

**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 June 30, 2001

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

For the transition period from _____ to _____

001-15665

(Commission file number)

e-CHANNELS CORPORATION

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

Nevada

(State or other jurisdiction
of incorporation or organization)

88-0389393

(IRS Employer
Identification No.)

290 Elgar Suite 111, Ile des Soeurs, Quebec H3E 1C9, Canada

(Address of principal executive offices)

(514) 766-9313

(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 June 30, 2001 - 16,640,000 shares of Common Stock

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

e-CHANNELS CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

e-Channels Corporation
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2001</u> (Unaudited)
Assets	
Current Assets	
Cash and cash equivalents	\$ -
Loan receivable - affiliate	<u>295</u>
Property and Equipment	
Capitalized website development (net accumulated amortization of \$807)	<u>8,873</u>
Total Assets	<u><u>\$ 9,168</u></u>
Liabilities and Stockholders' Equity (Deficit)	
Current Liabilities	
Trade payables	\$ -
Officer's compensation payable	<u>60,000</u>
Total Current Liabilities	<u><u>\$ 60,000</u></u>
Minority Interest in Consolidated Subsidiary	<u>-</u>
Stockholders' Equity (Deficit)	
Common Stock, par value \$.001 per share, authorized 50,000,000 issued and outstanding 17,252,100 shares as of June 30, 2001	17,252
Additional paid-in capital	259,248
Deficit accumulated during the development stage	<u>(327,332)</u>
Total Stockholders' Equity (Deficit)	<u><u>(50,832)</u></u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 9,168</u></u>

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

e-Channels Corporation
(A Development Stage Company)

STATEMENTS OF OPERATIONS

	For the Six Months Ended		From Inception
	<u>June 30, 2000</u>	<u>June 30, 2001</u>	(March 23, 1998)
			<u>Through</u>
			<u>June 30, 2001</u>
Income	\$ -	\$ -	\$ -
Operating expenses	<u>(8,474)</u>	<u>(103,402)</u>	<u>(327,332)</u>
Net Loss	<u>\$ (8,474)</u>	<u>\$ (103,402)</u>	<u>\$ (327,332)</u>
Basic loss per share:			
Loss from operation	<u>\$ n/a</u>	<u>\$ (0.01)</u>	
Basic weighted average shares outstanding	<u>42,782,857</u>	<u>17,196,050</u>	
Basic weighted average shares outstanding (Proforma)	<u>16,640,000</u>		

The accompanying notes are an integral part of the financial statements

e-Channels Corporation
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

	For the Six Months Ended		From Inception
	<u>June 31, 2000</u>	<u>June 31, 2001</u>	(March 23, 1998)
			Through
			<u>June 31, 2001</u>
Cash Flows from Operating Activities			
Net loss	\$ (8,474)	\$ (103,402)	\$ (327,332)
Adjustments to reconcile net loss to net cash used in operating activities:			
Common stock issued for services	-	102,402	115,420
Amortization expense	-	807	807
Accrued officer's compensation	-	-	60,000
Increase (Decrease) in accounts payable	<u>772</u>	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>(7,702)</u>	<u>(175)</u>	<u>(151,105)</u>
Cash Flows from Finance Activities			
Gross proceeds from private offerings	-	-	150,400
Deferred offering costs	1,500	-	-
Loans from affiliates	-	-	11,000
Repayments to affiliates	-	-	(10,000)
Loans to affiliates	(295)	-	(32,295)
Repayments from affiliate	<u>-</u>	<u>-</u>	<u>32,000</u>
Net cash provided by financing activities	<u>1,205</u>	<u>-</u>	<u>151,105</u>
Net increase (decrease) in cash and cash equivalents	\$ (6,497)	\$ (175)	\$ -
Cash and cash equivalents - beginning of period	<u>12,568</u>	<u>175</u>	<u>-</u>
Cash and cash equivalents - end of period	<u>\$ 6,071</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

e-Channels Corporation
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

SUPPLEMENTAL SCHEDULES TO STATEMENT OF CASH FLOWS

	For the Six Months Ended		From Inception
	<u>June 30, 2000</u>	<u>June 30, 2001</u>	(March 23, 1998)
			Through
			<u>June 30, 2001</u>
Cash Paid During Year For:			
Income Taxes	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Interest	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

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

e-Channels Corporation
(a Development Stage Company)
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 June 30, 2001, and the results of operations and cash flows for the three month periods ended June 30, 2001 and 2000, and for the period from the Company's inception (March 23, 1998) through June 30, 2001. The operating results of the Company on a semi-annual basis may not be indicative of operating results for the full year.

Note 2 - In May 2000, the founding shareholder of the Company returned to the Company 39,000,000 shares of its common stock, which was then cancelled. Basic loss per share has been computed based upon the actual weighted average shares outstanding during the periods presented. Proforma basic loss per share has been provided for the period ended June 30, 2000, as if the 39,000,000 shares were cancelled as of the beginning of the period.

e-CHANNELS CORPORATION

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 for the Six-Months Ended June 30, 2000

The majority of the net loss of \$8,474 comprises of accounting fees \$2,979, legal fees of \$2,750, stock transfer fees of \$912, promotion of \$310, travel and entertainment of \$531, and printing and reproduction of \$836

Results of Operations for the Six-Months Ended June 30, 2001

The majority of the net loss of \$103,402 comprises of marketing and consulting services \$100,000, website development expenses of \$2,420, amortization of website expenses of \$807, and bank charges and miscellaneous expenses of \$175.

Liquidity and Capital Resources

For the Six-months ended June 30, 2000.

During the six-month period June 30, 2000, the Company's cash position decreased by \$6,497. The Company used \$6,202 in its operations and advanced \$295 to an affiliate.

For the Six-months ended June 30, 2001.

During the six-month period June 30, 2001, the Company's cash position decreased by \$175, all used in the Company's operations.

Management Plan of Operations

The Company is attempting to finalize a Stock Exchange Agreement with e-Channels Corporation, a Canadian Corporation, whereby e-Channels, a Nevada Corporation would be the surviving entity. If and when this business combination is completed, e-Channels Corporation, a Nevada Corporation, will undertake the business plan and purposes of e-Channels Canada. e-Channels is a development stage company that presently has limited operations in multimedia sports and entertainment publishing and marketing. While the Company plans to continue its discussions with e-channels the Canadian Corporation, its primary focus will be centered on exploring opportunities to acquire operating entities that would ultimately, in the opinion of management, enhance shareholder value.

The company would need to raise additional funds in order to proceed with any revised plan of operations. These funds would likely be raised through additional private placements or other financial arrangements including debt or equity. 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.

e-CHANNELS CORPORATION

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

In July of 2001 Mr. Serge Trudeau, President and Chairman, tendered his resignation to the board of Directors of the Company. The resignation was not the result of any disagreement with e-Channels Corporation on any matter relating to the operation of the Company.

The Company is seeking qualified candidates to fill the vacancy left by Mr. Trudeau. During the interim Paul Lanham will act as temporary President.

Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K

No 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.

e-CHANNELS CORPORATION

By: /s/ Paul Lanham
Paul Lanham
Acting President

Date: August 22, 2001