AZONIC CORP
Form 10QSB
February 14, 2005

As filed with the Securities and Exchange Commission on February 14, 2005

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-QSB

(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, 2004

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ______________ to ________________

Commission file number 0-28315

AZONIC CORPORATION
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	841517404
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

13980 Jane Street,
King City, Ontario, Canada, L7B 1A3
(Address of Principal Executive Offices)

(905) 833-3838
(Issuer's Telephone Number, Including Area Code)

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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

The number of shares of common stock outstanding as of December 31, 2004 is 27,078,000.

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Azonic Corporation

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PART I. Financial Information

Item 1. Financial Statements

Azonic Corporation
(A Development Stage Company)
Balance Sheets

	December 31, 2004 (Unaudited)	March 31, 20 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 127	$ 7,50
Inventory	49,500	-
Prepaid expenses	55,000	-
	104,627	7,50
Capital assets, net of accumulated amortization	25,000	-
Intangible assets and goodwill (note 5)	3	-

TOTAL ASSETS	$ 129,630	$ 7,50
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 45,999	$ 1,28
Note payable to related party	24,639	25,10
Due to related parties	184,999	-
Total current liabilities	255,637	26,38
Stockholders' equity		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, No shares issued and outstanding	--	-
Common stock, $0.001 par value, 50,000,000 shares authorized, 27,078,000 shares issued and outstanding at December 31, 2004	27,078	24,00
Additional paid-in capital	138,225	(23,70
Deficit accumulated during the development stage	(291,310)	(19,18
Total stockholders' equity	(126,007)	(18,88
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 129,630	$ 7,50

See accompanying notes to financial statements.

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Azonic Corporation
Statements of Operations
(A Development Stage Company)
(UNAUDITED)

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Nine Months Ended December 31, 2004	Nine Months Ended December 31, 2003
Revenues:	$ --	$ --	$ --	$
Costs and expenses:				
General and administrative	195,512	--	272,018	1,5
Amortization	--	--	--	
Total costs and expenses	195,512	--	272,018	1,5
(Loss) from operations	(195,512)	--	(272,018)	(1,5
Other expense				
Foreign exchange loss	106	--	106	
	106	--	106	

(Loss)	$ (195,618)	$ --	$ (272,124)	$ (1,5
(Loss) per share of common stock:				
Weighted average number of common shares outstanding	25,089,652	6,000,000	24,364,538	6,000,0
(Loss) per share	$ (0.01)	$ 0.00	$ (0.01)	$ 0.

See accompanying notes to financial statements.

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Azonic Corporation
(A Development Stage Company)
Statement of Change in Stockholders' Equity
May 1, 1996 to December 31, 2004
(UNAUDITED)

	Common Stock				
	Shares	Amount	Common Stock Subscribed	Additional Paid-in Capital	A
Balance, May 1, 1996	--	$ --	--	--	
Issuance of common stock for services and costs	4,000,000	4,000	--	(3,950)	
Net loss for the period ended March 31, 1997	--	--	--	--	
Balance, March 31, 1997	4,000,000	$ 4,000	--	(3,950)	
Net loss for the year ended March 31, 1998	--	--	--	--	
Balance, March 31, 1998	4,000,000	$ 4,000	--	(3,950)	
Net loss for the year ended March 31, 1999	--	--	--	--	
Balance, March 31, 1999	4,000,000	$ 4,000	--	(3,950)	
Common stock issued for services	20,000,000	20,000	--	(19,750)	
Net loss for the year ended March 31, 2000	--	--	--	--	
Balance, March 31, 2000	24,000,000	$ 24,000	--	(23,700)	
Net income for the year ended March 31, 2001	--	--	--	--	
Balance, March 31, 2001	24,000,000	$ 24,000	--	(23,700)	

Net income for the year ended March 31, 2002	--	--	--	--
Balance, March 31, 2002	24,000,000	$ 24,000	--	(23,700)
Net income for the year ended March 31, 2003	--	--	--	--
Balance, March 31, 2003	24,000,000	$ 24,000	--	(23,700)
Net income for the year ended March 31, 2004	--	--	--	--
Balance, March 31, 2004	24,000,000	$ 24,000	--	(23,700)
Note payable contributed to capital	--	--	--	30,500
Shares issued as consideration for assets purchased	3,000,000	3,000	--	71,503
Common stock issued for services	78,000	78	--	59,922
Net income for the period ended December 31, 2004	--	--	--	--
Balance, December 31, 2004	27,078,000	$ 27,078	--	138,225

See accompanying notes to financial statements.

Azonic Corporation
(A Development Stage Company)
Statements of Cash Flows
(UNAUDITED)

	Nine Months Ended December 31, 2004	2003	May 1, 1996 (Inception) to December 31, 2004
Net cash provided by (used in) operations			
(Loss)	$ (272,124)	$ (1,500)	$ (291,310)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization	--	--	50
Non cash services	--	--	250
Changes in operating assets and liabilities:			
Prepaid expenses	5,000	--	5,000
Accounts payable and accrued liabilities	44,715	--	45,999
Net cash (used in) operating activities	(222,409)	(1,500)	(240,011)

Cash flows from investing activities:			
Net cash provided by (used in) financing activities:	--	--	--
Cash flows from financing activities:			
Increase (decrease) in notes payable	30,037	--	55,139
Increase (decrease) in due to related parties	184,999	1,500	184,999
Net cash provided by (used in) financing activities:	215,036	1,500	240,138
Increase in cash	(7,373)	--	127
Cash, beginning of period	7,500	--	0
Cash, end of period	$ 127	$ --	$ 127

Non cash financing activities:

During the nine month period ended December 31, 2004, the Company:

- o Issued 3,000,000 shares of its common stock to purchase assets valued at $74,503
- o Issued 78,000 shares of its common stock in exchange consulting services to be provided for a period of one year valued at $60,000, of which $5,000 has been expensed in the Statement of Operations.

During the nine month period ended December 31, 2003 the Company:

- o No activities to be reported

See accompanying notes to financial statements.

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Azonic Corporation

(A Development Stage Company)

Notes to the Financial Statements
December 31, 2004
(Unaudited)

Note 1 - Basis of Presentation and business operations

The accompanying condensed unaudited financial statements of Azonic Corporation, (the "Company"), have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month period ended December 31, 2004, are not necessarily indicative of the results that may be expected for the year ending March 31, 2005. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-KSB for the year ended March 31, 2004.

The Company was originally incorporated in the State of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. The Company changed its name to Azonic Engineering Corporation on September 23, 1998. On November 12, 1999 is was redomiciled to the State of Nevada by merging into its wholly owned subsidiary, Azonic Corporation, which is now the name of the name of the Company. As a result of the merger, the Company has changed the par value of its common stock to $0.001. The accompanying financial statements have been restated to reflect this change.

Note 2 - Recent developments

Issuance of shares to purchase business assets

In October the Company issued three million restricted common shares in exchange for the certain assets acquired from the Filippo Guani Revocable Trust (see below). These assets consisted of inventory, tools, molds and other intellectual property. The business plan for the Company is to utilize these assets contract manufacture and distribute low end disposable cellular phones.

Strategic partnership with Wireless Age Communications, Inc.

On August 30, 2004 the Company announced that Wireless Age Communications, Inc. (Wireless Age) had entered into strategic partnership with Azonic Corporation to develop and market a disposable cellular phone.

Under the terms of this agreement, Wireless Age agreed to acquire 4,460,000 Azonic Corporation common shares from Infinity Capital Group, Inc. In addition, Azonic Corporation entered into a 2 year management services contracts for the services of certain officers of Wireless Age to provide management services to Azonic Corporation.

The Company plans to utilize certain intellectual property and other assets it acquired to introduce the "Cyclone Phone," as its solution for a "phone for the phoneless." The Company plans to market two low-cost, analog phones. One is designed to be located in glove boxes, first aid kits and emergency supply packages and used for emergency purposes. The second is a prepaid wireless phone designed to be used in the low cost and short-term usage markets. Potential applications include the traditional prepaid market, kiddy phone and throw away markets for business people and tourists in immediate need of a cell phone but who do not wish to enter into multi year expensive contracts or purchase expensive handsets. These low-cost disposable phones will bring wireless communication to millions who cannot afford the cost of current offerings, but want to avoid monthly charges, or simply need an inexpensive wireless phone while traveling or for emergency calls only. This new product offering will make and receive calls, be "ready to go" out of the box using "AA" batteries, will be refreshable, and will incorporate proprietary patented design.

New Officers and Directors

John G. Simmonds: Chief Executive Officer and Director

Mr. Simmonds, 54, has 35 years of experience in the communications sector. He has extensive experience in building teams, operating systems, and distribution networks. Mr. Simmonds has particular experience with developing distribution networks for Midland(TM) LMR products worldwide, an asset now owned by Wireless Age Communications, Inc. (OTCBB:WLSA), through its wholly owned subsidiary, Prime Wireless Corporation. Mr. Simmonds was integral in developing the Midland(TM) brand worldwide following an initial product launch in Canada during the late 1970's through his family business A.C Simmonds & Sons Ltd. and later followed by the successful acquisition of Midland International Corporation from Western Auto, a subsidiary of Sears in 1993.

Mr. Simmonds has, since March 2003, been the Chief Executive Officer and a Director of Wireless Age Communications, Inc. In addition, since 1998, Mr. Simmonds has served as the CEO and a Director of TrackPower (OTCBB:TPWR), a development company involved in horse race track ownership opportunities. Mr. Simmonds has also been CEO and or director of several other companies. Mr. Simmonds will replace Gregory H. Laborde as Azonic's CEO. Mr. Laborde, who has served as Azonic's CEO since September of 2003, voluntarily resigned as CEO as of October 12, 2004.

Gary Hokkanen: Chief Financial Officer

Mr. Hokkanen, 48, is an executive level financial manager with over 6 years experience in public company financial management. Mr. Hokkanen has, since May 2003, been the Chief Financial Officer of Wireless Age Communications, Inc. From January 2001 to April 2003 Mr. Hokkanen was CFO of IRMG Inc., a Toronto based financial management consulting firm. Mr. Hokkanen served as CFO of Simmonds Capital Limited from July 1998 to January 2001 and served as CFO

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of Trackpower Inc. from February 1998 to June 2001. For the period April 1996 to July 1998, Mr. Hokkanen served as Treasurer of Simmonds Capital Limited. Mr. Hokkanen holds a Bachelor of Arts degree from the University of Toronto and is a CMA (Certified Management Accountant) and a member of the Society of Management Accountants, Ontario.

Jim Hardy: Chief Operating Officer

Mr. Hardy, 49, has more than 25 years of experience in both technical and business development. He has served since May 2004 as Chief Operating Officer of Wireless Age Communications, Inc. From 1999-2000, he served as the President and COO of Iceberg Media Inc. (TSX Venture Exchange symbol: YIC), where he implemented a fully integrated internet broadcast facility. In 1991, Mr. Hardy founded HTI Inc., which is a professional services consulting firm involved in the high tech industry. In 1987, he joined Oracle Corporation Canada Inc. as Corporate Consultant and later became Vice-President responsible for Oracle Canada's Consulting Division until 1991. In 1984, he co-founded Nexus Computer Consultants, a systems consulting firm, and served as President and CEO.

David MacKinnon: Chief Technology Officer.

Mr. MacKinnon, 54, has more than 30 years of experience in wireless communications systems, business development and management. Mr. MacKinnon has, since May of 2004, been the Chief Technology Officer of Wireless Age Communications, Inc. From 1995 until May of 2004, Mr. MacKinnon was employed as the Chairman of Selmah House, Ltd., a private company involved in the business of technology consulting, financial services and investments. From 1980 until 1995, Mr. MacKinnon was employed with SNC-Lavalin (TSX:SNC), an engineering consulting company, where he last held the position of Senior Vice President. At

SNC-Lavalin, Mr. MacKinnon was involved in remote sensing in particular the real-time collection of oceanographic, metrological and sea ice information ice in both the Beaufort Sea and the North Atlantic. Mr. MacKinnon is a 1971 graduate of St. Mary's University in Halifax, Nova Scotia. He also attended Dalhousie University in Halifax, Nova Scotia, for two years.

Carrie Weiler: Corporate Secretary

Ms. Weiler, 45, provides Corporate Secretarial services to the Simmonds group of companies, which she joined in 1979. She has, since 1994, also served as Vice President of Corporate Development for Simmonds group of companies. In addition, since May 2003, Ms. Weiler has served as the Corporate Secretary of Wireless Age Communications, Inc.

David Smardon (Chairman of the Board)

Dave Smardon, 50, is a seasoned executive with a background in establishing, growing, and financing technology-based companies. Mr. Smardon is currently CEO and Managing Partner of Nibiru Capital Management Limited.

Since 1991, Mr. Smardon has been involved in several turnarounds and re-financings of Canadian technology companies where he has raised additional capital and assisted in operational restructuring. In 1997, he was chosen to spearhead the establishment of a government sponsored Internet portal called Innovator's Alliance. As interim CEO, Mr. Smardon attracted over $2 million in corporate sponsors for the non-profit organization and helped recruit a membership base of 125 CEOs before turning the reigns over to a full-time Managing Director.

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Through the 1990s, Mr. Smardon established and expanded the Nibiru group of companies including Nibiru Tactical Corporation, Nibiru Investments and Nibiru Capital Management Limited. These entities provide investment capital and hands-on operational management to high growth technology companies. In addition they provide advisory, due diligence and investment syndication services to the institutional investment communities.

Ralph V. (Terry) Hadley, III, Esq.: Director

Mr. Hadley, 62, is currently and has been the Managing Partner of Swan & Hadley, P.A., a law firm based in Winter Park, Florida, since prior to 1994. Mr. Hadley is the nominee of the Filippo Guani Revocable Trust, which is entitled to nominate one member of Azonic Corp.'s Board of Directors pursuant to an Asset Sale Agreement with Azonic Corp. dated August 26, 2004. The Trust currently owns 3,000,000 shares of the Azonic's common stock and is eligible to receive up to an additional 1,500,000 shares of Azonic Corp.'s common stock and an earn out payment of up to $3,000,000. Mr. Hadley received his Bachelor of Science degree from the University of Florida in 1965 and his law degree from the University of Florida College of Law in 1968.

Messrs. Simmonds, Smardon and Hadley join Mr. Laborde on Azonic's Board of Directors. Mr. Karl Nelson, who served as a Director of Azonic since September of 2003, voluntarily resigned in August of 2004.

Note 3 - Summary of Significant Accounting Policies

Use of estimates

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 revenue and expenses during the period. Actual results could differ from these estimates, and such differences could be material.

Inventory

Telecommunications equipment and accessories inventory is recorded at the lower of cost and net realizable value with cost being determined by the first-in, first-out method.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided over estimated useful life of the assets using the following annual rates:

Tools and molds	$1 per use

Impairment of Long-lived Assets

Capital assets are reviewed for impairment in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets", which was adopted effective January 1, 2002. Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment charge is recognized for the amount, if any, which the carrying value of the asset exceeds the fair value.

Other Assets

Effective January 1, 2002, the Company adopted SFAS No 142, "Goodwill and Other Intangible Assets". SFAS No. 142 no longer permits the amortization of goodwill and indefinite-lived intangible assets. Instead, these assets must be reviewed annually (or more frequently under prescribed conditions) for impairment in accordance with this statement. If the carrying amount of the reporting unit's goodwill or indefinite-lived intangible assets exceeds the implied fair value, an impairment loss is recognized for an amount equal to that excess. Intangible assets that do not have indefinite lives are amortized over their useful lives.

Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes"("FAS 109") which requires the use of the asset and liability method of accounting of income taxes. Under the assets and liability method of FAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and loss carryforwards and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

Basic and Diluted Earnings (Loss) Per Share

The Company reports basic earnings (loss) per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic earnings (loss) per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share includes the potentially dilutive effect of outstanding common stock options and warrants which are convertible to common shares.

Foreign Currency Translation

The functional currency of the Company is Canadian dollars, which has been translated into US dollars, the reporting currency, in accordance with Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation". Assets and liabilities are translated at the exchange rate at the balance sheet date and revenue and expenses are translated at the exchange rate at the date those elements are recognized. Any translation adjustments resulting are not included in determining net income but are included in other comprehensive income.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". Comprehensive income is comprised of foreign currency translation adjustments and unrealized gains and losses on available for sale marketable securities.

Recent Accounting Pronouncements

In December 2003, the FASB issued Interpretation 46R "Consolidation of Variable Interest Entities", as revised (FIN 46R), requires that variable interest entities created before December 31, 2003 be consolidated during the first interim period beginning after December 15,

2003. The Company does not expect the adoption of FIN 46R to have an effect on its financial statements.

In January 2004, the FASB issued SFAS No. 132 (revised 2003) "Employers' Disclosures about Pensions and Other Postretirement Benefits", an amendment of FASB Statements No. 87, 88, and 106. The Statement revises employers' disclosures about pension plans and other postretirement benefit plans. The statement retains the disclosure requirements contained in FASB Statement No. 132, which it replaces, and requires additional annual disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. Statement No. 132R requires us to provide disclosures in interim periods for pensions and other postretirement benefits. The Company does not expect the adoption of SFAS No. 132R to have an effect on its financial statements.

In December 2004, the FASB issued SFAS No. 123(R) Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for public companies that file as small business issuers as of the first interim or annual reporting period that begins after December 15, 2005. SFAS No. 123(R) offers the Company alternative methods of adopting this standard. At the present time, the Company has not yet determined which alternative method it will use and the resulting impact on its financial position or results of operations.

Note 4 - Related Party Transactions

The Company's corporate offices have been relocated to the offices of its new executive officers in King City Canada. All general and administrative costs subsequent to the appointment of the new officers and board of directors have been supported by related parties. Related party balances at this point in time have no specific repayment terms. Prior to the change in management and directors all operating costs were borne by Infinity Capital Group, Inc. These balances have been converted to notes payable, the specific terms of which have yet to be negotiated.

Note 5 - Acquisition of Assets

During October 2004 the Company entered into an Agreement with the Filippo Guani Revocable Trust whereby the Company acquired the current line of business and the assets of the cellular telephone business in exchange for 3,000,000 shares of the Company's common stock. The assets acquired included patents, licenses, tools, molds, and inventory. These assets and the shares exchanged for them were recorded based on management's estimate of the fair market value of the assets received as follows:

	FMV
Patents	$ 1
FCC license	1
Software license	1
Tools and molds	25,000
Inventory	49,500
	$ 74,503

Note 6 - Intangible Assets & Goodwill

	Cost	Accumulated Amortization	Net
Patents	$ 1	$ --	$ 1
FCC License	1	--	1
Software license	1	--	1
	$ 3	$ --	$ 3

During the nine month period ended December 31, 2004, the Company acquired the above intangible assets in exchange for three million common shares. The value of this property was nominal based on management's expectation of their usefulness going forward.

Note 6 - Forward Looking Statements

This report contains certain forward-looking statements and information relating to Azonic that are based on the beliefs of its management as well as assumptions made by and information currently available to its management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan" and similar expressions, as they relate to Azonic or its management, are intended to identify forward-looking statements. These statements reflect management's current view of Azonic concerning future events and are subject to certain risks, uncertainties and assumptions, including among many others: a general economic downturn; a downturn in the securities markets; a general lack of interest for any reason in going public by means of transactions involving public blank check companies; federal or state laws or regulations having an adverse effect on blank check companies, Securities and Exchange Commission regulations which affect trading in the securities of "penny stocks," and other risks and uncertainties. Should any of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report as anticipated, estimated or expected. Readers should realize that Azonic is in the development stage, with virtually no assets, and that for Azonic to succeed requires that it either originate a successful business (for which it lacks the funds) or acquire a successful business. Azonic's realization of its business aims as stated herein will depend in the near future principally on the successful completion of its acquisition of a business, as discussed below.

Item 2. Management's Discussion and Analysis or Plan of Operation.

BACKGROUND

Azonic was incorporated in the State of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. The Company changed its name to Azonic Engineering Corporation on June 23, 1998. On November 12, 1999, it was redomiciled to the State of Nevada by merging into its wholly owned subsidiary Azonic Corporation ("Company"), a Nevada corporation, which now is the name of the Company.

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The Company is in the development stage in accordance with Financial Accounting Standards Board Standard No. 7. The Company has not been operational, other than described below, nor has earned revenue other than interest income since its inception.

RESULTS OF OPERATIONS FOR QUARTER ENDED DECEMBER 31, 2004 COMPARED TO SAME QUARTER IN 2003

During the quarter ended December 31, 2004 the corporation purchased the business assets necessary to manufacture and sell low cost disposable cellular telephones. After the purchase of these assets the Company began implementing its business plan and began incurring professional, consulting and management fees.

The Company has had no revenues to report for the three month period ended December 31, 2004 or for the comparable three month period ended December 31, 2002. During the three month period ended December 31, 2004, Azonic incurred a net loss of $195,618, due to expenses incurred to pursue business development, compared to $0 in the three month period ended December 31, 2003. The net loss per share was nominal for the three month period for 2004 and for 2003.

NIVE MONTHS ENDED DECEMBER 31, 2004 COMPARED WITH THE NINE MONTHS ENDED DECEMBER 31, 2003

During the nine months ended December 31, 2004 and 2003, the Company had no revenues.

Interest and expenses for the nine months ended December 31, 2004 was $272,124 compared to $1,500 for the nine months ended December 31, 2003. The Company had a net loss on operations of ($272,124) in the nine month period in 2004 compared to a ($1,500) net loss in 2003 in the period. The net loss per share was nominal in the period in 2004 and 2003.

The Company is still in the development stages of its business plan and management expects the trend of losses to continue.

FINANCIAL POSITION

The Company's working capital deficit was $126,007 at December 31, 2004. The decrease in working capital during the nine months ended December 30, 2004, was primarily due to use of capital to prepare the product for market. The Company had no cash for working capital.

LIQUIDITY and CAPITAL RESOURCES

Azonic had minimal cash on hand at the end of the quarter and had no other assets to meet ongoing expenses or debts that may accumulate. Since inception, Azonic has accumulated a deficit (net loss) of $(291,310).

Management plans to aggressively pursue the new business plan (see Recent Developments). Azonic's ability to fund the planned growth is connected to its ability to raise external financing. Additional funding will be required for acquisitions, additional working capital and pre-maturity operating losses. Management plans to raise the necessary capital in an appropriate mixture of long term debt, subordinated debt and equity private placements. Current common stock shareholders are expected to experience substantial dilution as Azonic grows in size.

There can be no assurance that Azonic will be able to raise this funding as and when needed.

Such a lack of funds could result in severe consequences to Azonic, including among others:

(1) failure to make timely filings with the SEC as required by the Exchange Act, which also probably would result in suspension of trading or quotation in Azonic's stock and could result in fines and penalties to Azonic under the Exchange Act; or

(2) inability to complete its business plan due to lack of funds to pay legal and accounting fees and business-related expenses.

Item 3. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures:

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and

Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

b. Changes in Internal Control over Financial Reporting:

There were no changes in the Company's internal control over financial reporting identified in connection with the Company evaluation of these controls as of the end of the period covered by this report that could have significantly affected those controls subsequent to the date of the valuation referred to in the previous paragraph, including any correction action with regard to significant deficiencies and material weakness.

PART II. Other Information

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company issued 3,000,000 shares of its common stock to acquire certain business assets of a disposable cellphone. See note 5.

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibits - Exhibits 31 and 32 (Sarbanes-Oxley)

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.

DATE: February 14, 2005 BY: /s/ John G. Simmonds

John G. Simmonds
Chairman/CEO/Director

DATE: February 14, 2005 BY: /s/ Gary N. Hokkanen

Gary N. Hokkanen
CFO