AMANDA CO INC
Form 10QSB/A
January 21, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISION
WASHINGTON, D.C. 20549
FORM 10-QSB/A

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
For the transition period from to .

Commission file number 1-14072

THE AMANDA COMPANY,INC.
(Exact name of small business issuer as specified in its charter)

UTAH	87-0430260
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No)

13765 ALTON PARKWAY, SUITE F, IRVINE, CA	92618
(Address of Principal Executive Offices)	(Zip Code)

(949) 859-6279
(Issuer's telephone number)

N/A

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

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 .

APPLICABLE ONLY TO CORPORATE ISSUERS

As of December 31, 2002 the issuer had 121,993,231 shares of its common stock, par value $0.01 per share, issued and outstanding.
Transitional Small Business Disclosure Format (check one):

Yes No X .

FORM 10-QSB

THE AMANDA COMPANY, INC.

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THE AMANDA COMPANY, INC.

PART I

FINANCIAL INFORMATION

ITEM 1. INTERIM CONDENSED FINANCIAL STATEMENTS

The Amanda Company, Inc. (the "Company"), has included the unaudited condensed balance sheet of the Company as of December 31, 2002 and audited balance sheet as of September 30, 2002 (the Company's most recent fiscal year), unaudited condensed statements of operations for the three months ended December 31, 2002 and 2001, and unaudited condensed statements of cash flows for the three months ended December 31, 2002 and 2001, together with unaudited condensed notes thereto. In the opinion of management of the Company, the financial statements reflect all adjustments, all of which are normal recurring adjustments, considered necessary to fairly present the financial condition, results of operations and cash flows of the Company for the interim periods presented. The financial statements included in this report on Form 10-QSB should be read in conjunction with the audited financial statements of the Company and the notes thereto included in the annual report of the Company on Form 10-KSB for the year ended September 30, 2002. The results of operations for the three months ended December 31, 2002 may not be indicative of the results that may be expected for the year ending September 30, 2003.

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THE AMANDA COMPANY, INC.
BALANCE SHEETS
ASSETS

	December 31, 2002	September 30 2002
	(unaudited)	(audited)

CURRENT ASSETS		
Cash and cash equivalents	$ 8,493	$ 57,413
Accounts receivable, net	59,754	84,395
Other receivable	11,295	10,795
Inventory	15,631	56,469
Prepaid and other current assets	68,882	75,549
Total current assets	164,055	284,621
PROPERTY AND EQUIPMENT, NET	69,157	82,282
NON-CURRENT ASSETS		

Deferred Debt Issuance Costs	253,171	286,982
Other assets	29,974	29,974
Total assets	$ 516,357	$ 683,859

The accompanying notes are an integral part of these statements.

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THE AMANDA COMPANY, INC.
BALANCE SHEETS - CONTINUED
LIABILITIES AND STOCKHOLDERS' DEFICIT

		December 31, 2002 (unaudited)		September 30 2002 (audited)
CURRENT LIABILITIES				
Accounts payable	$	494,419	$	576,109
Liabilities from discontinued operations		444,841		444,841

Accrued liabilities		451,181		400,846
Leasing financing payable		27,755		36,440
Notes payable		476,023		429,500
Deferred revenue		24,552		17,001
Convertible debentures		923,570		895,952
Accrued dividends payable		655,420		629,126
Total current liabilities		3,497,761		3,429,815
LONG-TERM LIABILITIES				
Convertible debentures		442,899		442,899
Deferred gain on sale leaseback		25,677		32,680
Lease financing payable		55,537		55,537
Total long-term liabilities		524,113		531,116
Total liabilities		4,021,874		3,960,931
STOCKHOLDERS' DEFICIT				
Convertible Preferred stock, $0.01 par value authorized				
5,000,000 shares				
Series A; issued and outstanding 21 shares at				
December 31, 2002 and September 30, 2002		1		1
Series B: issued and outstanding 631 shares at				
December 31, 2002 and September 30, 2002		6		6
Common stock, $.01 par value, 500,000,000 shares				
authorized; issued and outstanding 121,993,231 shares				
at December 31, 2002 and 108,159,899 shares at				
September 30, 2002.		1,219,933		1,081,599
Additional paid-in capital		1,173,662		1,269,229
Accumulated deficit		(5,899,119)		(5,627,907)
Total stockholders' deficit		(3,505,517)		(3,277,072)
Total liabilities and stockholders' deficit	$	516,357	$	683,859

The accompanying notes are an integral part of these statements.

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THE AMANDA COMPANY, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended December 31,

	2002	2001
Net sales	$ 412,024	$ 900,377
Cost of sales	176,491	438,694
Gross profit	235,533	461,683
Selling, general and administrative expenses	360,106	556,940
Operating loss	(124,573)	(95,257)
Other income (expense)		
Interest expense	(76,534)	(37,860)
Miscellaneous income/(expense), net	(43,811)	(4,764)
Loss before extraordinary item	(244,918)	(137,881)
Merger costs	-	(876,000)
Net loss before income taxes	(244,918)	(1,013,881)
Income taxes	-	-
Net loss	$ (244,918)	$ (1,013,881)
Preferred stock dividend	(26,294)	(22,714)
Net loss attributable to common stockholders	$ (271,212)	$ (1,036,595)
Basic loss per share	$ (0.002)	$ (0.015)
Diluted loss per share	$ (0.002)	$ (0.015)
Weighted-average shares outstanding - basic	112,004,619	69,220,818
Weighted-average shares outstanding - diluted	112,004,619	69,220,818

The accompanying notes are an integral part of these statements.

THE AMANDA COMPANY, INC.
STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (271,212)	$ (1,013,881)
Adjustments to reconcile net cash provided (used) in operating activities		
Depreciation and amortization	13,125	8,412
Amortization of beneficial conversion feature	27,618	-
Common stock issued for services	10,000	-
Common stock issued for compensation	32,767	1,081,729
Effect on cash of changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable, net	24,641	(69,538)
Decrease (increase) in other receivables	(500)	(10,000)
Decrease (increase) in inventory	40,838	4,221
Decrease (increase) in prepaid and other current assets	6,667	(72,164)
Decrease (increase) in security deposits	-	(7,038)
Increase (decrease) in accounts payable	(81,690)	(300,442)
Increase (decrease) in accrued expenses	76,629	(9,424)
Increase (decease) in advances payable	-	(40,000)
Increase (decease) in unearned gain on sale leaseback	(7,003)	-
Increase (decrease) in deferred revenue	7,551	11,713
Net cash provided (used) in operating activities	(120,569)	(416,412)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred debt issuance costs	33,811	-
Payments of notes payable	-	(110,000)
Payments of equipment financing	(8,685)	(10,735)
Proceeds from equipment financing	-	-
Proceeds from notes payable	46,523	-
Proceeds from convertible debenture	-	100,000
Proceeds from convertible promissory notes	-	470,000
Net cash provided (used) in financing activities	71,649	449,265
	(48,920)	32,853

Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	57,413	36,394
Cash and cash equivalents at end of period	$ 8,493	$ 69,247

The accompanying notes are an integral part of these statements.

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NOTE A - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a loss of $271,212 for the quarter ended December 31, 2002, a deficit of $3,505,517 in stockholders' equity and negative working capital of $3,333,706 for the period ended December 31, 2002. The Company intends to continue its strategies of cutting costs, applying more aggressive sales/marketing activities to boost revenues and continuing its efforts to raise additional funds in the capital markets to improve its working capital position. The Company needs to be successful in these endeavors in order to continue as a going concern.

NOTE B - OPTIONS TO PURCHASE COMMON STOCK

No options were exercised in the first quarter.

NOTE C - WARRANTS TO PURCHASE COMMON STOCK

No warrants were exercised in the first quarter.

NOTE D - OPTIONS/WARRANTS TO PURCHASE COMMON STOCK

On October 10, 2002, the Company issued a total of 5,000,000 warrants. Each warrant allows the holder to purchase one share of common stock at an exercise price equal to $.006 per share. These warrants expire October 10, 2007.

On November 6, 2002, the Company issued a total of 500,000 warrants. Each warrant allows the holder to purchase one share of common stock at an exercise price equal to $.005 per share. These warrants expire in blocks of 125,000 each on November 6, 2007, February 6, 2008, May 6, 2008, and August 6, 2008, respectively.

On November 15, 2002, the Company issued a total of 2,500,000 warrants. Each warrant allows the holder to purchase one share of common stock at an exercise price equal to $.006 per share. These warrants expire November 15, 2007.

NOTE E - ACCRUED PREFERRED STOCK DIVIDENDS

The Company accrued $26,294 for dividends payable to preferred shareholders during the quarter.

NOTE F - PREFERRED STOCK

The Company has issued two series of Preferred Stock. Series A was issued in February 1999 consisting of 1,800 shares, par value $0.01 per share, for $1,000 per share. Series B was issued in April 1999 at the same price and par value but only 1,000 shares were issued. Both series of Preferred Stock carry a 16 percent dividend rate, which is paid quarterly. If and when the Company's stock is listed again on NASDAQ the dividend rate will drop to 8 percent.

Both issuances of Preferred Stock are convertible into shares of the Company's Common Stock. Each share of Series A Preferred Stock is convertible into an amount of shares of Amanda Common Stock equal to $1,000 divided by the average of the two lowest closing bid prices for Pen Common Stock during the period of 22 consecutive trading days ending with the last trading day before the date of conversion, after discounting that market price by 15 percent (the "Conversion Price"). The maximum Conversion Price for the Series A Preferred Stock is $1.17 per share. The shares of Series B Preferred Stock are convertible into Common Stock at the same Conversion Price as the Series A Preferred Stock except for a maximum Conversion Price of $0.79 per share. Warrants to acquire 320,000 shares of Common Stock at prices ranging from $0.86 to $1.28 per share were also issued to the purchasers of the Series A and Series B Preferred Stock. The Warrants expire three years from date the Preferred Stock and warrants were initially issued.

No warrants were converted in the first quarter.

Note G - EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per common share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during each period. Diluted earnings (loss) per common share are similarly calculated, except that the weighted average number of common shares outstanding includes common shares that may be issued subject to existing rights with dilutive potential except for periods when such calculations would be anti-dilutive.

For the three ended December 31, 2002, net earnings (loss) attributable to common shareholders includes accrued dividends at the stated dividend rate from date of issuance.

NOTE H INTERIM PERIOD COST OF GOODS SOLD

Inventory costing is based on specific identification. An inventory count is taken at the end of each quarter.

NOTE J INCOME TAXES

The future benefits of loss carried forward are fully reserved. There were no income taxes during the quarter.

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

FORWARD-LOOKING STATEMENTS. This report contains certain forward-looking statements within the meaning of section 27A of the Securities Act of 1933 as amended, and section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. In addition, the Company may from time to time make oral forward-looking statements. Actual results are uncertain and may be impacted by the following factors. In particular, certain risks and uncertainties that may impact the accuracy of the forward-looking statements with respect to revenues, expenses and operating results include without limitation, cycles of customer orders, general economic and competitive conditions and changing consumer trends, technological advances and the number and timing of new product introductions, shipments of products and components from foreign suppliers, and changes in the mix of products ordered by customers. As a result, the actual results may differ materially from those projected in the forward-looking statements.

Because of these and other factors that may affect the Company's operating results, past financial performance should not be considered an indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

The following discussion and analysis provides certain information which the Company's management believes is relevant to an assessment and understanding of the Company's results of operations and financial condition for the three months ended December 31, 2002 and 2001. This discussion should be read in conjunction with the audited financial statements of the Company and notes thereto included in the Annual Report of the Company on Form 10-KSB for the year ended September 30, 2002.

General

Net sales. Net sales of $412,024 for the three months ended December 31, 2002 reflect a decline of approximately $488,000 or 54% compared to the same period in the prior year. Sales to the Company s distributors declined approximately $171,000 or 89% in the current quarter, as compared to the prior year quarter; while sales to the Company s dealer network also declined approximately $317,000 or 45% for the same comparison periods. The substantial drop in revenues reflect both the general nationwide economic slump as well as the declining demand for the Company s low-end product lines which are primarily focused on PBX and key system applications. The Company continues to seek and develop applications for its Amanda Portal product line which is expected to ultimately supplant the Company s existing core product lines.

Cost of sales. Cost of sales for the period totaled $176,491, declining approximately $262,000 or 60% from the comparable prior year quarter, which follows the substantial quarter to quarter drop in net sales as discussed above. On the other hand, cost of sales as a percentage of net sales were only 43% during the current quarter, a substantial improvement over the 49% for the prior year quarter, reflecting both the shift in product mix to higher margin products as sales of the low-end products decline, as well as the greater percentage of sales attributable to the Company s dealer base which are more profitable than sales to the Company s distributors.

Selling, general and administrative expenses. Selling, general and administrative expenses of $360,106 for the quarter ended December 31, 2002 decreased by approximately $197,000 or 35% from the comparable prior year quarter. Approximately $140,000 of this decrease resulted from personnel reductions undertaken in response to the declining sales level; while the balance of the decrease primarily reflects the substantial reductions in consulting expenses and other professional services as compared to the prior year quarter.

Other income and expenses. The current quarter results netted a miscellaneous expense of $(120,345) as compared to net miscellaneous expense of $(42,624) for the prior year quarter. Interest expense increased by approximately $39,000 during the current quarter, as compared to the prior year quarter, reflecting the additional debt undertaken by the Company during fiscal 2002. The amortization of deferred debt issuance costs added nearly $34,000 to miscellaneous expense in the current quarter.

Extraordinary costs. The Company recorded one-time costs of $876,000 during the prior year quarter. These costs were associated with the merger between Pen Interconnect, Inc. and the Automatic Answer.

Net earnings (loss) and earnings (loss) per share. The net loss for the first fiscal quarter ended December 31, 2002 totaled ($244,918) or ($0.002) per share, as compared to the net loss of ($1,013,881) or ($0.015) per share for the prior year quarter.

Liquidity and Capital Resources

The Company had negative working capital at December 31, 2002 of $3,333,706 compared to negative working capital of $3,145,194 at September 30, 2002 for a decrease in working capital of nearly $189,000 during the current quarter. The working capital decrease during the current quarter is attributable to reductions in current assets totaling $120,566 and increases in current liabilities totaling $67,946. The reductions in current assets included a $48,920 reduction in cash and cash equivalents, a $40,838 drop in inventories, and a $24,141 reduction in receivables; the latter two as a result of the declining sales activity. The increase in current liabilities was primarily affected by a $76,629 increase in accrued liabilities and a $46,523 increase in notes payable, offset by an $81,690 reduction in accounts payable.

Net cash used in operations for the three months ended December 31, 2002 totaled $120,569 as compared to $416,412 for the comparable prior year period, for a reduction of $295,843. The $120,569 in cash used was due primarily to the $271,212 operating loss for the current quarter, offset by $27,618 for the amortization of the beneficial conversion feature, stock issuances for compensation and services totaling $42,767, and $67,133 in cash generated from changes in operating assets and liabilities.

Financing activities provided cash totaling $71,649 for the current quarter, as compared to $449,265 for the comparable prior year quarter, for a reduction of $377,616. This reduction is primarily attributable to the issuance of $570,000 in convertible debentures and promissory notes during the prior year quarter that did not recur during the current quarter. Partially offsetting was the $46,523 increase in notes payable during the current quarter, as compared to the $110,000 reduction in notes payable during the comparable prior year quarter.

Inflation and Seasonality

The Company does not believe that it is significantly impacted by inflation or seasonally.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed above, the Company has a working capital deficit of $3,333,706 as at December 31, 2002 and has suffered recurring losses from operations which raise substantial doubt about its ability to continue as a going concern. The Company continues to search for further opportunities to cut costs and increase revenues and continues to seek a strong merger partner and/or to find additional equity funding, but there can be no assurance that the Company will be successful in these endeavors. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Item 3 Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to our Company (including our consolidated subsidiaries) required to be included in our reports filed or submitted under the Exchange Act.

(b) Changes in Internal Controls over Financial Reporting. During the most recent fiscal quarter, there have not been any significant changes in our internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in the Securities and Use of Proceeds.

None

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

None during the quarter.

Item 5. Other Information. None

Item 6. Exhibits and Reports on Form 8-K.

A. Exhibits

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C.ss.1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C.ss.1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

b. Reports on Form 8-K

None.

Signatures

In accordance with Section 13 or 15(d) of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 21, 2004 THE AMANDA COMPANY, INC.

By: /s/ Brian Bonar

Brian Bonar
Chairman of the Board, Acting
Chief Executive Officer

In accordance with the requirements of the Securities Act of 1933, this registration statement was signed by the following persons in the capacities and on the dates indicated:

/s/ David Woo

David Woo	Director	January 21, 2004

/s/Brian Bonar

Brian Bonar	Chairman of the Board Acting Chief Executive officer	January 21, 2004

/s/ Steve Fryer

Steve Fryer	Director	January 21, 2004

/s/ E.Timothy Morgan

E. Timothy Morgan	Director	January 21, 2004