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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 30, 2003

or

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____

Commission file number 000-06541

DISCOVERY OIL, LTD.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

83-0207909

(IRS Employer Identification Number)

6127 Ramirez Canyon Road
Malibu, CA
(Address of principal executive offices)

90265
(Zip Code)

(310) 457-1967
(Registrant's Telephone Number, Including Area Code)
(Former name, former address and former fiscal year, if changed since last report)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. 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 the latest practicable date: At August 14, 2003, the registrant had outstanding 20,245,921 shares of par value \$0.001 common stock.

Transitional Small Business Disclosure format (check one): Yes [] No [X]

SEC 2334 (3-03)

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Discovery Oil Ltd
Form 10-QSB
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(a) There are no issues requiring disclosure for these items and they have therefore been omitted

PART I

ITEM 1: FINANCIAL STATEMENTS

Discovery Oil LTD Balance Sheet (Unaudited)

Assets

June 30, 2003

Current Assets

Cash and cash equivalents

\$ 4,131

Total current assets

4,131

Total assets

\$ 4,131

Liabilities and Shareholder's Equity

Current Liabilities

Accounts payable

\$ 15,000

Related party payable

3,510

Total current liabilities

18,510

Shareholder's Equity

Preferred Stock, \$1.00 par value; authorized 5,000,000
shares: none issued and outstanding

-

Common Stock, \$.001 par value; authorized

20,247

200,000,000 shares; issued and outstanding 20,245,921

Paid in Capital

607,575

Accumulated Deficit

(642,201)

Total Shareholder's Equity/(Deficit)

(14,379)

Total liabilities and shareholder's equity

\$ 4,131

Read the accompanying significant accounting notes to financial statements, which are an integral part of this financial statement.

Discovery Oil LTD
Statements of Operations
For the Three Months and Six Months Ended June 30, 2003 and 2002
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Revenues				
Sales of Oil	\$ 6,435	\$ 11,489	\$ 10,007	\$ 19,885
Cost of Revenue	<u>-</u>	<u>6,090</u>	<u>-</u>	<u>9,376</u>
Gross Profit	6,435	5,399	10,007	10,509
Operating expenses:				
General and administrative expenses	<u>3,594</u>	<u>34,248</u>	<u>6,559</u>	<u>38,487</u>
Total operating expenses	<u>3,594</u>	<u>34,248</u>	<u>6,559</u>	<u>38,487</u>
Net Income/(Loss)	<u>\$ 2,841</u>	<u>\$ (28,849)</u>	<u>\$ 3,448</u>	<u>\$ (27,978)</u>
Basic weighted average common shares outstanding	<u>20,245,921</u>	<u>20,334,187</u>	<u>20,245,921</u>	<u>20,290,546</u>
Basic and diluted Loss per common share	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>

Read the accompanying significant accounting notes to financial statements, which are an integral part of this financial statement.

Discovery Oil LTD.
Statements of Cash Flows
For the Six Months Ended July 30, 2003 and 2002
(Unaudited)

	Six Months Ended	
	<u>June 30, 2003</u>	<u>June 30, 2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ 3,448	\$ (27,978)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock issuance costs		(5,149)
Changes in Operating assets and liabilities:		
Accounts Receivable	1,850	(2,361)
Accounts Payable	<u>(1,967)</u>	<u>7,205</u>
Net cash provided by/(used in) operating activities	<u>3,331</u>	<u>(28,283)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by/(used in) investing activities	<u>-</u>	<u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Related party payable	800	(134)
Proceeds from the issuance of common stock	<u>-</u>	<u>48,969</u>
Net cash provided by/(used in) financing activities	<u>800</u>	<u>48,835</u>
 Net increase (decrease) in cash and cash equivalents	4,131	20,552
Cash and cash equivalents, beginning of period	<u>-</u>	<u>3,058</u>
Cash and cash equivalents, end of period	<u>\$ 4,131</u>	<u>\$ 23,610</u>

Supplemental information:

None

Read the accompanying significant accounting notes to financial statements, which are an integral part of this financial statement.

DISCOVERY OIL, LTD.
Notes to Financial Statements
(Unaudited)

1. Basis of Presentation:

The financial statements of Discovery Oil, LTD. included herein, have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Although certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been condensed or omitted, Discovery Oil, LTD. believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and notes thereto for the fiscal year ended December 31, 2002 included in Discovery Oils, LTD.'s annual report on Form 10-KSB.

The financial statements included herein reflect all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation. The results for interim periods are not necessarily indicative of trends or of results to be expected for the full year ending December 31, 2003.

Included in the Company's production expenses as presented are all direct expenses of oil production, including severance taxes and royalties, not included in production expenses are depreciation, depletion, and amortization ("DD&A") expenses and corporate administration expenses. All information is presented on the accrual basis of accounting.

2. Commitments and Contingencies:

In connection with its 12.5% non-operating working interest in six oil wells, the Company entered into an operating agreement with the majority owner and operator of the wells. The agreement, modeled after agreements standard and customary to the oil industry, commits the Company to pay its share of joint interest operating costs incurred in the operation, maintenance, and potential future development of the wells. Oil prices are extremely volatile and instances may occur where the Company's revenues from oil sales are less than its corresponding production expenses. In addition, oil well repair and maintenance activities may interrupt oil sale revenue and add to overall operation costs.

Domestic oil operations are also subject to extensive federal regulation and potential interruption or termination by governmental authorities on account of environmental and other regulatory considerations. The recent trend towards stricter standards in environmental legislation and regulation may continue, and this could increase the overall costs to the Company.

3. Going Concern:

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Although the company reported a net profit of \$3,448 for the six months ended June 30, 2003, (unaudited) it has an accumulated deficit since inception (unaudited). Management's plans for the continuation of the Company as a going concern include financing the Company's operations through locating an entity that wishes to engage in a business combination with the Company. There are no assurances, however, with respect to the future success of these plans. The financial statements do not contain any adjustments, which might be necessary, if the Company is unable to continue as a going concern.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

General

Discovery Oil, Ltd. (the "Company", "Registrant", or "Discovery Oil"), was originally organized under the laws of the State of Wyoming in 1964. The Company became a Delaware corporation through a merger with a wholly owned subsidiary in 1981. Prior to 1992, the Company was involved as a general partner in several limited partnerships for the purpose of drilling oil and gas wells in Ohio, Wyoming, Colorado, Kansas, and Texas. In 1988 the Company filed a petition in Bankruptcy pursuant to Chapter 11 of the Bankruptcy code in the United States Bankruptcy Court. On July 10, 1996, the Court entered its order and Final Decree, confirming the execution of the Company's reorganization plan and concluding all proceedings and jurisdiction of the bankruptcy.

The Company has a non-operating working interest in six producing oil wells having proved reserves. The working interest grants the Company a 12.5% working interest, or a 9.32% net revenue interest after underlying royalty payments, in the oil produced and marketed from each well. The oil wells are near the city of Signal Hill, California; the Company maintains an office in Malibu, California.

The financial statements are presented on the basis that the Company is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The Company has incurred operating losses for several years and has a stockholders' deficit. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The Company's financial statements for the year ended December 31, 2002, were audited by the Company's independent certified public accountants, whose report includes an explanatory paragraph stating that the financial statements have been prepared assuming the Company will continue as a going concern and that the Company has incurred operating losses since its inception that raise substantial doubt about its ability to continue as a going concern.

This report contains both historical and prospective statements concerning the Company and its operations. Prospective statements (known as "forward-looking statements") may or may not prove true with the passage of time because of future risks and uncertainties. The Company cannot predict what factors might cause actual results to differ materially from those indicated by prospective statements.

Results of Operations

For the three month period ended June 30, 2003 compared to the three month period ended June 30, 2002.

For the three months ended June 30, 2003, the Company had a net income of \$2,841 compared to a net loss of \$28,849 during the comparable period in the previous year. Oil revenue decreased from \$11,489 during the second quarter of 2002 to \$6,435 during the second quarter of 2003. This decrease was primarily due to decreased oil production. General and administrative expenses decreased from \$34,248 in the second quarter of 2002 to \$3,594 in the second quarter of 2003.

For the six month period ended June 30, 2003 compared to the six month period ended June 30, 2002.

For the six months ended June 30, 2003, the Company had a net income of \$3,448 compared to a net loss of \$27,978 during the comparable period in the previous year. Oil revenue decreased from \$19,885 during the six months of 2002 to \$11,489 during the six months of 2003. This decrease was primarily due to decreased oil production. General and administrative expenses decreased from \$38,487 in the first six months of 2002 to \$34,248 in the first six months of 2003.

Financial Condition and Liquidity

During the six month period ended June 30, 2003, the Company generated \$3,331 of cash from operating activities. Management plans to fund future short-term operating needs through profits from its oil producing properties and advances from related party shareholders, although there can be no assurances that oil production profits and advances from related parties will be sufficient to fund the Company's operations.

The Company's management hopes to acquire an interest in a business opportunity presented to it by persons or entities who or which desire the perceived advantages of an Exchange Act registered corporation. There are no assurances, however, that management will be successful in its plans in acquiring such interests.

ITEM 3. CONTROLS AND PROCEDURES

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-QSB, the Company's president and principle financial officer believes the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective to ensure that information required to be disclosed by the Company in this report is accumulated and communicated to the Company's management, including its principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. There were no significant changes in the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

PART II

ITEM 1. LEGAL PROCEEDINGS

NONE

ITEM 2. CHANGES IN SECURITIES

NONE

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5. OTHER INFORMATION

NONE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8K.

(a) 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.

(b) Reports on Form 8K. – The company filed no Forms 8K during the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Discovery Oil, LTD.
(Registrant)

By:/s/Andrew V. Ippolito
Andrew V. Ippolito
President, Director and
Chief Financial Officer

August 14, 2003
Date

INDEX TO 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.

Certifications

I, Andrew V. Ippolito, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Discovery Oil, LTD.
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this quarterly report.
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies in the design or operations of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 14, 2003

/s/Andrew V. Ippolito

Andrew V. Ippolito

President, Director and Chief Financial Officer

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

I, Andrew V. Ippolito, President, Director and Chief Financial Officer of Discovery Oil, LTD. (“the Registrant”) do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This Quarterly Report on Form 10-QSB of the Registrant for the period ended June 30, 2003, as filed with the Securities and Exchange Commission (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 results of operations of the Registrant.

Date: August 14, 2003

/s/Andrew V. Ippolito

Andrew V. Ippolito

President, Director and Chief Financial Officer