PROTON LABORATORIES INC
Form 10KSB
April 12, 2004

Securities and Exchange Commission
Washington, D.C. 20549

Form 10-KSB

|X| Annual Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Fiscal Year Ended December 31, 2003. or

| | Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number: 000-31883

PROTON LABORATORIES, INC.
(New Name of small business issuer in its charter)

BentleyCapitalCorp.com, Inc.
(Former Name of small business issuer)

Washington	91-2022700
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1150 Marina Village Parkway, Suite 103
Alameda, California 94501
(Address of principal executive offices) (Zip Code)

(510) 865-6412
Issuer's telephone number

Securities registered under Section 12(b) of the Act:

(Title of Class)	Name of exchange on which registered
None.	None.

Securities registered under Section 12(g) of the Act:

Common Stock, $0.0001 par value
(Title of class)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. |X|

Registrant's revenues for its most recent fiscal year: $238,805.

The aggregate market value of the common stock held by non-affiliates of the registrant on April 2, 2004 based on the last price (which was $2.30 per

share on March 31, 2004) was $6,867,800. On April 2, 2004 the closing bid price on our common stock on the OTCBB was $1.70 per share.

On April 2, 2004, the registrant had outstanding 11,250,000 shares of Common Stock, $0.0001 par value per share.

Transitional Small Business Disclosure Format: Yes | | No |X|

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Our business is marketing functional water systems. Our Web site is www.protonlabs.com. In March 2004 we filed an amendment our Articles of Incorporation to change our name. Our new name is Proton Laboratories, Inc. However, we have not received a certified copy of the amendment yet from the Secretary of State of Washington yet. Our old name was BentleyCapitalCorp.com, Inc. In this Form 10-KSB, we refer to ourselves as "Proton", "We", Us" and "Our." References to us in this Form 10-KSB include our wholly-owned subsidiary which also changed its name in April 2004. The new name of our subsidiary is Water Science, Inc. The old name of our subsidiary was Proton Laboratorie-s, Inc.

Our executive offices are located at: Proton Laboratories, Inc., 1150 Marina Village Parkway, Suite 103, Alameda, California 94501, tel. (510) 865-6412, fax: (510) 865-9385.

Our Board of Directors authorized a common stock dividend in November 2002 whereby each stockholder received an additional four shares for each one share held. This had the same effect as a 5:1 forward stock split. All of the information in this prospectus has been adjusted to reflect the stock dividend.

Prior to our November 2002 acquisition of Proton laboratories, LLC, we were a development stage company. Our acquisition of Proton Laboratories, LLC brought with it material revenues, expenses and losses. Our growth is dependent on attaining profit from our operations and our raising capital through the sale of stock or debt. There is no assurance that we will be able to raise any equity financing or sell any of our products at a profit.

Our functional currency is the U.S. dollar. Our independent auditors made a going concern qualification in their report dated March 12, 2004, which raises substantial doubt about our ability to continue as a going concern.

Our only asset prior to the November 2002 acquisition of Proton Laboratories, LLC was a license from a company named Vitamineralherb.com to market vitamins, minerals, nutritional supplements and other health and fitness products in the Province of British Columbia, Canada through the licensor's Web site www.vitamineralherb.com. We will continue to attempt to establish a business presence in the vitamin, mineral and herb market which consists of medical practitioners, alternative health professionals, martial arts studios and instructors, sports and fitness trainers, other health and fitness practitioners, school and other fund raising programs and other similar types of customers. The license was acquired in March 2000 for a term of three years with renewal rights. The annual license fee was $500 for maintenance of the licensor's Web site. The licensor retains 50% of the profits. The license was written off to operations in fiscal 2000. We have not attempted to renew the license yet.

In June 2002, Michael Kirsh ("Kirsh"), our former majority stockholder, director and CEO entered into a Stock Purchase Agreement with Edward Alexander pursuant to which Mr. Alexander acquired 7,500,000 shares owned by Kirsh. In addition, Mr. Alexander acquired 1,250,000 shares owned by a former minority stockholder, Brian Gruson ("Gruson"). The total consideration paid by Mr. Alexander for the shares was $170,000. The $170,000 paid by Mr. Alexander pursuant to the Stock Purchase Agreement has been reflected as a loss on the acquisition of us in the accompanying financial statements (See page 16 and page F-1). Mr. Alexander borrowed money from the following individuals to purchase the shares from Messrs. Kirsh and Gruson:

Lender Name	Amount Borrowed By Mr. Alexander
Thomas Dizon	$40,000
A. J. Moraes	$40,000
Jean Wang	$90,000

Each of these loans accrues interest at 7% per annum, and the maturity date was extended to December 31, 2004. Mr. Alexander has not paid off any of these loans. The current aggregate balance due on these loans is $181,900. These loans are personal obligations of Mr. Alexander, and we are not responsible for repaying these loans.

In November 2002, we entered into an Agreement and Plan of Reorganization

whereby Proton Laboratories, LLC, a California limited liability company merged with and into VWO I Inc., our wholly owned subsidiary (the "Merger"). As a result of the Merger, Proton Laboratories, LLC's sole owner, Edward Alexander, exchanged 100% of his ownership of Proton Laboratories, LLC for 8,750,000 shares of our common stock, and we cancelled the similar amount of 8,750,000 shares of our common stock that Mr. Alexander had purchased from Michael Kirsh and Brian Gruson in June 2002.

VWO I Inc. changed its name to Proton Laboratorie-s, Inc. as part of the Merger, and we subsequently changed its name again to Water Science, Inc. in April 2004. Proton Laboratories, LLC itself was incorporated in February 2000 in the State of California. Proton Laboratories, LLC did not begin operations until January 2001 when Mr. Alexander contributed inventory and property and equipment to Proton Laboratories, LLC.

The consideration exchanged pursuant to the Merger was the result of negotiations between us and Proton Laboratories, LLC. However, no appraisal was done. In evaluating Proton Laboratories, LLC as a candidate for the proposed Merger, we used criteria such as the value of the assets of Proton Laboratories, LLC, Proton Laboratories, LLC's then current business operations and anticipated operations, and Proton Laboratories, LLC's business name and reputation. We determined that the consideration for the Merger was reasonable.

In August 2003, Mr. Alexander, in a personal transaction, paid off a personal debt of his by making an in-kind payment of 486,000 of his shares in us to his creditors.

Our executive offices are located at: Proton Laboratories, Inc., 1150 Marina Village Parkway, Suite 103, Alameda, California 94501, tel. (510) 865-6412, fax: (510) 865-9385. Our Web site is www.protonlabs.com.

OUR BUSINESS--THE BACKGROUND OF FUNCTIONAL WATER

Our business is the marketing of residential and commercial "functional water systems." "Functional water" is water that has been processed through an electrolytic ion separation process or electrolysis process and has a wide array of functional properties due to its unique characteristics. Our functional water systems restructure tap water into one type of water that is alkaline in concentration and one type of water that is acidic in concentration. We believe that the functional water systems that we market will have applications in a large variety of industries, such as corporate agriculture, organic agriculture, food processing, medicine and dentistry, dermatology, heavy industry, mining, environmental clean-up, product formulations and beverages. We also intend to build a vitamin distribution business through our relationship with Vitamineralherb.com. We believe that vitamins and functional water are complementary products that might be marketed or used in conjunction with each another.

We are an exclusive importer and master distributor of functional water systems that are manufactured by Matsushita Electric Corporation of America. We utilize functional water intellectual property under licensing agreements. We supply consumer products related to functional water. We consult on projects utilizing functional water. We facilitate knowledge about functional water between the manufacturer and industry, and we act as educators about the benefits of functional water. We are a provider of systems that produce functional water, also called "electrolyzed water" or "functional electrolyzed water". Functional water is water that has been restructured through the process of electrolysis. Electrolysis forces a separation to occur in the electrolytes that are present in the water molecules. Through the process of creating functional water, regular tap water can be restructured into two

separate types of water. For instance, tap water can be restructured into one type of water that is alkaline in concentration and one type of water that is acidic in concentration.

We believe that water with these unique functional properties is desirable for a number of reasons. Water with smaller clusters of molecules has a lower surface tension. With a lower surface tension, water may have improved hydrating, permeating and solubility properties. These properties may enhance the overall functional effectiveness of water. The separation of the alkaline and acidic properties found in water provides the water with functional abilities. For example, functional acidic water has disinfecting abilities to meet a wide array of disinfecting requirements in food processing procedures. Functional alkaline water makes an excellent drinking water due to improved hydration.

OUR BUSINESS--SYSTEMS AND MARKETS

We market functional water systems to the residential and commercial markets. For the residential market, we market functional water systems that are used to produce a health-beneficial, alkaline-concentrated drinking water. For the commercial market, we market commercial-grade functional water systems that are used in applications ranging from food preparation to hospital disinfection. Our goal is to take our functional water technology and market it throughout North America.

Our business model envisions us as: a supplier of technology for functional water applications; a supplier of hardware for functional water systems; a provider of intellectual property for functional water systems under licensing agreements; a supplier of consumer functional water products; consultants to industries requiring functional water; facilitators between Japanese functional water manufacturers and industrial users in the USA; and educators of academia, government and industry on the benefits of functional water.

OUR BUSINESS--SCIENCE

"Functional water" is a term that has been assigned to a new category of water. Functional has a wide array of functional properties due to its unique characteristics. We believe the uses for this type of water are far reaching, since we are identifying new applications and uses for functional water on an ongoing basis. Functional water systems are capable of producing the following types of functional water:

Ionic-Structured Water. Ionic-structured water is electrolyzed drinking water that is alkaline-concentrated and utilizes smaller molecular clusters than regular water for improved hydration and solubility. Ionic structured water is smooth to the palate.

Electro-Structured Water. Electro-structured water is water that is anti-microbial in nature and may be effective against virus, bacteria, fungus and spores. This water may have a wide array of disinfectant uses.

Derma-Structured Water. Derma-structured water is electrolyzed low pH water that has astringent and disinfecting properties and may have a wide array of cosmetic, dermatological and post-plastic surgery applications that may minimize infections and scarring and expedite healing.

FUNCTIONAL WATER RESEARCH IN ACADEMIA

The process to produce functional water was developed by Scottish inventor Michael Faraday in Boston, Massachusetts in 1834. In 1929, the value of electrolytic water separation to produce water with functional properties was realized in Japan. Japanese researchers have since taken this process, created a wide array of functional waters and have introduced this technology to food processing, hospital disinfection, wound care, agriculture, organic agriculture and food safety in Japan. During recent years, functional water applications have been studied by universities in the U.S.A. and Canada. For example, in a University of Georgia study published in the Journal of Food Protection in 1999 entitled "Inactivation of Escherichia coli O157:H7 and Listeria monocytogenes on Plastic Kitchen Cutting Boards by Electrolyzed Oxidizing Water," the immersion of plastic kitchen cutting boards in electrolyzed oxidizing water was found to be an effective method for inactivating food-borne pathogens such as E. coli. Other studies at the University of Georgia have looked at the efficacy of electrolyzed oxidizing water for inactivating E. coli, Salmonella and Listeria and have determined that such water may be a useful disinfectant. A University of Georgia study entitled "Antimicrobial effect of electrolyzed water for inactivating Campylobacter jejuni during poultry washing" demonstrated that electrolyzed water was not only effective in reducing the populations of C. jejuni on chicken, but also may be effective in the prevention of cross-contamination of processing environments.

OUR BUSINESS--FUNCTIONAL WATER SYSTEMS

Residential Systems. The residential countertop, functional water systems produce water that scientists believe contains more wellness and health-beneficial properties than regular tap water (see, "Electrolyzed-Reduced Water Scavenges Active Oxygen Species and Protects DNA from Oxidative Damage," Biochemical and Biophysical Research Communications, Vol. 234, No. 1, pp. 269-274 (1997); and, Hanaoka, K., "Antioxidant Effects Of Reduced Water Produced By Electrolysis Of Sodium Chloride Solutions," 31 Journal of Applied Electrochemistry 1307-1313 (2001)). Generally, the residential countertop system sits next to the kitchen faucet, and through the use of a diverter, allows tap water to be routed through the system. The water is then processed through a charcoal filter where chlorine and sediments are removed. The filtered water then proceeds to the electrolysis chamber that is made up of electrodes and membranes. A positive and negative electrical charge is passed through the electrodes. The minerals that are found in the filtered water are attracted to opposite electrodes. For example, the alkaline minerals (minerals with positive (+) properties that include calcium, magnesium, sodium, manganese, iron and potassium) are attracted to the negatively charged (-) electrode. The acidic minerals (minerals with negative (-) properties include nitric acid, sulfuric acid and chlorine) are attracted to the positively-charged (+) electrode. Through this mineral separation process, two separate types of water are formed, which are water with alkaline-concentrated minerals, and water with acidic-concentrated minerals. Each type of water is held in a separate chamber in the residential countertop system. The alkaline-concentrated water may be consumed for drinking and cooking purposes, while the acidic-concentrated water may be used in a topical, astringent medium.

Commercial Systems. We are in preparation to market commercial functional water systems to the food processing, medical and agricultural industries. The system for the food processing industry includes: (1) a hand disinfectant system for proper hand washing, and (2) an anti-microbial water production system for general sterilization and disinfectant needs. We also intend to market similar systems to the medical industry. For the agricultural industry, we intend to

sell functional water systems to organic food growers who desire to use functional water to replace the use of pesticides, fungicides, herbicides and chemical fertilizers. Our commercial functional water systems produce approximately one gallon per minute of electrolyzed alkaline and acidic waters. For the food processing industry, the alkaline water may be used as an effective medium for removing pesticides from agricultural products, while the acidic water may be used as anti-microbial water. For the hospital industry, the alkaline water may be used as an effective medium in removing protein buildup from surfaces, while the acidic water may be used as anti-microbial water. For the organic agricultural industry, the alkaline water may be used for plant growth and as a solid nutrient, while the acidic water may be used as a substitute for fungicides, pesticides, herbicides and sporicides.

OUR BUSINESS--MARKETING STRATEGY

Our objectives are:

- To create a revenue stream through our marketing of residential systems. These sales may be made through independent distributors, network marketing, infomercials, mail order, retail sales and direct sales generated through word-of-mouth referrals.

- To create a revenue stream through the sale of disinfectant systems to the food processing industry.

- To create a revenue stream through licensing agreements based upon a wide array of applications for functional water that will be targeted to specific industries. For example, electrolyzed water may be used in the beverage industry to extract flavors from their natural sources, such as extracting tea from tea leaves for use in bottled iced tea. Electrolyzed water may also be used in the formulation of nutraceutical-type dietary supplement products in the health-food and dietary supplement industries.

- To continue the development of functional water applications for industries that are currently dependent upon chemicals as a processing medium. In addition to the food processing, medical and agricultural markets, we intend to develop market-driven applications for functional water, provide the science to these applications, publish the developments in scientific and industrial circulars and perform consulting functions to industries that can benefit from functional water. We intend to hire engineers from Japan to design, engineer and assemble prototypes of functional water systems that are built for specific industrial needs. We believe that by performing these functions ourselves, we will have all of the necessary tools to become a leading provider of functional water technology.

OUR BUSINESS--GOVERNMENT REGULATIONS

Our functional water systems are or may be subject to regulation by a variety of federal, state and local agencies, including the Consumer Product Safety Commission and the Food and Drug Administration ("FDA"). Some of our functional water systems, such as our hand disinfectant water unit, may be subject to pre-market approval by the FDA under Title 21 of the Code of Federal Regulations. We would expect such an approval process to take approximately 30-60 days, although there is no assurance that we will be able to obtain pre-market approval. We have not made any applications to the FDA yet.

Prior to submitting the hand disinfectant water unit to the FDA, however, we intend to hire a company familiar with a modern food safety procedure known as Hazard Analysis and Critical Control Point ("HACCP"). HACCP is a food safety

procedure that focuses on identifying and preventing hazards that could cause food-borne illnesses. We believe that complying with the HACCP procedure may assist us in getting FDA approval, since the FDA generally encourages retailers to apply HACCP-based food safety principles, along with other recommended practices.

OUR BUSINESS--MARKETING AND DISTRIBUTION

We intend to develop systems for the following markets:

- Hand disinfection for the food processing, fast food, medical, dental, personal care and general health care industries.

- Residential, countertop electrolysis systems.

- Commercial functional water systems.

Hand Disinfection. After we obtain FDA approvals for the hand disinfection system, we plan to introduce the device and what we believe to be its operational simplicity, user-friendliness, high efficacy and affordability, through industrial circulars where hand disinfection is of a primary concern. We also intend to arrange with a leasing company to lease the hand disinfectant system to the fast food industry. A large part of our marketing efforts will be directed to educating our target markets about functional water. We plan to write and publish articles through industrial media, disinfection forums, trade shows and documentary-type films that may be aired through CNN, PBS and Voice of America introducing a new and novel method for hand disinfection. We intend to handle all inquiries through a toll-free number.

We plan to hire a public relations company that provides the news media with documentary videos for the purpose of educating the public on the technology, processes and applications that we market. The videos will cover the following subjects:

- The use of functional electrolyzed water for food safety.

- The use of functional electrolyzed water for effective disinfection in hospitals and clinical settings.

- The use of functional electrolyzed water for agriculture and organic agriculture.

- The use of functional electrolyzed water as a wellness medium.

Residential Countertop Units. The first step towards the marketing and distribution of residential countertop units is to develop a national product distribution program through network marketing, mail order catalogs sales, infomercials, independent distributor channels and word of mouth sales. Since we understand that the demographics in these sales channels is predominately composed of females in the age groups of 35-60, we intend to concentrate on this market segment. The second step in the marketing and distribution of residential countertop units is to introduce a simplified, lower price-point system that will be introduced through retail outlets under a series of private labels.

Commercial Functional Water Systems. In addition to marketing the residential countertop systems, we plan to develop marketing plans for

commercial systems. We may enter into agreements with companies to act as distributors of our functional water systems. We may also grant exclusive rights to companies to use our systems in specific industries for specific applications in exchange for royalties.

OUR BUSINESS--COMPETITION

Our competitors include several entry-level importers of systems from Japan and Korea. We believe that we have several distinctive advantages over entry-level distributors:

- We and our consultants, who are scientists, business people and advisers, are individuals who have helped pioneer the understanding, documentation, representation and structuring of the technology and its relevance to the U.S.A. during the past nine-year period through various companies and organizations. These consultants are the leaders in the U.S.A. in the knowledge and representation of functional water.

- We have been able to create a strong platform of specialists to advance functional water technology in the U.S.A., which would be difficult for others to replicate due to our high level of focused commitment and dedication.

- We have close working relationships with our Japanese counterparts which have been developed and nurtured over the past ten-year period. These members are highly respected within the Japanese electrolysis community and attend annual conferences as invited speakers.

- We have excellent working relationships with the Japanese manufacturers and we are often relied upon to provide international perspectives to be used in the refinement of their scientific, design and engineering thought processes to create products that will be accepted on a global basis.

- With our knowledge, experience and foresight into the electrolyzed water industry, we are well-positioned to branch out on our own without reliance on Japanese manufacturing, if necessary.

- We have strategically positioned ourselves as the "go to" organization for technology, hardware and informational support for the public.

Although the majority of competitors are small resellers, the one significant competitor that we have is named Hoshizaki U.S.A., which is an established U.S.A.-based Japanese company that has a substantial market presence in refrigeration and icemakers. We expect that we may face additional competition from new market entrants and current competitors as they expand their business models, but we do not believe that any real strong competitors are imminent for the foreseeable 3 to 4 year period, other than Hoshizaki U.S.A.

To be competitive, we must assemble a strategic marketing and sales infrastructure. Our success will be dependent on our ability to become a formidable marketing and sales entity based upon the technology we have and our ability to aggressively introduce this technology and its far-reaching benefits through documentary videos and other methods of public relations.

OUR BUSINESS--CUSTOMERS AND VENDORS

Major Customer. During 2003, sales to one customer accounted for 11% of total sales, and during 2002, sales to another customer accounted for 14% of total sales. As of December 31, 2003, no funds were due from this customer. We

believe that the loss of this customer would have a negative impact on us.

Major Vendor. During the year ended December 31, 2003, our purchases from two vendors accounted for 87% of our total inventory purchases. As of December 31, 2003, the amounts we owe to the two vendors accounted for 65% of accounts payable.

INTELLECTUAL PROPERTY

We plan to file patent applications for various functional water applications. We may also obtain licenses from others. There can be no assurance that our intellectual property rights, if any, will not be challenged, invalidated or circumvented, or that any rights granted under our intellectual property will provide competitive advantages to us. There can be no assurance that our patent claims allowed on any future patents would be sufficiently broad to protect our products.

EMPLOYEES

We currently have 3 full-time employees, of whom 2 are in management. None of our employees are subject to a collective bargaining agreement. We believe that our employee relations are good.

RECENT DEVELOPMENTS

In June 2003, we acted as a consultant to an industrial company for the purposes of evaluating industrial uses for functional water. We received $20,000 as a consulting fee for this project.

We have done preliminary testing of functional water in the precious metals refining industry.

We plan to file an FDA application for our hand disinfectant system and our surface disinfectant system.

We have done preliminary testing in the wine industry with respect to the control of mildew on wine grapes in vineyards. Mildew on wine grapes is a serious grapevine fungal disease. The tendency for mildew to grow on wine grapes occurs, for example, in areas of Napa Valley where foggy conditions prevail. If mildew is found on the wine grapes, then spraying with dusty sulfur is done. Spraying with dusty sulfur will generally eliminate and control the mildew on grapes. If this fungus is ignored, the wine grapes may spoil. However, the long term effects of sulfur exposure is unknown. The use of low pH functional water may remove mildew on wine grapes in a safe and efficacious, large scale manner. Our preliminary review of this use of functional water indicates a complete elimination of mildew on wine grapes in vineyards and the continued growth of healthy grapes. We plan to continue this preliminary test using an automated functional water sprayer.

We presently have 15 distributors. We are presently seeking 100 additional distributors.

Available Information About Us

Our filings with the SEC may be obtained in person or by writing to the

SEC's Public Reference Branch at 450 Fifth Street, N.W., Washington, D.C. 20549 or through SEC's e-mail address: publicinfo@sec.gov. In most cases, this information is also available on the SEC's website: www.sec.gov.

ITEM 2. DESCRIPTION OF PROPERTY.

We lease approximately 1,000 square feet office and storage space located at 1150 Marina Village Parkway, Suite 103, Alameda, CA 94501, for a lease payment of approximately $370 per month, which will increase by 4% annually until May 2005. Under this lease, we are required to pay a percentage of the property taxes, insurance and maintenance. We believe that our office and storage space is adequate for our current needs, and that additional space is available to us at a reasonable cost, if needed.

ITEM 3. LEGAL PROCEEDINGS.

We are not a plaintiff or defendant in any litigation, nor is any litigation threatened against us.

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

On February 27, 2004, we had our annual meeting of shareholders. The following matters were voted on and all were approved by the shareholders:

The shareholders elected our directors:

Name	Votes For
Edward Alexander	9,120,000 shares
Dick Wullaert	9,120,000 shares
Michael Ledwith	9,120,000 shares

The shareholders voted to amend our Articles Of Incorporation to change our name to
Proton Laboratories, Inc.:

Votes For	9,120,000 shares
Votes Against	-0- shares
Abstentions	2,000 shares

The shareholders approved the 2004 Stock And Stock Option Plan:

Votes For	9,120,000 shares
Votes Against	-0- shares
Abstentions	2,000 shares

The shareholders ratified the selection of Hansen, Barnett & Maxwell as our independent accountant for the year ending December 31, 2004.

Votes For	9,122,000 shares
Votes Against	-0- shares
Abstentions	-0- shares

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

We will be applying for a new stock symbol in the near future to correspond with our new name. Our stock is traded on the OTCBB. Our trading symbol is currently "BCPC." Our trading symbol will change when we report our name change to the OTCBB when we receive the certified copied of the Amendment to our Articles of Incorporation from the Secretary of State of Washington. Our stock was added to the OTCBB in late December 2003. The first reported trade in our stock on the OTCBB occurred in January 2004. We are not aware of any trading market for our stock prior to January 2004. The following table sets forth the quarterly high and low bid price per share for our common stock. These bid and asked price quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual prices. There were no trades in our common stock until January 2004. Our fiscal year ends December 31.

COMMON STOCK PRICE RANGE

YEAR AND QUARTER	HIGH	LOW
2002:		
First Quarter	(*)	(*)
Second Quarter	(*)	(*)
Third Quarter	(*)	(*)
Fourth Quarter	(*)	(*)
2003:		
First Quarter	(*)	(*)
Second Quarter	(*)	(*)
Third Quarter	(*)	(*)
Fourth Quarter	(*)	(*)
2004:		
Year 2004 to date through April 2, 2004	$2.60	$0.60

(*) There was no trading market for our stock until January 2004.

On April 2, 2004 the closing bid price on our common stock on the OTCBB was $1.70 per share.

As of April 2, 2004, we had 11,250,000 shares of common stock outstanding. As of April 2, 2004, we had approximately 120 shareholders of record. We have not paid any cash dividends and we do not expect to declare or pay any cash dividends in the foreseeable future. Payment of any cash dividends will depend upon our future earnings, if any, our financial condition, and other factors as deemed relevant by the Board of Directors. During the quarter ended December 31, 2003, we had no sales of unregistered shares of our common stock. We have no outstanding options, warrants, convertible securities or convertible debt.

EQUITY COMPENSATION PLAN INFORMATION

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
PLAN CATEGORY:			
Equity compensation Plans approved by security holders	-0-	n/a	500,000 shares (1)
Equity compensation plans not approved by security holders	-0-	n/a	-0- shares

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