

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

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**FORM 10-QSB**  
Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934.

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For the quarterly period ended **March 31, 2004**

Commission file number **333-72230**

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

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**88-0475757**  
(I.R.S. Employer  
Identification No.)

**2950 E. Flamingo Rd. Suite B-A2**  
**Las Vegas, Nevada**  
(Address of principal executive offices)

**89121**  
(zip code)

**(702) 866-5835**  
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 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 filing requirements for the past 90 days.

Yes   X   No       

As of March 31, 2004 there were 9,615,000 shares of common stock outstanding.

Transitional Small Business Disclosure Format (check one)

Yes        No   X

ROYAL PHOENIX  
MARCH 31, 2004

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**ROYAL PHOENIX**  
**(a Development Stage Company)**  
**BALANCE SHEET**

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

	<b>March 31, 2004 (unaudited)</b>	<b>December 31, 2003 (audited)</b>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 18,851	\$ 23,351
TOTAL CURRENT ASSETS	18,851	23,351
	<u>\$ 18,851</u>	<u>\$ 23,351</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
CURRENT LIABILITIES		
Notes Payable	\$ 0	\$ 0
TOTAL CURRENT LIABILITIES	0	0
STOCKHOLDERS' EQUITY		
Preferred stock, \$.001 par value authorized 5,000,000; no shares issued and outstanding as of 3/31/04 and 12/31/03	0	0
Common stock, \$.001 par value, authorized 20,000,000 shares; 9,615,000 shares issued and outstanding as of 3/31/04 and 12/31/03	9,615	9,615
Additional paid-in capital	38,185	38,185
(Deficit) accumulated during development stage	(28,949)	(24,449)
TOTAL STOCKHOLDER'S EQUITY	18,851	23,351
	<u>\$ 18,851</u>	<u>\$ 23,351</u>

**The accompanying notes are an integral part of these financial statements.**

**ROYAL PHOENIX**  
**(a Development Stage Company)**  
**STATEMENT OF OPERATIONS**  
**UNAUDITED**

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	For the Period October 17, 2000,(Inception) to March 31, 2004
Revenue	\$ 0	\$ 0	\$ 0
EXPENSES			
General and Administrative	4,500	2,000	28,949
TOTAL EXPENSES	4,500	2,000	28,949
NET (LOSS)	<u>\$ (4,500)</u>	<u>\$ (2,000)</u>	<u>\$ (28,949)</u>
Weighted average number of common shares outstanding basic and fully diluted	<u>9,615,000</u>	<u>7,200,000</u>	
Net (loss) per weighted shares-basic and fully diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	

**The accompanying notes are an integral part of these financial statements.**

**ROYAL PHOENIX**  
**(a Development Stage Company)**  
**STATEMENT OF CASH FLOWS**  
**UNAUDITED**

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	For the Period October 17, 2000, (Inception) to March 31, 2004
Cash Flows from Operating Activities			
Net loss	\$ (4,500)	\$ (2,000)	\$ (28,949)
Shares issued for services	0	0	7,500
Adjustment to reconcile net loss to net cash used by operations	0	0	0
Net cash used in operating activities	(4,500)	(2,000)	(21,449)
Cash Flows from Investing Activities	0	0	0
Cash Flows from Financing Activities			
Converted Note Payable to Equity	0	0	1,500
Issuance of common stock	0	1,000	38,800
Net increase in cash	(4,500)	(1,000)	18,851
Cash, beginning of period	23,351	1,351	-
Cash, end of period	\$ 18,851	\$ 351	\$ 18,851
Supplemental Disclosure			
Interest Paid	\$ 0	\$ 0	\$ 0
Taxes Paid	\$ 0	\$ 0	\$ 0

**The accompanying notes are an integral part of these financial statements.**

**ROYAL PHOENIX**  
**(A Development Stage Company)**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 – Basis of Presentation**

The condensed 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 condensed interim financial statements be read in conjunction with the financial statements of the Company for the year ended December 31, 2003 and notes thereto included in the Company's 10-KSB annual report. The Company follows the same accounting policies in the preparation of interim reports.

Results of operation for the interim period are not indicative of annual results.

**Note 2 – Going concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. As noted above, the Company is in the development stage and, accordingly, has not yet generated revenues from operations. Since its inception, the Company has been engaged substantially in financing activities and developing its product line, setting up its e-commerce website, and incurring substantial costs and expenses. As a result, the Company incurred accumulated net losses from October 17, 2000 (inception) through the period ended March 31, 2004 of \$28,949. In addition, the Company's development activities since inception have been financially sustained through equity financing.

The ability of the Company to continue as a going concern is dependent upon its ability to raise additional capital from the sale of common stock and, ultimately, the achievement of significant operating revenues. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to recover the value of its assets or satisfy its liabilities.

**Note 3 – Related party transactions**

The officer and director of the Company is involved in other business activities and may in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such person may face a conflict in selecting between the Company and its other business interests. The Company has not formulated a policy for the resolution of such conflicts.

## **Item 2. Plan of Operation.**

This report contains forward-looking statements. Actual results and events could differ materially from those projected, anticipated, or implicit, in the forward-looking statements as a result of the risk factors set forth below and elsewhere in this report.

With the exception of historical matters, the matters discussed herein are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements concerning anticipated trends in revenues and net income, the date of introduction or completion of our products, projections concerning operations and available cash flow. Our actual results could differ materially from the results discussed in such forward-looking statements primarily as the result of insufficient cash to pursue production and marketing efforts. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto appearing elsewhere herein.

### **Overview**

Royal Phoenix, which was incorporated in Nevada in October 2000, is a Development Stage Company, engaged in the business of marketing and distributing Royal Phoenix, a line of herbal products. The Royal Phoenix herbal product line was developed by Desert Health Products several years ago, however, the product line, after development, was not marketed.

We have a limited operating history and have not generated revenues from the sale of any products. Our company and products are the result of an agreement, which was entered into between Royal Phoenix and Desert Health Products, which resulted in the separation from Desert Health Products of the Royal Phoenix line of herbal products developed by Desert Health Products. Our activities have been limited to the negotiation of a license agreement and preliminary market analysis, capital raising and placing the Company in a position of raising additional capital once the Company's securities are quoted. Consequently, we have incurred the expenses of start-up. Future operating results will depend on many factors, including our ability to raise adequate working capital, demand for our products, the level of competition and our ability to deliver products while maintaining quality and controlling costs. As a result of our lack of liabilities, our current cash position allows us to maintain a status quo position for a period of approximately six months. However; this position will not allow us to pursue any significant business opportunity.

### **Plan of Operation**

Initially, Royal Phoenix commenced operations as a division of a vitamin company, which ultimately spun from the parent. Since this occurred near 9/11, and the middle of a down market, the business plan of Royal Phoenix initially stalled, then we chose to move forward with the small amount of capital we acquired through private placements and our SEC registration. What we have achieved with the small amount of capital is the development of what we believe to be a fairly unique business model combining the information and technology explosion currently happening in the dietary supplement and nutraceutical industries with the need for

information and products for health and wellness. There are several phases of our business model based upon anticipated capital commitments and the actual receipt of capital. Based upon our receipt of capital, certain Milestones will be triggered. Since we are currently in a so-called quiet mode until our completed review by NASD, we are on hold in terms of raising capital necessary to proceed with our next Phase.

We have suffered start-up losses and have limited working capital, which raises substantial concern regarding our ability to continue as a going concern.

***Satisfaction of our cash obligations for the next 12 months.*** Our plan of operation is to establish an operational website as soon as practical. When having established our website as operational, and raising funds under our Phase II, we are to commence advertising through selected internet banner advertising.

***Summary of any product research and development that we will perform for the term of the plan.*** We do not anticipate performing any significant product research and development under our plan of operation. In lieu of product research and development we anticipate maintaining control over our advertising, especially on the Internet, to assist us in determining the allocation of our limited advertising dollars.

***Expected purchase or sale of plant and significant equipment.*** We do not anticipate the purchase or sale of any plant or significant equipment, as such items are not required by us at this time or in the next 12 months.

***Significant changes in number of employees.*** The number of employees required to operate our business is currently one part time individual. After we commence generating revenues based upon the expenditures of our advertising dollars, and word of mouth advertising, and at the end of the initial 12 month period, our plan of operation anticipates our requiring additional capital to hire at least one full time person.

## Milestones

As a result of our being a development stage company with minimal amounts of equity capital initially available, approximately \$38,500, with a current balance of \$18,851, we have set our goals for this year in two distinct states: goals based upon our receipt of funding in the amount of \$100,000; and goals based upon receiving approximately \$500,000.

### Stage I:

- ?? Raise approximately \$100,000;
- ?? Hire webmaster to set up the online retail store and information source for vitamins, supplements, minerals and other natural and healthy living products; and,
- ?? Subcontract the hosting of our website;
- ?? Develop and contract for our private label products;
- ?? Include within the website educational and authoritative news and information about products and healthy living in general.



## Stage II:

- ?? Raise approximately \$500,000;
- ?? Purchase a stockpile of our private label products;
- ?? Hire an advertising executive; and,
- ?? Implement our online strategy involving selective advertising on the websites of major Internet content and service providers (like Google & Yahoo and targeted health-related websites

## **Liquidity and Capital Resources**

Since inception, we have financed our cash flow requirements through the issuance of common stock which has resulted in our receipt of \$38,500. As we expand our activities, we may continue to experience net negative cash flows from operations, pending receipt of sales revenues. Additionally we anticipate obtaining additional financing to fund operations through common stock offerings and bank borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our working capital.

Over the next twelve months we believe that existing capital and anticipated funds from operations will be sufficient to sustain operations and planned expansion. However, in order to expand our business operations we will be required to seek additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities. No assurance can be made that such financing would be available, and if available it may take either the form of debt or equity. In either case, the financing could have a negative impact on our financial condition and our Stockholders.

We anticipate incurring operating losses over the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, obtain a customer base, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

## **Going Concern**

The consolidated financial statements included in this filing have been prepared in conformity with generally accepted accounting principles that contemplate the continuance of the Company as a going concern. The Company's cash position may be inadequate to pay all of the costs associated with production and marketing. Management intends to use borrowings and security sales to mitigate the effects of its cash position, however no assurance can be given that debt or equity financing, if and when required will be available. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and

classification of liabilities that might be necessary should the Company be unable to continue existence.

### **Off-Balance Sheet Arrangements**

The Company does not maintain off-balance sheet arrangements nor does it participate in non-exchange traded contracts requiring fair value accounting treatment.

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

Under the supervision and with the participation of our sole officer and director we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended, within 90 days prior to the filing date of this report. Based on his evaluation, our sole officer concluded that our disclosure controls and procedures are effective.

There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced above.

## **PART II--OTHER INFORMATION**

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

None

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

#### *Use of Proceeds From Sales of Registered Securities*

Our Registration Statement on Form SB- 2 (File No. 333-72230), related to our initial public offering, was declared effective by the SEC on December 30, 2002. A total of 250,000 shares of our Common Stock was registered with the SEC with an aggregate offering price of \$25,000. All of these shares were registered on our behalf. The offering commenced in June 2003, and all shares of common stock offered were sold for the aggregate offering price directly by the Company with no commissions paid on funds raised.

We incurred offering expenses of approximately \$6,000 in connection with the offering. Thus the net offering proceeds to us (after deducting offering expenses) were approximately \$19,000. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates), persons owning ten percent (10%) or more of any class of our equity securities or to any other affiliates.

As of March 31, 2004, \$4,000 of the net proceeds had been used for legal, accounting and transfer agent expenses. The remaining \$15,000 of the net proceeds are in our operating account pending future use.

Item 3. Defaults Upon Senior Securities.

None.

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

None

Item 5. Other Information.

None

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

Ex-31 - Certification pursuant to Section 302 of the Sarbanes-Oxley Act

Ex-32 - Certification pursuant to Section 906 of the Sarbanes-Oxley Act

SIGNATURES

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

ROYAL PHOENIX

By: /s/ Joseph Scott Wilson

Joseph Scott Wilson, President

Date: May \_\_, 2004