

Edgar Filing: ARIES VENTURES INC - Form 10QSB

ARIES VENTURES INC  
Form 10QSB  
May 15, 2003

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

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT  
OF 1934

For the quarterly period ended March 31, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-14136

Aries Ventures Inc.

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

Nevada

84-0987840

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
Identification Number)

28720 Canwood Street, Suite 207, Agoura Hills, California 91301

-----  
(Address of principal executive offices)

Issuer's telephone number: (818) 879-6501

Not Applicable

-----  
(Former name, former address and former fiscal year,  
if changed since last report.)

Check whether the issuer (1) has 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 issuer was required to file such reports), and (2) has  
been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has filed all documents and  
reports required to be filed by Section 12, 13 or 15(d) of the Securities Act of  
1934 subsequent to the distribution of securities under a plan confirmed by a  
court.

Yes  No

As of March 31, 2003, the Company had 3,311,981 shares of common stock  
issued and outstanding.

Documents incorporated by reference: None.

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ARIES VENTURES INC.

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### Aries Ventures Inc. Condensed Balance Sheets

	March 31, 2003	September 30, 2002
	-----	-----
	(Unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,568,417	\$ 4,768,749
Due from related entity	14,170	51,075
Prepaid expenses and other current assets	4,630	46,235
	-----	-----
	4,587,217	4,866,059

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PROPERTY AND EQUIPMENT	27,244	25,844
Less: accumulated depreciation and amortization	(25,838)	(25,583)
	1,406	261
OTHER		
Deposits	2,309	2,309
	\$ 4,590,932	\$ 4,868,629

(continued)

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Aries Ventures Inc.  
Condensed Balance Sheets (continued)

	March 31, 2003	September 30, 2002
	(Unaudited)	(Unaudited)
LIABILITIES		
CURRENT		
Accounts payable	\$ 46,718	\$ 68,847
Accrued liabilities	-	29,937
	46,718	98,784
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$0.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding - None	-	-
Common stock, \$0.01 par value		
Authorized - 50,000,000 shares		
Issued and outstanding - 3,311,981 shares at March 31, 2003 and September 30, 2002	33,120	33,120
Additional paid-in capital	1,800,859	1,800,859
Retained earnings	2,710,235	2,935,866
	4,544,214	4,769,845
	\$ 4,590,932	\$ 4,868,629

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See accompanying notes to condensed financial statements.

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Aries Ventures Inc.  
Condensed Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2003	2002
REVENUES	\$ -	\$ -
COSTS AND EXPENSES		
General and administrative	84,433	118,440
Legal fees	5,820	3,120
Depreciation and amortization	156	2,987
Interest expense	27	14,835
Interest income	(5,756)	(1,175)
Other expense	1,370	1,670
NET LOSS	\$ (86,050)	\$ (139,877)
LOSS PER COMMON SHARE - BASIC AND DILUTED	\$ (0.03)	\$ (0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	3,311,981	3,594,177

See accompanying notes to condensed financial statements.

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Aries Ventures Inc.  
Condensed Statements of Operations (Unaudited)

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	Six Months Ended March 31,	
	2003	2002
REVENUES	\$ -	\$ -
COSTS AND EXPENSES		
General and administrative	213,356	223,964
Legal fees	15,185	25,866
Depreciation and amortization	254	5,974
Interest expense	274	27,852
Interest income	(11,704)	(3,189)
Other expense	8,266	3,277
NET LOSS	\$ (225,631)	\$ (283,744)
LOSS PER COMMON SHARE - BASIC AND DILUTED	\$ (0.07)	\$ (0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	3,311,981	3,584,010

See accompanying notes to condensed financial statements.

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Aries Ventures Inc.  
Condensed Statements of Cash Flows (Unaudited)

	Six Months Ended March 31,	
	2003	2002
OPERATING ACTIVITIES		
Net loss	\$ (225,631)	\$ (283,744)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	254	5,974
Common stock issued for services	-	1,830

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Changes in operating assets and liabilities:		
Decrease in:		
Prepaid expenses and other current assets	41,606	26,991
Increase (decrease) in:		
Accounts payable	(22,129)	(119,646)
Accrued liabilities	(29,937)	5,412
	-----	-----
Net cash used in operating activities	(235,837)	(363,183)
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Payment from related entity	51,075	-
Increase in amount due from related entity	(14,170)	(18,040)
Purchase of property and equipment	(1,400)	-
	-----	-----
Net cash provided by (used in) investing activities	35,505	(18,040)
	-----	-----

(continued)

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Aries Ventures Inc.  
Condensed Statements of Cash Flows (Unaudited) (continued)

	Six Months Ended March 31,	
	2003	2002
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	\$ -	\$ 500,000
	-----	-----
Net cash provided by financing activities	-	500,000
	-----	-----
<b>CASH AND CASH EQUIVALENTS:</b>		
Net increase (decrease)	(200,332)	118,777
At beginning of period	4,768,749	68,616
	-----	-----
At end of period	\$ 4,568,417	\$ 187,393
	=====	=====

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See accompanying notes to condensed financial statements.

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Aries Ventures Inc.  
Notes to Condensed Financial Statements (Unaudited)  
Three Months and Six Months Ended March 31, 2003 and 2002

### 1. Organization and Basis of Presentation

Basis of Presentation - The accompanying condensed financial statements include the operations of Aries Ventures Inc., a Nevada corporation ("Aries" or the "Company"), the successor to Casmyn Corp., a Colorado corporation ("Casmyn"). The condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States.

Comments - The accompanying interim condensed financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at March 31, 2003, the results of operations for the three months and six months ended March 31, 2003 and 2002, and cash flows for the six months ended March 31, 2003 and 2002. The balance sheet as of September 30, 2002 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2002, as filed with the Securities and Exchange Commission.

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, 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. Actual results could differ from those estimates.

The results of operations for the three months and six months ended March 31, 2003 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending September 30, 2003.

Business - The Company currently has no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

Income (Loss) Per Share - Basic income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated assuming the issuance of common shares, if dilutive, resulting from the exercise of stock options and warrants. These potentially dilutive securities were not included in the calculation of loss per share for the three months and six months ended March 31, 2003 and 2002 because the Company incurred a loss during such periods and thus their effect would have been anti-dilutive. Accordingly, basic and

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diluted loss per share are the same for the three months and six months ended March 31, 2003 and 2002. As of March 31, 2003, potentially dilutive securities consisted of outstanding Series A common stock purchase warrants and stock options to acquire 3,250,981 shares and 353,318 shares, respectively.

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Comprehensive Income (Loss) - Since the Company had no items of comprehensive income (loss) during the three months and six months ended March 31, 2003 and 2002, a statement of comprehensive income (loss) is not presented.

Pro Forma Financial Disclosure - The fair value of stock options granted under the Company's Employee Stock Option Plan and Management Incentive Stock Option Plan on November 1, 2000 were estimated on the grant date using the Black-Scholes option pricing model. Had such stock options been accounted for pursuant to SFAS No. 123, the effect on the Company's results of operations would have been as follows:

For the three months ended March 31, 2003 and 2002, the Company would have recorded \$5,031 as additional compensation expense, resulting in a net loss of \$91,081 and \$144,908, respectively, and a net loss per common share of \$0.03 and \$0.04, respectively.

For the six months ended March 31, 2003 and 2002, the Company would have recorded \$10,062 as additional compensation expense, resulting in a net loss of \$235,693 and \$293,806, respectively, and a net loss per common share of \$0.07 and \$0.08, respectively.

### 2. Due from Related Entity

During the six months ended March 31, 2003 and 2002, the Company allocated certain common corporate services aggregating \$14,170 and \$18,040, respectively, to Resource Ventures, Inc. ("Resource"), the Company's former wholly-owned Nevada subsidiary engaged in gold-mining activities in Zimbabwe. The Company spun-off and distributed all of the common stock of Resource to the Company's shareholders on July 1, 2000. As of March 31, 2003 and September 30, 2002, amounts due from Resource aggregated \$14,170 and \$51,075, respectively. During the three months and six months ended March 31, 2003, the September 30, 2002 balance of \$51,075 was paid.

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2003 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2003 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance



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or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

### General Overview:

As of March 31, 2003, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

### Results of Operations:

#### Three Months Ended March 31, 2003 and 2002:

**General and Administrative.** General and administrative expenses were \$84,433 and \$118,440 for the three months ended March 31, 2003 and 2002, respectively. Significant components of general and administrative expenses include management and directors' compensation, insurance costs, accounting fees and office expenses. The decrease in expenses in 2003 as compared to 2002 was primarily a result of reduced management compensation and office expenses.

**Legal Fees.** Legal fees were \$5,820 and \$3,120 for the three months ended March 31, 2003 and 2002, respectively. The increase in legal fees in 2003 as compared to 2002 was a result of the Company efforts to have the Bankruptcy Court close the Company's Chapter 11 bankruptcy case and issue a final decree. The Company expects legal fees to decrease from these levels in subsequent quarters.

**Depreciation and Amortization.** Depreciation and amortization was \$156 and \$2,987 for the three months ended March 31, 2003 and 2002, respectively.

**Interest Expense.** Interest expense was \$27 and \$14,835 for the three months ended March 31, 2003 and 2002, respectively. The decrease in interest expense in 2003 as compared to 2002 was a result of the repayment in August 2002 of notes payable of \$500,000, which the Company originally borrowed in October 2001.

**Interest Income.** Interest income was \$5,756 and \$1,175 for the three months ended March 31, 2003 and 2002, respectively, as a result of increased interest-bearing cash balances during the fiscal year ending September 30, 2003.

**Other Expense.** Other expense was \$1,370 and \$1,670 for the three months ended March 31, 2003 and 2002, respectively.

**Net Loss.** Net loss was \$86,050 and \$139,877 for the three months ended March 31, 2003 and 2002, respectively.

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#### Six Months Ended March 31, 2003 and 2002:

**General and Administrative.** General and administrative expenses were \$213,356 and \$223,964 for the six months ended March 31, 2003 and 2002, respectively. Significant components of general and administrative expenses include management and directors' compensation, insurance costs, accounting fees and office expenses. The decrease in expenses in 2003 as compared to 2002 was primarily a result of reduced management compensation and office expenses. The Company expects general and administrative expenses to decrease from these levels in subsequent quarters.

**Legal Fees.** Legal fees were \$15,185 and \$25,866 for the six months ended March 31, 2003 and 2002, respectively. The decrease in legal fees in 2003 as compared

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to 2002 was a result of the Company concluding legal settlements with respect to all litigation and claims that it had been pursuing in various jurisdictions against the Company's former officers, directors, auditors and legal counsel during the three months ended September 30, 2002. The Company expects legal fees to decrease from these levels in subsequent quarters.

Depreciation and Amortization. Depreciation and amortization was \$254 and \$5,974 for the six months ended March 31, 2003 and 2002, respectively.

Interest Expense. Interest expense was \$274 and \$27,852 for the six months ended March 31, 2003 and 2002, respectively. The decrease in interest expense in 2003 as compared to 2002 was a result of the repayment in August 2002 of notes payable of \$500,000, which the Company originally borrowed in October 2001.

Interest Income. Interest income was \$11,704 and \$3,189 for the six months ended March 31, 2003 and 2002, respectively, as a result of increased interest-bearing cash balances during the fiscal year ended September 30, 2003.

Other Expense. Other expense was \$8,266 and \$3,277 for the six months ended March 31, 2003 and 2002, respectively.

Net Loss. Net loss was \$225,631 and \$283,744 for the six months ended March 31, 2003 and 2002, respectively.

Financial Condition - March 31, 2003:

Liquidity and Capital Resources:

Overview. The Company had cash and cash equivalents of \$4,568,417 at March 31, 2003, as compared to \$4,768,749 at September 30, 2002, a decrease of \$200,332. As of March 31, 2003, the Company had working capital of \$4,540,499, as compared to working capital of \$4,767,275 at September 30, 2002.

Operating. The Company's operations utilized cash resources of \$235,837 and \$363,183 during the six months ended March 31, 2003 and 2002, respectively.

As of March 31, 2003, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity and maintaining the corporate entity.

The Company anticipates that its working capital resources are adequate to fund anticipated costs and expenses at least through the remainder of the fiscal year ending September 30, 2003.

Investing. During the six months ended March 31, 2003, net cash provided by investing activities was \$35,505, consisting of the payment from a related entity of \$51,075, reduced by an increase in the amount due from the related entity of \$14,170 and the purchase of property and equipment of \$1,400. During

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the six months ended March 31, 2002, net cash used in investing activities was \$18,040, consisting of an increase in the amount due from the related entity.

Financing. During October 2001, the Company borrowed \$500,000 pursuant to unsecured notes payable, with interest at 12% per annum, both principal and interest payable on September 30, 2002. The lender also received 85,000 Class A common stock purchase warrants that had been originally issued to an affiliate of the Company. The Company was obligated to pay the notes from the net proceeds received by the Company from the settlement of its legal claims against

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other parties that aggregated in excess of \$500,000. During August 2002, the notes were paid in full, with interest. Since the exercise price of the Series A common stock purchase warrants was substantially in excess of the market value of the underlying common stock, the warrants had nominal intrinsic value, and therefore no accounting value was ascribed to the warrants for financial statement purposes.

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### ITEM 3. CONTROLS AND PROCEDURES

#### (a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act of 1934 is accumulated and communicated to the Company's management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Within the 90 days prior to the filing of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its principal executive and financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Company's principal executive and financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

#### (b) Changes in Internal Controls

There were no changes in the Company's internal controls or in other factors that could have significantly affected those controls subsequent to the date of the Company's most recent evaluation.

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## PART II. OTHER INFORMATION

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### (a) Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

#### (b) Reports on Form 8-K

Three Months Ended March 31, 2003:

The Company filed a Current Report on Form 8-K on January 14, 2003 and

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a Current Report on Form 8-K/A on January 22, 2003 to report that it changed its independent accountants.

The Company filed a Current Report on Form 8-K on January 31, 2003 to report that the Company had filed documents with the Bankruptcy Court requesting that it enter an order granting the Company a final decree and closing the Company's Chapter 11 bankruptcy case, which order was entered on February 19, 2003.

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### SIGNATURES

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

ARIES VENTURES INC.

-----  
(Registrant)

DATE: May 12, 2003

By: /s/ ROBERT N. WEINGARTEN  
-----  
Robert N. Weingarten  
President and Chief  
Financial Officer  
(Duly Authorized Officer  
and Chief Financial  
Officer)

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### CERTIFICATION

I, Robert N. Weingarten, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Aries Ventures Inc.
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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

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- a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date.
5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a. all significant deficiencies in the design or operation 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.
6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

By: /s/ ROBERT N. WEINGARTEN  
-----  
Robert N. Weingarten  
President and Chief  
Financial Officer

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INDEX TO EXHIBITS

Exhibit Number -----	Description of Document -----
99.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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