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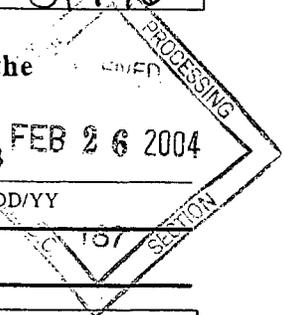
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 51976

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

FEB 26 2004



REPORT FOR THE PERIOD BEGINNING 01-01-03 AND ENDING 12-31-03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AZROC Capital Management, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4055 Monroeville Blvd., Building 1, Suite 410

(No. and Street)

Monroeville, PA 15146

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mohammad A. Samad

412-372-1750

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michell, Rodger D.

(Name - if individual, state last, first, middle name)

P. O. Box 735 Bethel Park PA 15102

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 08 2004

FOR OFFICIAL USE ONLY	THOMSON FINANCIAL
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, Mohammad A. Samad, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AZROC Capital Management, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

- NONE -

NOTARIAL SEAL
Ramona R. Kernan, Notary Public
Monroeville Boro., Allegheny County
My commission expires October 30, 2006

[Handwritten Signature]
Signature

President

Title

[Handwritten Signature]
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of ~~Changes in Financial Condition~~ Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AZROC CAPITAL MANAGEMENT, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2003

RODGER D. MICHELL
Certified Public Accountant

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RODGER D. MICHELL
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 735
BETHEL PARK, PENNSYLVANIA 15102

To the Board of Directors
AZROC Capital Management, Inc.
Monroeville, Pennsylvania

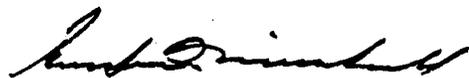
INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial condition of AZROC Capital Management, Inc. (the Company) as of December 31, 2003, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AZROC Capital Management, Inc., as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Bethel Park, Pennsylvania
February 18, 2004

AZROC CAPITAL MANAGEMENT, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash	\$ 6,677
Money Market Accounts	100,877
Commissions and Fees Receivable	91,973
Deposit with clearing firm	25,000
Limited Partnership interest	48,613
Investments, at cost	33,100
Prepayments	1,550
Property and equipment, net of accumulated depreciation of \$22,425	<u>42,120</u>
Total Assets	<u>\$ 349,910</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts Payable and accrued expenses	\$ 1,324
Payroll taxes withheld	<u>100</u>
Total Liabilities	<u>1,424</u>

Stockholder's Equity

Common Stock, no-par value, 100,000 shares authorized, 1,000 shares issued and outstanding	1,000
Additional paid-in capital	6,780
Retained Earnings	<u>340,706</u>
Total Stockholder's Equity	<u>348,486</u>
Total Liabilities and Stockholder's Equity	<u>\$ 349,910</u>

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

AZROC CAPITAL MANAGEMENT, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues	
Commissions	\$ 665,896
Fee income	37,872
Investment and other income	<u>1,844</u>
Total Revenues	<u>705,612</u>
Expenses	
Salaries and related benefits	458,421
Occupancy	75,753
Other expenses	36,346
Professional services	14,207
Telecommunications	10,969
Depreciation	<u>7,338</u>
Total Expenses	<u>603,034</u>
Income before other items	<u>102,578</u>
Loss on equipment dispositions	<u>(2,298)</u>
Net Income	<u><u>\$ 100,280</u></u>

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

AZROC CAPITAL MANAGEMENT, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>COMMON STOCK</u>		<u>ADDITIONAL PAID IN CAPITAL</u>	<u>RETAINED EARNINGS</u>
	<u>SHARES</u>	<u>AMOUNT</u>		
Balance January 1, 2003	1,000	\$ 1,000	\$ 6,780	\$ 280,426
Net income				100,280
Dividends				(40,000)
Balance, December 31, 2003	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,780</u>	<u>\$ 340,706</u>

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

AZROC CAPITAL MANAGEMENT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities	
Net income	\$ 100,280
Adjustments to reconcile net income to net cash provided from operating activities	
Depreciation	7,338
Loss on equipment dispositions	2,298
Increase in Commissions and Fees Receivable	(54,363)
Net income from limited partnership interest	(408)
Decrease in prepayments	912
Decrease in accounts payable and accrued expenses	(36,139)
Decrease in withheld payroll taxes	(80)
	<hr/>
Net cash provided from operating activities	19,838
	<hr/>
Cash flows from investing activities	
Equipment purchases	(43,206)
Additional investment in limited partnership interest	(39,000)
	<hr/>
Net cash used in investing activities	(82,206)
	<hr/>
Cash flows from financing activities	
Dividends	(40,000)
	<hr/>
Net decrease in cash	(102,368)
Cash, beginning of year	209,922
	<hr/>
Cash, end of year	\$ 107,554
	<hr/>

SUPPLEMENTAL INFORMATION

Cash paid during the year for interest	\$ <u> -</u>
Non cash financing and investing activities:	none

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

AZROC CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE A ORGANIZATION AND NATURE OF BUSINESS

The Company is a broker-dealer and a member of the National Association of Securities Dealers (NASD), and is supervised by the Securities and Exchange Commission (SEC), and is also a registered investment advisory firm. The Company was incorporated in the state of Pennsylvania in 2000. Operations as a broker-dealer began in 2002 after the Company received its membership upon its merger with Anderson Samad, Inc., member NASD, SIPC.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Commission Income and Investment Advisory Income

Commission income and related commissions payable to sales representatives are recorded on a trade date basis. Investment advisory fees are received quarterly but are recognized monthly as earned. No allowance for uncollectible accounts is considered necessary.

Income Taxes

The shareholder has consented to the Company's election to be taxed as an S corporation under the provisions of Section 1362(a) of the Internal Revenue Code which provide for the Company's income to be taxed directly to its shareholder. Accordingly, no provision for federal or state income taxes has been included in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers cash on hand and in banks, and money market accounts to be cash equivalents.

NOTE C PROPERTY AND EQUIPMENT

Equipment and leasehold improvements are carried at cost. Expenditures for maintenance and repairs are charged against operations, while renewals and betterments that materially extend the lives of assets are capitalized. Depreciation is computed for financial statement purposes on a straight line basis over 3-5 years, which is management's determination of the estimated useful lives of the assets. Property and equipment consisted of the following as of December 31, 2003:

Automobile	\$39,720
Computers and equipment	20,128
Furniture and fixtures	926
Telephone equipment	<u>3,771</u>
	64,545
Less accumulated depreciation	<u>(22,425)</u>
	<u>\$42,120</u>

AZROC CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE D LEASES

The Company moved its office to a new location in Monroeville, Pennsylvania and began leasing the new office space October 1, 2003. During 2003 rental and operating costs paid associated with the lease of the former office space was \$64,607, while the same cost paid for the lease of the new space was \$11,146, for a total of \$75,753 associated with occupancy costs. The leases for both facilities contain provisions for adjustments for changes in operating costs and real estate taxes of the respective locations.

The new lease is an operating lease with initial noncancelable terms of 36 months, and may be terminated by the Company after one year with three months advance notice. As of December 31, 2003, future rentals due under the agreement are \$33,439 for each of the years ending December 31, 2004 and 2005, and \$22,293 for the year ending December 31, 2006, for a total of \$89,171.

NOTE E RELATED PARTY TRANSACTIONS

Transactions with Shareholder and Director

During 2003 the Company purchased through its shareholder a new vehicle costing \$39,720. Under terms of the agreement, title is with the shareholder and the Company is to incur directly the costs of owning and maintaining the vehicle.

Affiliated Companies

The Company is a general partner in a limited partnership called AZROC1 LP. The amount invested at the beginning of the year of \$9,205 was approximately 0.46% of partnership capital, while during 2003 other partner capital changes and the Company's additional investment in 2003 of \$39,000 have caused the Company's investment at December 31, 2003 of \$48,613 to be approximately 49% of partnership capital.

NOTE F DEPOSIT WITH CLEARING ORGANIZATION

The Company has \$25,000 cash on deposit with its clearing firm, FISERV Securities, Inc., member NASD, SIPC.

NOTE G INVESTMENTS

The Company has recorded investments in warrants and stocks related to the NASD/NASDAQ Phases 1 and 2 restructuring. The investments are recorded at cost, and consist of 1,000 shares of THE NASDAQ STOCK MARKET, INC. costing \$13,000, and 1,500 warrants to purchase 1,500 shares of THE NASDAQ STOCK MARKET, INC. costing \$20,100 for a total of \$33,100. At December 31, 2003 the market value of the stock was \$9,450 and the market value of the warrants was undeterminable. Additionally, there was no established market for the warrants.

NOTE H MAJOR CUSTOMER

The Company earns over 50% of its revenues from investment advisory fees charged to, and commissions earned through trades of, one customer, and the loss of that customer could have a materially adverse effect on the Company. While the contract between the parties is cancelable with 30 days notice, the customer has continuously dealt with the Company or its founder since 1991.

NOTE I SIMPLIFIED EMPLOYEE PENSION PLAN

The Company maintains a simplified employee pension plan covering substantially all employees. Contributions paid for the year 2003,

AZROC CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE I SIMPLIFIED EMPLOYEE PENSION PLAN (continued)

as of December 31, 2003, were \$67,976.

NOTE J NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1, with a minimum net capital requirement of \$5,000. At December 31, 2003 the Company had a net capital of \$221,085. The Company's aggregate indebtedness to net capital ratio was 0.01 to 1.

AZROC CAPITAL MANAGEMENT, INC.
COMPUTATION OF NET CAPITAL
UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2003

Computation of net capital	
Total stockholder's equity	\$ 348,486
Nonallowable assets	
Securities not readily marketable	33,100
Property and equipment, net	42,120
Investment in affiliate	48,613
Prepayments	1,550
	<hr/>
Total nonallowable assets	125,383
	<hr/>
Net capital before haircuts	223,103
	..
Haircut on money market accounts	2,018
	<hr/>
Net Capital	<u>\$ 221,085</u>
Reconciliation with Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2003)	
	<u>\$ 221,085</u>
Computation of basic net capital required	
Net capital required is the greater of \$5,000 (the minimum dollar requirement of reporting broker dealer) or 6.67% of the aggregate indebtedness (total liabilities):	
Aggregate indebtedness	
Total liabilities	<u>\$ 1,424</u>
	<hr/>
Aggregate indebtedness X 6.67%	<u>\$ 95</u>
	<hr/>
Net capital (from above)	\$ 221,085
Less basic net capital required	<u>(5,000)</u>
	<hr/>
Net capital in excess of requirement	<u>\$ 216,085</u>
	<hr/>
Ratio of aggregate indebtedness to net capital	<u>0.01 : 1</u>

AZROC CAPITAL MANAGEMENT, INC.
COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER
RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2003

The Company is exempt from this requirement under Rule 15c3-3(k)(2)ii.

RODGER D. MICHELL
CERTIFIED PUBLIC ACCOUNTANT

TELEPHONE 412-854-0683
FAX 412-854-0245

P.O. BOX 735
BETHEL PARK, PENNSYLVANIA 15102

To the Board of Directors
AZROC Capital Management, Inc.
Monroeville, Pennsylvania

REPORT ON INTERNAL CONTROL

In planning and performing my audit of the financial statements of AZROC Capital Management, Inc. (the Company), for the year ended December 31, 2003, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications, and comparisons
- 2) Recordation of differences required by Rule 17a-13
- 3) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that

transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on Rule 17(a)-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Bethel Park, Pennsylvania
February 18, 2004