LITIGATION**

The Company is not a party to any legal proceedings. In October 2001, the Company's wholly owned subsidiaries, AutoSmart USA, Inc. and AutoSmart Leasing USA, Inc. ceased operations. AutoSmart Leasing USA, Inc. et. al. are currently the defendants in one lawsuit in which the total amount being requested for recovery is approximately \$175,000, plus legal fees and interest.

AutoSmart Leasing USA, Inc has no assets and the corporation was administratively dissolved pursuant to Florida law on October 4, 2002. To the best of management's knowledge and belief, should the plaintiff in this lawsuit prevail against AutoSmart Leasing USA, Inc. or the other named defendants, the ultimate outcome of this matter would have no effect on the Company.

Further due to the dissolution of both of these subsidiaries, pursuant to applicable state law, the Company has been advised by counsel that it has no liability for any unpaid obligations of either company. (See Note 11).

**NOTE 5 – GOING CONCERN**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has sustained continuing operating losses and has net working capital and shareholders' equity deficits at June 30, 2005. Currently the Company has no operating business or source of revenue. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management anticipates that additional investments will be needed to develop an effective sales and marketing program before the organization will generate sufficient cash flow from operations to meet current operating expenses and overhead. Management has continued to develop a strategic plan to develop a management team, maintain reporting compliance and seek new expansive areas in marketing through multiple media channels. Management intends to seek new capital from new equity security issuances that will provide funds needed to increase liquidity, fund internal growth, and fully implement its business plan. There is no assurance that management will be successful in these endeavors. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**NOTE 6 – SUBSIDIARY RELATED TRANSACTIONS**

In October 2001 the Company ceased operations of its wholly-owned subsidiaries, Auto Smart USA, Inc. (a Nevada corp.) and AutoSmart Leasing USA, Inc. (a Florida corp.) After not receiving a timely annual report for the corporation, the state of Nevada revoked the corporate charter of Auto Smart USA, Inc. in December of 1999. This revoked status subsequently became permanent. On October 4, 2002, AutoSmart USA Leasing, Inc. was administratively dissolved pursuant to Florida law, for failure to file an annual report.

The Company's legal counsel has advised the Company that the shareholders of an administratively dissolved Florida corporation are not responsible for the debts of that corporation. Management has applied this same premise to the Nevada corporation and considers the effect of the administrative dissolutions to be the equivalent of legal releases. The Company did not initially de-recognize these liabilities, consisting of various third party trade payables and certain other accruals, from its consolidated balance sheet due to the possibility that the trade creditors of the two subsidiaries might attempt to pierce their corporate veils and proceed against the Company or its corporate predecessor.

During the first quarter of our fiscal year ended March 31, 2005, management determined that this contingency was removed with respect to \$882,812 of the liabilities of these two subsidiaries and the Company de-recognized aggregate liabilities in this amount.

Management's determination was based on: (i) the settlement of two outstanding lawsuits; in one the Company was a named party and in the other, the applicable debt was guaranteed by an officer of the Company, whose guarantee had been given in furtherance of the subsidiary's business while it was operating, (ii) there then being no other matters naming the Company with respect to either subsidiary then pending, and (iii) no claims had been brought against the Company with respect to the trade liabilities of either company. Accordingly management determined that the likelihood of a trade or other creditor coming forward at that date and then successfully piercing either corporate veil was remote.

During the quarter ended March 31, 2005 it was determined that \$221,160 of debt principal and accrued interest included in the first quarter write-off should not have been de-recognized and the gain originally taken in the first quarter was reduced by that amount.

The corrected amounts applicable to the first quarter of fiscal 2005 have been disclosed in Note 11 – Restatement and Fourth Quarter Adjustments, together with other disclosures related thereto. The net credit arising from the elimination of these liabilities from the Company's consolidated balance sheet is reported as a gain on the statement of operations due to the fact that the release of the liabilities is based on Florida and Nevada statutes and that none of the liabilities involved were due to related parties.

On February 17, 2005, the Company's Board of Directors voted to divest itself of Best Health, Inc. and SoySlim. This was effectuated by declaring and issuing a stock dividend on March 28, 2005 to all shareholders of record on February 17, 2005. To accomplish this divestiture, the shares owned by the Company were returned to its subsidiaries. Concurrently Best Health, Inc. and SoySlim, Corp. each issued one share of its own common stock to each shareholder of the Company on a one to one basis. The Company incurred a net loss of \$10,841 on the divestiture of these two subsidiaries.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Company has been involved in periodic transactions, whereby money has been loaned to the former President of the Company and the former President of the Company has loaned money to the Company. There were no loans to this party during the three month period ended June 30, 2005 and the year ended March 31, 2005. The Company was obligated to the former President for notes payable and accrued interest of \$259,899 and \$255,935 as of June 30, 2005 and March 31, 2005 respectively.

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

Legal services to RECOV Energy Corp. have been performed by Verdiramo & Verdiramo, P.A. This professional association is owned by Vincent L. Verdiramo, the former President of RECOV Energy Corp. and his son Vincent S. Verdiramo. The cost of legal services billed to the Company was \$2,500 and \$20,264 for June 30, 2005 and June 30, 2004. The amount outstanding to this professional association was \$108,284 and \$105,784 as of June 30, 2005 and March 31, 2005 and is included in Accounts Payable and Accrued Liabilities.

Verdiramo & Verdiramo, P.A. is providing limited use of office space to RECOV Energy Corp. Although Verdiramo & Verdiramo, P.A. has agreed not to charge rent and is not expecting payment from the Company for the office use, an amount has been reflected in the financial statements as rent expense with an offset to paid-in capital in the amount of \$300 in both quarters ended June 30, 2005 and 2004, respectively.

The Company has received loans and advances from stockholders and related parties. These transactions are in the form of unsecured convertible demand loans bearing interest of 6% to 15% per annum. The total balance due was \$348,320 and \$396,992 as of June 30, 2005 and March 31, 2005, respectively. This includes approximately \$166,247 and \$170,099 of accrued interest as of June 30, 2005 and March 31, 2005, respectively. Effective February 9, 2005, the rate of conversion for these notes was reduced from \$0.10 per common share to \$0.0185 per common share. As of March 31, 2005, the Company recognized a beneficial conversion feature attributable to the reduction in the conversion price of these convertible demand notes, the effect of which has been to record imputed interest expense in the amount of \$393,460.

During the period ended June 30, 2005, the Company issued 2,422,666 shares of free trading common stock, in conversion of \$44,819 of convertible notes payable. The conversion price was \$0.0185 per share. The Company received an opinion from counsel that the shares issued in these transactions were free trading.

**NOTE 8 – STOCKHOLDER’S EQUITY**

*Preferred Stock*

Effective March 29, 2005 the Company increased its authorization of preferred stock from 5,000,000 shares with a par value of \$0.001 to 50,000,000 shares with a par value of \$0.001. To date no preferred shares have been issued. The preferred stock contains no voting privileges and is not entitled to accrue dividends or convert into shares of the Company’s common stock.

*Common Stock*

Effective March 29, 2005 the Company increased its authorization of common stock from 25,000,000 shares to 200,000,000 shares, with no change in the par value of \$0.001.

Effective on the close of business on March 28, 2005 the Company implemented a reverse split of the common stock on the basis of twenty shares pre-split for one share post-split. The number of common shares outstanding at the close of business March 28, 2005 was 13,360,211. The number of common shares outstanding was 9,190,692 and 653,511 as of June 30, 2005 and June 30, 2004, respectively.

During the period ended June 30, 2005, the Company issued 6,100,000 restricted shares pursuant to an exemption under Section 4(2) to its president for services to be rendered for the period from April 1, 2005 through March 31, 2006. This issuance was made in contemplation of the negotiations with the Company’s then acquisition target Carbon Recovery Corporation, concurrent with these ongoing negotiations and the due diligence necessitated by such an acquisition. It was a condition precedent to the potential closing of that acquisition that these shares would be returned to treasury and cancelled. The president returned such shares to the Company in anticipation of their cancellation but do to the protracted duration of these negotiations these shares remained issued and un-cancelled until the current period when during the preparation of the Form 10-QSB for the quarter ended June 30, 2005 it was

**RECOV ENERGY CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

determined that these shares were still outstanding and had not been cancelled. Additionally, it was determined that pursuant to Delaware corporate law these shares were in fact not validly issued. Delaware corporate law does not allow shares to be issued in futuro which was the case in this issuance. The shares were returned to the transfer agent for cancellation on September 26, 2005 and returned to the Company treasury.

*Paid in Capital*

The Company recognized an increase in paid-in capital for the amount of imputed interest expense related to the beneficial conversion feature of its convertible demand notes and the value of rent contributed by Verdiramo and Verdiramo, P.A.

NOTE 9 – INCOME TAXES

The Company did not provide any current or deferred federal or state income tax provision or benefit for the periods ended June 30, 2005 and 2004, due to operating losses incurred since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carryforwards, because of the uncertainty regarding its realizability.

NOTE 10 – COMMITMENTS AND CONTINGENCIES - OTHER

The Company had acquired two products from another entity. Under the terms governing these purchases, the Company had to fund the development of these products. The Company has not been able to meet its obligations so it returned all rights title and interest in these products to the other entity. In exchange, the entity has agreed to absorb and meet any and all financial obligations associated with these two products.

NOTE 11 – ADJUSTMENT TO RESULTS FOR THE QUARTER ENDED JUNE 30, 2004

The amount of the gain arising from de-recognition of the subsidiaries' liabilities previously reported for the first quarter of fiscal 2005 in the amount \$882,812 has also been reduced by \$221,160, as disclosed in the Company's Form 10-KSB for fiscal 2005 as originally filed. The revised gain for that period is \$661,652, resulting in adjusted net income for that quarter of \$436,897. The income per share for that quarter, as adjusted is \$0.669, compared to the previously reported amount of \$1.254.

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

### **Results of Operations**

On August 16, 2005 the Company discontinued its negotiations to acquire Carbon Recovery Corporation. The negotiations had reached an impasse and management determined that the continued negotiations and discussions would not have resulted in the consummation of the acquisition. The Company is continuing its search for potential merger candidates.

#### *Three months ended June 30, 2005 and 2004*

During the three month period ending June 30, 2005, the Company incurred a loss from operations of \$67,447 compared to a loss of \$3,595 for the same period ended June 30, 2004. The main component contributing to this increase was an increase in consulting services.

Additionally, the Company recognized a Gain on the Reduction of Debt of a Discontinued Subsidiary of \$440,492. This was an extraordinary item associated with the Company's former AutoSmart subsidiaries.

#### Revenues

During the three month period ending June 30, 2005, the Company's revenues from operations \$-0- compared to \$1,052 for the same period ended June 30, 2004. This decrease was the result of the Company having spun off its two subsidiaries as a stock dividend to its shareholders effective March 28, 2005. Revenues for the period ended June 30, 2004 were from the provision of marketing services which are recognized when the services are completed.

#### Operating Expenses

During the three months ended June 30, 2005, the Company incurred \$67,447 in operating expenses from operations as compared to \$4,647 in the same period in 2004. This increase was due to an increase in Selling, General and Administrative expenses of \$15,215 during the three month period ended June 30, 2005 compared to the same period ended June 30, 2004. Additionally, there was an increase in consulting expenses of \$53,700 during the three month period ended June 30 2005 compared to the same period ended June 30, 2004.

#### Material changes in financial condition, liquidity and capital resources

At June 30, 2005, the Company had \$ -0- in cash and cash equivalents compared to \$38 in cash at March 31, 2005. The Company had a negative working capital of approximately \$402,815 at June 30, 2005. The Company currently has no revenue producing operations. The Company has reviewed all non-essential activities and expenditures and has aggressively curtailed these items to assist in reducing the cash used in operating activities.

## **Item 3. Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

The Registrant's President and Principal Accounting Officer (both the same person) has evaluated the Registrant's disclosure controls and procedures within 90 days of the original filing date of this quarterly report. Based upon this evaluation, the Registrant's President and principal Accounting Officer then concluded that the Registrant's disclosure controls and procedures were effective in ensuring that material information required to be disclosed is included in the reports that it files with the Securities and Exchange Commission.

As a result of the corrections that were required to be made to the Company's financial statements included in the Form 10-KSB/A – 2 filed on October 4, 2005, the Company's certifying officer determined that the Company's system of disclosure controls and procedures had not been effective in ensuring that material information required to be disclosed was included in the reports that had been filed with the SEC. The Company had retained the services of an accounting and reporting consultant, familiar with SEC regulations, to assist it in preparing that filing. The Company's certifying officer now concludes that its system of disclosure controls and procedures, as modified to include the use of such consulting services, is effective in ensuring that material information required to

be disclosed is included in the reports that it files with the SEC. The Company is currently seeking a qualified person with experience in audit procedures and SEC filing to fill the position of CFO as a consultant and eliminate the need for the current CEO/CFO to provide both services. The Company believes that the utilization of a CFO consultant is a cost-effective way for a shell company with limited resources to maintain an adequate system of disclosure controls and procedures. At such future time, if any, that the Company is able to effect a merger with an operating company, the Company expects that such company will either have the requisite financial reporting professional(s) already employed on a full-time basis or the resources to do so.

There were no other significant changes in the Registrant's internal controls or, to the knowledge of the management of the Registrant, in other factors that could significantly affect these controls subsequent to the evaluation date.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

The Company is not a party to any legal proceedings.

The Company's discontinued subsidiary AutoSmart Leasing USA, Inc., is a party to in one lawsuit: SunTrust Bank v. AutoSmart Leasing USA, Inc., William Auletta, et al., Case No. 02-6512 (08) Complaint over \$15,000, 17th Judicial Circuit, Broward County. This case is open and pending. The total prayer for relief is \$175,000 plus legal fees and interest. This case relates to certain automotive sales related transactions between AutoSmart Leasing USA, Inc. and certain automotive dealerships and lenders. This case does not name the Company as a party.

AutoSmart Leasing USA, Inc has no assets and the corporation was administratively dissolved pursuant to Florida law on October 4, 2002. To the best of management's knowledge and belief, should the plaintiff in this lawsuit prevail against AutoSmart Leasing USA, Inc. or the other named defendants, the ultimate outcome of this matter would have no effect on the Company.

### **Item 2. Changes in Securities.**

During the period ended June 30, 2005, the Company issued 2,422,666 shares of free trading common stock, in conversion of \$44,819 of convertible notes payable. The conversion price was \$0.0185 per share. The Company received an opinion from counsel that the shares issued in these transactions were free trading.

During the period ended June 30, 2005, the Company issued 6,100,000 restricted shares pursuant to an exemption under Section 4(2) to its president for services to be rendered for the period from April 1, 2005 through March 31, 2006. This issuance was made in contemplation of the negotiations with the Company's then acquisition target Carbon Recovery Corporation, concurrent with these ongoing negotiations and the due diligence necessitated by such an acquisition. It was a condition precedent to the potential closing of that acquisition that these shares would be returned to treasury and cancelled. The president returned such shares to the Company in anticipation of their cancellation but do to the protracted duration of these negotiations these shares remained issued and un-cancelled until the current period when during the preparation of the Form 10-QSB for the quarter ended June 30, 2005 it was determined that these shares were still outstanding and had not been cancelled. Additionally, it was determined that pursuant to Delaware corporate law these shares were in fact not validly issued. Delaware corporate law does not allow shares to be issued in futuro which was the case in this issuance. The shares were returned to the transfer agent for cancellation on September 26, 2005 for return to the Company treasury.

### **Item 3. Defaults Upon Senior Securities.**

NONE



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

NONE

**Item 5. Other Information.**

Effective September 26, 2005, the Company's common stock was de-listed from the Over the Counter Bulletin Board and is currently listed on the Pink Sheets under the trading symbol "RCOV". The Company failed to comply with NASD 6530 due to its not being current in its periodic reporting obligations. This reporting deficiency was caused by the lapse of time required to adequately amend its Annual Report on Form 10-KSB for the year ended March 31, 2005 in response to a letter of comments received by the Company from the Staff of the Securities and Exchange Commission. The time needed to amend the annual report resulted in the Company being unable to file that report as well as its Quarterly Report on Form 10-QSB for the quarter ended June 30, 2005 prior to the NASD's required compliance date.

On September 26, 2005 the Company did file its amended annual report on Form 10 KSB/A for the fiscal year ended March 31, 2005. The Company subsequently amended that Form 10 KSB/A with the Form 10 KSB/A – 2 which was filed on October 4, 2005. The filing of that Form 10-KSB and the Form 10-QSB on October 4, 2005 satisfied the reporting deficiency under NASD 6530.

On October 26, 2005 the Company was re-listed on the Over-the-Counter Bulletin Board under the trading symbol 'RCOV'.

**Item 6. Exhibits.**

Exhibit 31.1 – Certification required by Rule 13a-14(a) or Rule 15d-14(a).

Exhibit 32.1 – Certification required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

## **SIGNATURES**

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

**RECOV Energy, Corp.**

Date: November 1, 2005

By: /s/ Richard J. Verdiramo

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Richard J. Verdiramo, President, CEO and CFO

### **CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Richard J. Verdiramo, certify that:

- (1) I have reviewed this revised quarterly report on Form 10-QSB/A of RECOV Energy, Corp.;
- (2) Based on my knowledge, this 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
- (5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 1, 2005

By: /s/ Richard J. Verdiramo

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Richard J. Verdiramo, President, CEO and CFO

EXHIBIT 32

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

In connection with the quarterly report of RECOV Energy, Corp. (the "Company") on Form 10-QSB/A for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Verdiramo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and,
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 1, 2005

By: /s/ Richard J. Verdiramo

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Richard J. Verdiramo, President, CEO and CFO