US BIODEFENSE INC
Form 10QSB
July 21, 2004

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: May 31, 2004

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: 000-31431

US BIODEFENSE, INC.

(Exact name of registrant as specified in its charter)

Nevada	33-0052057
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13674 E. Valley Blvd. City of Industry, CA	91746
(Address of principal executive offices)	(Zip Code)

(626) 961-8039

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has 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 [ ]

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

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

Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 10,101,349

US Biodefense, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and pursuant to the rules and regulations of the Securities and Exchange Commission ("Commission"). While these statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the financial statements and footnotes thereto, which are included in the Company's Registration Statement on Form 10-KSB previously filed with the Commission on March 16, 2004, and subsequent amendments made thereto.

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

US Biodefense, Inc.

Balance Sheet

(unaudited)

	May 31, 2004
Assets	
Current assets:	
Cash	$47,588
Prepaid expenses	400
Total current assets	47,988
	$47,988
Liabilities and Stockholders Equity	
Current liabilities:	
Accounts payable	$594
Notes payable related party	3,500
Deferred revenue	45,833
Total current liabilities	49,927
Stockholders equity:	
Common stock, $0.001 par value, 100,000,000 shares authorized, 10,101,349 shares issued and outstanding	10,101
Additional paid-in capital	3,793,289
Accumulated deficit	(3,805,329)
	(1,939)
	$47,988

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

US Biodefense, Inc.

Statements of Operations

(unaudited)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2004	2003	2004	2003
Revenue	$4,167	$-	$4,167	$-
Expenses:				
General and administrative expenses	14,507	-	18,106	-
General and administrative expenses related party	10,000	-	25,000	-
Total expenses	24,507	-	43,106	-
Net (loss)	$(20,340)	$-	(38,939)	-
Weighted average number of common shares outstanding basic and fully diluted	10,101,349	101,349		
Net (loss) per share basic & fully diluted	$(0.00)	$-		

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

US Biodefense, Inc.

Statements of Cash Flows

(unaudited)

	Six Months Ended May 31,	
	2004	2003
Cash flows from operating activities		
Net (loss)	$(38,939)	$-
Adjustment to reconcile net (loss) to net cash (used) by operating activities:		
Decrease in prepaid expense	36,600	-
Increase in accounts payable	594	
Increase in deferred revenue	45,833	-
Net cash (used) by operating activities	44,088	-
Cash flows from financing activities		
Proceeds from notes payable related party	3,500	-
Issuances of common stock	-	-
Net cash provided by financing activities	3,500	-
Net increase (decrease) in cash	47,588	-
Cash beginning	-	-
Cash ending	$47,588	$-
Supplemental information:		
Interest paid	$-	$-
Income taxes paid	$-	$-

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

US Biodefense, Inc.

Notes

Note 1 - Basis of presentation

The 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 interim financial statements be read in conjunction with the financial statements of the Company for the year ended November 30, 2003 and notes thereto included in the Company's Form 10-KSB. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim periods are not indicative of annual results.

Note 2 - Going concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has accumulated a net loss of $3,805,329 for the six months ended May 31, 2004, and had no sales. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of its new business opportunities. In order to obtain the necessary capital, the Company is seeking equity and/or debt financing. If the financing does not provide sufficient capital, some of the shareholders of the Company have agreed to provide sufficient funds as a loan over the next twelve month period. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

Note 3 Prepaid expense

On April 1, 2003, the Company entered into an employment agreement with an individual who is an officer and director of the company. The compensation is $60,000 annually. The Company recognized $25,000 as an expense in the six months ended May 31, 2004. As of May 31, 2004 the Company had no prepaid payroll.

On June 10, 2003, the Company entered into an agreement with Erin Rahe. The agreement has a term of one year and may be extended upon agreement by both parties. Either party may cancel the agreement with five days written notice in the event of a material violation of the agreement. Either party may cancel the agreement for any reason upon 30 days written notice. The compensation for the agreement was paid with the issuance of 1,000,000 shares of common stock. As of May 31, 2004 the Company had recorded a consulting expense of $12,000.

Note 4 Notes payable

During the three months ended February 29, 2004, an officer and director loaned the Company $3,500 to pay for general and administrative expenses. The loan bears no interest and is due upon demand. As of May 31, 2004, the amount owed is $3,500.

US Biodefense, Inc.

Notes

Note 5 - Related party transactions

Office space is provided without charge by an officer, director and shareholder. Such costs are immaterial to the financial statements and, accordingly, have not been reflected therein. The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

On May 1, 2004 the Company entered into an agreement with Financialnewsusa.com, a related party, to provide consulting services valued at $50,000. The agreement has a term of one year and may be extended upon agreement by both parties. Either party may cancel the agreement with five days written notice in the event of a material violation of the agreement. Either party may cancel the agreement for any reason upon 30 days written notice. The Company has been paid in advance the entire balance of the contract. As of May 31, 2004, the Company had recorded deferred revenue in the amount of $45,833.

Note 6 Stockholders equity

The Company is authorized to issue 100,000,000 shares of its $0.001 par value stock. As of May 31, 2004, there were 10,101,349 shares issued and outstanding.

Item 2. Management's Discussion and Plan of Operation

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about US Biodefense, Inc. s business, financial condition and prospects that reflect management s assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our management s assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, UBDF s actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, managements ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Quarterly Report, words such as, *"believes," "expects," "intends," "plans," "anticipates," "estimates"* and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

Overview

We were incorporated in the State of Utah on June 29, 1983, under the name Teal Eye, Inc. We merged with Terzon Corporation and changed our name to Terzon Corporation in 1984. We subsequently changed our name to Candy Stripers Candy Corporation. We were engaged in the business of manufacturing and selling candy and gift items to hospital gift shops across the country. We were traded Over-the-Counter Bulletin Board for several years. In 1986 we ceased the candy manufacturing operations and filed for Chapter 11 Bankruptcy protection. After emerging from Bankruptcy in 1993, we remained dormant until January 1998, when we changed our name to Piedmont, Inc. On May 13, 2003, we filed an amendment to our Articles of Incorporation to change our name from Piedmont, Inc. to US Biodefense, Inc. We have not generated any revenues since we emerged from bankruptcy.

Management s Discussion and Analysis

We provide diversified professional and technical services involving the application of scientific, engineering and management expertise to provide biological defense solutions for government and commercial customers in the U.S. and abroad. We have generated $4,167 in revenues during the quarter ended May 31, 2004, which consists of all of our revenues since our inception. On May 1, 2004 we entered into an agreement with Financialnewsusa.com, a related party, to provide consulting services valued at $50,000. The agreement has a term of one year and may be extended upon agreement by both parties. Either party may cancel the agreement with five days written notice in the event of a material violation of the agreement. Either party may cancel the agreement for any reason upon 30 days written notice. We have been paid in advance the entire balance of the contract. We cannot guarantee that we will be able to attract future customers and continue to generate sales.

We are continuously developing our internal operations and researching potential opportunities for our business. During the three months ended May 31, 2004, our total expenses were $24,507, all of which are attributable to general and administrative expenses. In the six month period ended May 31, 2004, total expenses were $43,106. We did not incur any expenses in 2003. We expect to continue to experience additional general and administrative expenses and do not foresee a significant decline in such. However, we anticipate that as our sales increase, we may be required to increase sales-related expenditures.

We incurred a net loss for the period ended May 31, 2004 of $20,340. For the six months ended May 31, 2004, our net loss was $38,939. We believe that until we are able to generate sufficient revenues to meet our financial obligations, we will continue to operate with a net loss.

We have cash on hand of $47,588 as of May 31, 2004, and may be unable to continue operations for the next at least 12 months if we are unable to generate significantly greater revenues or obtain capital infusions by issuing equity or debt securities in exchange for cash. If we are unable to obtain capital through issuances of equity or debt, David Chin, a shareholder and President of our company, has verbally agreed to loan us cash, which shall bear no interest and be due upon demand. To date, Mr. Chin has loaned us $3,500 to cover our daily operations. The loan bears no interest and is due upon demand. We have no formal written agreement with Mr. Chin for such loans, and we cannot guarantee you that we will be able to enforce this agreement. Notwithstanding this, there can be no assurance that we will be able to secure additional funds in the future to stay in business. Our principal accountants have expressed substantial doubt about our ability to continue as a going concern because we have limited operations and have not commenced planned principal operations.

We currently do not own any significant plant or equipment that we would seek to sell in the near future.

Our management does not anticipate the need to hire additional full- or part- time employees over the next 12 months, as the services provided by our officers and directors appear sufficient at this time. We believe that our operations are currently on a small scale that is manageable by a few individuals. We outsource for the manufacture of our products, as well as the hosting and maintenance of our web site, thus our responsibilities are related predominantly to graphic design and administrative duties. Additionally, our marketing and advertising efforts are mainly conducted via the Internet, and can be designed by our current staff or our third-party Internet services firm. While we believe that the addition of employees is not required over the next 12 months, we intend to contract sales representatives to market our products for us on an independent contractor basis. These representatives are not intended to be employees of our company.

We have not paid for expenses on behalf of any of our directors. Additionally, we believe that this fact shall not materially change.

Item 3. Controls and Procedures

Within 90 days prior to the date of filing of this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and our Chief Financial Officer, of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in the reports we file under the Securities Exchange Act of 1934, within the time periods specified in the SEC s rules and forms. There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the

date of this evaluation.

PART II - OTHER INFORMATION

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

On May 12, 2004, we held a special meeting of shareholders was called to order by the holders of a majority of our voting securities. At such meeting, 9,000,000 shares (90% of the issued and outstanding voting common stock of our company) voted to appoint both Marcia Marcus and Scott Perren to our board of directors. There were 1,000,000 absentee shares. All shares present at such meeting voted in favor of both appointments. David Chin, an officer and director prior to this meeting, continues to serve on the board of directors.

Item 5. Other Information

On May 12, 2004, we appointed Marcia Marcus and Scott Perren as directors of our company.

Item 6. Exhibits

Exhibit Number	Name and/or Identification of Exhibit
3	Articles of Incorporation & By-Laws
	a. Articles of Incorporation of Teal Eyes, Inc. Incorporated by reference herein filed as Exhibit (a) to Form 10SB12G filed on September 1, 2000.
	b. Amendment to Articles of Incorporation of Teal Eyes, Inc. Incorporated by reference herein filed as Exhibit (b) to Form 10SB12G filed on September 1, 2000.
	c. Amendment to Articles of Incorporation of Terzon Corporation. Incorporated by reference herein filed as Exhibit (c) to Form 10SB12G filed on September 1, 2000.
	d. Amended and Restated Articles of Incorporation of Candy Stripers Candy Corp. Incorporated by reference herein filed as Exhibit (d) to Form 10SB12G filed on September 1, 2000.
	e. By-Laws of the Company. Incorporated by reference herein filed as Exhibit (e) to Form 10SB12G filed on September 1, 2000.
	f. Certificate of Amendment to Articles of Incorporation filed May 13, 2003. Incorporated by reference herein filed as Exhibit 3 to Form 10-QSB filed on July 15, 2003.
31	Rule 13a-14(a)/15d-14(a) Certifications
	a. David Chin
	b. Marcia Marcus
	c. Scott Perren
32	Certification under Section 906 of the Sarbanes-Oxley Act (18 U.S.C. Section 1350)

SIGNATURES

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

US BIODEFENSE, INC.
(Registrant)

July 20, 2004

Signed:	/s/ David Chin	Director
Print:	David Chin	
Signed:	/s/ Marcia Marcus	Director
Print:	Marcia Marcus	
Signed:	/s/ Scott Perren	Director
Print:	Scott Perren	