PROHEALTH MEDICAL TECHNOLOGIES INC
Form 10QSB
July 24, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-QSB

(Mark one)
XX QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

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

For the transition period from _____ to _____

Commission File Number: 2-90519

ProHealth Medical Technologies, Inc
(Exact name of small business issuer as specified in its charter)

Nevada	59-2262718
(State of incorporation)	(IRS Employer ID Number)

211 West Wall Street, Midland, TX 70701-4556
(Address of principal executive offices)

(915) 682-1761
(Issuer's telephone number)

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 X NO

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: July 17, 2002: 10,145,640

Transitional Small Business Disclosure Format (check one): YES NO X

Form 10-QSB for the Quarter ended June 30, 2002

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Item 1 - Part 1 - Financial Statements

ProHealth Medical Technologies, Inc.
Balance Sheets
June 30, 2002 and 2001

(Unaudited)

	June 30, 2002	June 30, 2001
Assets		
Assets		
Cash on hand and in bank	$ 135	$ --
Total Assets	$ 135	$ --
Liabilities and Shareholders' Equity (Deficit)		
Liabilities		

Accounts payable - trade	$ --	$ 1,493
Total liabilities	--	1,493
Commitments and contingencies		
Shareholders' Equity (Deficit)		
Common stock - $0.0001 par value 100,000,000 shares authorized 10,145,640 and 145,640 shares issued and outstanding, respectively	1,015	15
Additional paid-in capital	815,182	806,182
Accumulated deficit	(816,062)	(807,690)
Total Shareholders' Equity (Deficit)	135	(1,493)
Total Liabilities and Shareholders' Equity (Deficit)	$ 135	$ --

The financial information presented herein has been prepared by management without audit by independent certified public accountants.
The accompanying notes are an integral part of these financial statements.

ProHealth Medical Technologies, Inc.
Statements of Operations and Comprehensive Loss
Six and Three months ended June 30, 2002 and 2001

(Unaudited)

	Six months ended June 30, 2002	Six months ended June 30, 2001	Three months ended June 30, 2002	Three mont ended June 30,
Revenues	$ --	$ --	$ --	$ --
Expenses				
General and administrative expenses	--	210	--	1
Net Loss	--	(210)	--	(1
Other Comprehensive Income	--	--	--	--
Comprehensive Loss	$ --	$ (210)	$ --	$ (1
Loss per weighted-average share				

of common stock outstanding, computed on Net Loss - basic and fully diluted	nil	nil	nil	n
Weighted-average number of shares of common stock outstanding	10,145,640	145,640	10,145,640	145,6

The financial information presented herein has been prepared by management without audit by independent certified public accountants.
The accompanying notes are an integral part of these financial statements.

ProHealth Medical Technologies, Inc.
Statements of Cash Flows
Six months ended June 30, 2002 and 2001

(Unaudited)

	Six months ended June 30, 2002	Six months ended June 30, 2001
Cash Flows from Operating Activities		
Net Loss	$ --	$ (210)
Adjustments to reconcile net income to net cash provided by operating activities		
Increase in Accounts payable - trade	--	210
Net cash used in operating activities	--	--
Cash Flows from Investing Activities	--	--
Cash Flows from Financing Activities	--	--
Increase (Decrease) in Cash and Cash Equivalents	--	--
Cash and cash equivalents at beginning of period	--	--
Cash and cash equivalents at end of period	$ --	$ --
Supplemental Disclosures of Interest and Income Taxes Paid		
Interest paid during the period	$ --	$ --
Income taxes paid (refunded)	$ --	$ --

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The financial information presented herein has been prepared by management without audit by independent certified public accountants.
The accompanying notes are an integral part of these financial statements.

ProHealth Medical Technologies, Inc.

Notes to Financial Statements

Note A - Organization and Description of Business

ProHealth Medical Technologies, Inc. (Company) was originally incorporated on January 26, 1983 under the laws of the State of Florida as Datalink Systems, Inc.

The Company has had no operations, assets or liabilities since 1989. Accordingly, the Company is dependent upon management and/or significant shareholders to provide sufficient working capital to preserve the integrity of the corporate entity at this time. It is the intent of management and significant shareholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity.

In September 2001, the Company sold 10,000,000 restricted, unregistered shares of common stock at $0.001 per share, for gross proceeds of $10,000, to the Company's President to provide working capital to satisfy all debts incurred in the maintenance of the corporate entity.

The Company follows the accrual basis of accounting in accordance with generally accepted accounting principles and has a year-end of December 31.

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-KSB for the year ended December 31, 2001. The information presented within these interim financial statements may not include all disclosures required by generally accepted accounting principles and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-QSB, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending December 31, 2002.

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 and 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.

Note B - Going Concern Uncertainty

The Company's majority stockholder maintains the corporate status of the Company and provides all nominal working capital support on the Company's change in control in November 1999.

Because of the Company's lack of operating assets, the Company's continuance is fully dependent either future sales of securities or upon its current management and/or advances or loans from significant stockholders or corporate officers to provide sufficient working capital to preserve the integrity of the corporate entity.

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note B - Going Concern Uncertainty - continued

There is no assurance that the Company will be able to obtain additional funding through the sales of additional securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding.

Note C - Summary of Significant Accounting Policies

1. Cash and cash equivalents

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

2. Income Taxes

The Company uses the asset and liability method of accounting for income taxes. At June 30, 2002 and 2001, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

3. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock

method. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of June 30, 2002 and 2001, respectively, the Company had no warrants and/or options outstanding.

Note D - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note E - Income Taxes

The components of income tax (benefit) expense for the six months ended June 30, 2002 and 2001, respectively, are as follows:

	Six months ended June 30, 2002	Six months ended June 30, 2001
Federal:		
Current	$ --	$ --
Deferred	--	--
	--	--
State:		
Current	--	--
Deferred	--	--
	--	--
Total	$ --	$ --

At June 30, 2002, as a result of a November 1999 change in control, the Company has a net operating loss carryforward of approximately $12,700 to offset future taxable income. Subject to current regulations, this carryforward will begin to expire in 2019. The amount and availability of the net operating loss carryforwards may be subject to limitations set forth by the Internal Revenue Code. Factors such as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of the carryforwards.

The Company's income tax expense (benefit) for the six months ended June 30, 2002 and 2001, respectively, differed from the statutory federal rate of 34

percent as follows:

	Six months ended June 30, 2002	Six months ended June 30, 2001
Statutory rate applied to loss before income taxes	$ --	$ (72)
Increase (decrease) in income taxes resulting from:		
State income taxes	--	--
Other, including reserve for deferred tax asset	--	72
Income tax expense	$ --	$ --

ProHealth Medical Technologies, Inc.

Notes to Financial Statements - Continued

Note E - Income Taxes - Continued

Temporary differences, consisting primarily of statutory deferrals of expenses for organizational costs and statutory differences in the depreciable lives for property and equipment, between the financial statement carrying amounts and tax bases of assets and liabilities give rise to deferred tax assets and liabilities as of June 30, 2002 and 2001, respectively:

	June 30, 2002	June 30, 2001
Deferred tax assets		
Net operating loss carryforwards	$ 4,300	$ 1,500
Less valuation allowance	(4,300)	(1,500)
Net Deferred Tax Asset	$ --	$ --

Note E - Common Stock Transactions

On September 25, 2001, the Company sold 10,000,000 shares of restricted, unregistered common stock at $0.001 per share for gross proceeds of $10,000, pursuant to a private placement memorandum to the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

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Part I - Item 2

Management's Discussion and Analysis of Financial Condition and Plan of Operation

(1) Caution Regarding Forward-Looking Information

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions: demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-QSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

(2) Results of Operations, Liquidity and Capital Resources and Plan of Operation

Results of Operations

The Company had no revenue for the respective six and three month periods ended June 30, 2002 and 2001, respectively.

General and administrative expenses for the six months ended June 30, 2002 and 2001 were approximately $0 and $210, respectively. General and administrative expenses during these years consisted principally of fees associated with the maintenance of the Company's shareholder ledger. The Company realized a net loss of approximately $0 and $210 for the six months ended June 30, 2002 and 2001, respectively.

The Company does not expect to generate any meaningful revenue or incur more

than nominal operating expenses unless and until such time that the Company begins meaningful operations.

Liquidity and Capital Resources

At June 30, 2002, and for all periods subsequent thereto, the Company had working capital of $135.

On September 25, 2001, the Company sold 10,000,000 shares of restricted, unregistered common stock at $0.001 per share for gross proceeds of $10,000, pursuant to a private placement memorandum to Glenn A. Little, the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, there is no legal obligation for either management or significant stockholders to provide additional future funding. Should this pledge fail to provide financing, the Company has not identified any alternative sources. Consequently, there is substantial doubt about the Company's ability to continue as a going concern.

The Company's need for capital may change dramatically as a result of any business acquisition or combination transaction. There can be no assurance that the Company will identify any such business, product, technology or company suitable for acquisition in the future. Further, there can be no assurance that the Company would be successful in consummating any acquisition on favorable terms or that it will be able to profitably manage the business, product, technology or company it acquires.

Plan of Business

General

The Company intends to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Pending negotiation and consummation of a combination, the Company anticipates that it will have, aside from carrying on its search for a combination partner, no business activities, and, thus, will have no source of revenue. Should the Company incur any significant liabilities prior to a combination with a private company, it may not be able to satisfy such liabilities as are incurred.

If the Company's management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is foreseeable that such efforts will exhaust the Company's ability to continue to seek such combination opportunities before any successful

combination can be consummated. In that event, the Company's common stock will become worthless and holders of the Company's common stock will receive a nominal distribution, if any, upon the Company's liquidation and dissolution.

Combination Suitability Standards

In its pursuit for a combination partner, the Company's management intends to consider only combination candidates which are profitable or, in management's view, have growth potential. The Company's management does not intend to pursue any combination proposal beyond the preliminary negotiation stage with any combination candidate which does not furnish the Company with audited financial statements for at least its most recent fiscal year and unaudited financial statements for interim periods subsequent to the date of such audited financial statements, or is in a position to provide such financial statements in a timely manner. The Company will, if necessary funds are available, engage attorneys and/or accountants in its efforts to investigate a combination candidate and to consummate a business combination. The Company may require payment of fees by such combination candidate to fund the investigation of such candidate. In the event such a combination candidate is engaged in a high technology business, the Company may also obtain reports from independent organizations of recognized standing covering the technology being developed and/or used by the candidate. The Company's limited financial resources may make the acquisition of such reports difficult or even impossible to obtain and, thus, there can be no assurance that the Company will have sufficient funds to obtain such reports when considering combination proposals or candidates. To the extent the Company is unable to obtain the advice or reports from experts, the risks of any combined enterprise's being unsuccessful will be enhanced. Furthermore, to the knowledge of the Company's officers and directors, neither the candidate nor any of its directors, executive officers, principal shareholders or general partners:

(1) will not have been convicted of securities fraud, mail fraud, tax fraud, embezzlement, bribery, or a similar criminal offense involving misappropriation or theft of funds, or be the subject of a pending investigation or indictment involving any of those offenses;

(2) will not have been subject to a temporary or permanent injunction or restraining order arising from unlawful transactions in securities, whether as issuer, underwriter, broker, dealer, or investment advisor, may be the subject of any pending investigation or a defendant in a pending lawsuit arising from or based upon allegations of unlawful transactions in securities; or

(3) will not have been a defendant in a civil action which resulted in a final judgement against it or him awarding damages or rescission based upon unlawful practices or sales of securities.

The Company's officers and directors will make these determinations by asking pertinent questions of the management of prospective combination candidates. Such persons will also ask pertinent questions of others who may be involved in the combination proceedings. However, the officers and directors of the Company will not generally take other steps to verify independently information obtained in this manner which is favorable. Unless something comes to their attention which puts them on notice of a possible disqualification which is being concealed from them, such persons will rely on information received from the management of the prospective combination candidate and from others who may be involved in the combination proceedings.

Part II - Other Information

Item 1 - Legal Proceedings

None

Item 2 - Changes in Securities

None

Item 3 - Defaults on Senior Securities

None

Item 4 - Submission of Matters to a Vote of Security Holders

The Company has held no regularly scheduled, called or special meetings of shareholders during the reporting period.

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

Exhibits - None
Reports on Form 8-K - None

SIGNATURES

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

ProHealth Medical Technologies, Inc.

July 17 , 2002

/s/ Glenn A. Little.

Glenn A. Little
President and Director