

REESE CORP  
Form 10QSB  
February 06, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 10-QSB**

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **December 31, 2005**

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number - **333-113296**

**REESE CORP.**

*(Exact name of Small Business Issuer as specified in its charter)*

**Nevada**

**98-0409895**

(State or other jurisdiction of

(IRS Employer

incorporation)

Identification No.)

**Suite 1219, 1450 Chestnut Street, Vancouver, BC V6J 3K3**

*(Address of principal executive offices)*

**604-221-4988**

*(Issuer's telephone number)*

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: **13,297,650 shares of Common Stock as at December 31, 2005.**

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]



## **PART I FINANCIAL INFORMATION**

### **Item 1.**

Financial Statements

#### GENERAL

Our unaudited financial statements for the three months ended December 31, 2005 are included with this Form 10-QSB. The unaudited financial statements for the six months ended December 31, 2005 , 2005 include:

(a)

Balance Sheet as of December 31, 2005, and June 30, 2005;

(b)

Statement of Operations three and six months ended December 31, 2005 and 2004 and November 20, 2002 (Date of Incorporation) to December 31, 2005;

(c)

Statement of Cash flows six months ended December 31, 2005 and 2004 and November 20, 2002 (Date of Incorporation) to December 31, 2005;

(d)

Statement of Changes in Stockholders' Equity (Deficiency); and

(e)

Notes to Financial Statements.

The unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position,

results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the six months ended December 31, 2005 are not necessarily indicative of the results that can be expected for the fiscal year ending June 30, 2006.

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**REESE CORP.**

(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

(Unaudited)

(Stated in US Dollars)

**REESE CORP.**

(A Development Stage Company)

**INTERIM CONSOLIDATED BALANCE SHEETS**

December 31, 2005 and June 30, 2005

(Unaudited)

(Stated in US Dollars)

<b><u>ASSETS</u></b>	December 31, 2005	June 30 2005
Current		
Cash	\$	\$
	1,311	6,179
<b><u>LIABILITIES</u></b>		
Current		
Accounts payable and accrued liabilities	\$	\$
	5,299	8,300
Due to related parties Notes 4	127,007	105,452
	132,306	113,752
<b><u>STOCKHOLDERS DEFICIENCY</u></b>		
Common stock, \$0.001 par value Note 6		
50,000,000 shares authorized		
13,297,650 shares issued (June 30, 2005: 13,297,650)	13,298	13,298
Additional paid-in capital Notes 4, 5 and 7	113,482	93,482
Deficit accumulated during the development stage	(253,308)	(212,045)
Accumulated other comprehensive loss	(4,467)	(2,308)

(130,995)	(107,573)
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\$	\$
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1,311	6,179
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SEE ACCOMPANYING NOTES



**REESE CORP.**

(A Development Stage Company)

**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

for the three and six months ended December 31, 2005 and 2004

and for the period November 20, 2002 (Date of Inception) to December 31, 2005

(Unaudited)

(Stated in US Dollars)

	Three months ended December 31,		Six months ended December 31,		November 20, 2002 (Date of Inception) To December 31,
	2005	2004	2005	2004	2005
Revenue	\$	\$	\$	\$	\$
	-	-	4	442	1,031
Expenses					
Accounting, audit and legal					
fees	4,436	2,926	8,483	11,061	64,273
Amortization	-	-	-	-	1,250
Computer consulting and					
development costs	-	132	40	304	4,897
Consulting fees Notes 4					
and 5	11,500	12,405	29,700	30,874	163,197
Office and miscellaneous	1,126	2,458	2,610	7,982	17,727

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Transfer agent	434	-	434	-	2,319
	17,496	17,921	41,267	50,221	253,663
Net loss before other item	(17,496)	(17,921)	(41,263)	(49,779)	(252,632)
Other item:					
Loss on disposal of					
equipment	-	-	-	(676)	(676)
Net loss for the period	(17,496)	(17,921)	(41,263)	(50,455)	(253,308)
Comprehensive loss					
Foreign currency					
translation adjustment	(41)	(1,502)	(2,159)	(3,018)	(4,467)
Comprehensive loss for the					
period	\$	\$	\$	\$	\$
	(17,537)	(19,423)	(43,422)	(53,473)	(257,775)
Basic and diluted loss per					
share	\$	\$	\$	\$	
	(0.00)	(0.00)	(0.00)	(0.00)	
Weighted average number of					
shares outstanding	13,297,650	13,297,650	13,297,650	13,297,650	

SEE ACCOMPANYING NOTES

**REESE CORP.**

(A Development Stage Company)

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

for the six months ended December 31, 2005 and 2004,

and for the period November 20, 2002 (Date of Inception) to December 31, 2005

(Unaudited)

(Stated in US Dollars)

	Six months ended		November 20, 2002
	December 31,		(Date of Inception) to
	2005	2004	December 31,
			2005
<b>Cash Flows used in Operating Activities</b>			
Net loss for the period	\$	\$	\$
	(41,263)	(50,455)	(253,308)
Add back non-cash items:			
Amortization	-	-	1,250
Consulting fees	20,000	20,000	102,000
Loss on disposal of equipment	-	676	676
Changes in non-cash working capital item			
related to operations			
Accounts payable and accrued liabilities	(3,001)	(6,095)	5,299
	(24,264)	(35,874)	(144,083)
<b>Cash Flows from (used in) Investing Activities</b>			
Purchase of equipment	-	-	(3,156)
Proceeds from disposal of equipment	-	1,262	1,262
	-	1,262	(1,894)
<b>Cash Flows from Financing Activities</b>			
Capital stock issued	-	-	24,780
Advances from related parties	21,555	51,101	127,007
	21,555	51,101	151,787
Effect of foreign currency translation on cash	(2,159)	(272)	(4,499)
Increase (decrease) in cash during the period	(4,868)	16,217	1,311
Cash, beginning of the period	6,179	4,126	-
Cash, end of the period	\$	\$	\$

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	1,311	20,343	1,311
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	\$	\$	\$
	-	-	-
Income taxes	\$	\$	\$
	-	-	-
Non-cash transactions	Note 5		

SEE ACCOMPANYING NOTES

**REESE CORP.**

(A Development Stage Company)

**INTERIM CONSOLIDATED STATEMENT OF STOCKHOLDERS DEFICIENCY**

for the period November 20, 2002 (Date of Inception) to December 31, 2005

(Unaudited)

(Stated in US Dollars)

	Common Shares		Additional	Deficit	Accumulated	Accumulated	Total
	Number	Amount	Paid-in	During the	Other	Comprehensive	Stockholders
			Capital	Development	Income (Loss)	Income (Loss)	Deficiency
				Stage			
Issued for services on November 23, 2002							
at \$0.01 per share	7,200,000	\$	\$	\$	\$	\$	\$
		7,200	4,800	-	-	-	12,000
Issued for cash	6,075,000	6,075	14,175	-	-	-	20,250
at \$0.02 per share							
Foreign currency translation - adjustment	-	-	-	-	(374)	(374)	(374)
Net loss for the period ended - June 30, 2003	-	-	-	(47,677)	-	-	(47,677)
Balance, June 30, 2003	13,275,000	13,275	18,975	(47,677)	(374)	(374)	(15,801)
Issued for cash	22,650	23	4,507	-	-	-	4,530
at \$0.02 per share							
Contributed services	-	-	40,000	-	-	-	40,000
Foreign currency translation - adjustment	-	-	-	-	(229)	(229)	(229)
Net loss for the year ended - June 30, 2004	-	-	-	(80,605)	-	-	(80,605)
Balance, June 30, 2004	13,297,650	13,298	63,482	(128,282)	(603)	(603)	(52,105)

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Contributed services	-	-	30,000	-	-	30,000
Foreign currency translation - adjustment	-	-	-	-	(1,705)	(1,705)
Net loss for the period ended - June 30, 2005	-	-	-	(83,763)	-	(83,763)
Balance, June 30, 2005	13,297,650	13,298	93,482	(212,045)	(2,308)	(107,573)
Contributed services Note 4	-	-	20,000	-	-	20,000
Foreign currency translation - adjustment	-	-	-	-	(2,159)	(2,159)
Net loss for the period ended - December 31, 2005	-	-	-	(41,263)	-	(41,263)
Balance, December 31, 2005	13,297,650	\$	\$	\$	\$	\$
		13,298	113,482	(253,308)	(4,467)	(130,995)

The number of shares issued and outstanding has been restated to give retroactive effect for a forward stock split on a six for one basis approved by the director of the Company on April 29, 2003. The par value and additional paid-in capital were adjusted in conformity with the number of shares then issued.

SEE ACCOMPANYING NOTES

**REESE CORP.**

(A Development Stage Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

(Unaudited)

(Stated in US Dollars)

Note 1

Interim Reporting

While the information presented in the accompanying interim six month consolidated financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim period presented. All adjustments are of a normal recurring nature. It is suggested that these interim consolidated financial statements be read in conjunction with the Company's June 30, 2005 annual consolidated financial statements.

Note 2

Continuance of Operations

The interim consolidated financial statements have been prepared using accounting principles generally accepted in the United States of America applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As at December 31, 2005, the Company had a working capital deficiency of \$130,995, has yet to commence profitable operation and has accumulated losses of \$253,308 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. Realization values may be substantially different from carrying values as shown in these financial statements should the Company be unable to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

Management has established plans to seek new capital from new equity securities issuances that will provide funds needed to increase liquidity, fund internal growth and fully implement its business plan.

Note 3

Principles of Consolidation

The interim consolidated financial statements include the accounts of the company and its wholly owned subsidiary, Oasis Wireless Inc., a Canadian corporation. All intercompany transactions have been eliminated.



Reese Corp.

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

December 31, 2005

(Unaudited)

(Stated in US Dollars)

Note 4

Related Party Transactions Note 5

The Company incurred the following expenses with respect to a director of the Company and a manager of the Company:

	Three months ended		Six months ended		November 20,
	December 31,		December 31,		2002 (Date of
	2005	2004	2005	2004	Inception) to
					December 31,
					2005
Consulting fees	\$	\$	\$	\$	\$
	11,500	12,405	22,200	30,874	154,875

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

During the six months ended December 31, 2005, the Company's sole director contributed consulting services having a fair value of \$20,000 (December 31, 2004: \$20,000).

The amounts due to related parties are advances from a director and a manager of the Company and are unsecured, non-interest bearing and have no specific terms of repayment.

Note 5

Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows:

a)

In November 2002, the Company issued 7,200,000 shares to the sole director of the Company in exchange for consulting services having a fair value of \$12,000. This transaction is excluded from the statement of cash flows for the periods from November 22, 2002 (Date of Inception) to December 31, 2005.

b)

During the year ended June 30, 2005, the Company's sole director contributed consulting services having a fair value of \$30,000 (2004: \$40,000). These contributed services are credited into additional paid-in capital. These non-cash transactions were excluded from the statements of cash flows for the period from November 22, 2002 (Date of Inception) to December 31, 2005.

Reese Corp.

(A Development Stage Company)

Notes to the Interim Consolidated Financial Statements

December 31, 2005

(Unaudited)

(Stated in US Dollars)

Note 5

Non-cash Transactions (cont d)

c)

During the six months ended December 31, 2005, the Company's sole director contributed consulting services having a fair value of \$20,000 (2004: \$20,000). These contributed services are credited into additional paid-in capital. These non-cash transactions were excluded from the statements of cash flows for the six months ended December 31, 2005 and 2004 and for the period from November 22, 2002 (Date of Inception) to December 31, 2005.

Note 6

Commitment

By agreement dated July 20, 2005, the Company entered into a corporate finance and regulatory advisory services agreement for the assistance in compiling and preparing of the Form 211. The Company shall pay the following as compensation:

i)

\$5,000 upon execution of the agreement, (paid);

ii)

\$2,500 upon filing of the Form 211 with the National Association of Securities Dealers ( NASD ) for listing on the Over the Counter Bulletin Board ( OTCBB ), (paid);

iii)

\$2,500 upon receipt of the second comment letter with regards to the Form 211 filing with the NASD, or if second comment letter upon or before the first comment letter, the payment due under this section shall be due and payable; and

iv)

8,000 shares of common stock of the Company upon NASD s clearance for quotation for the Company s common stock to be traded on the OTCBB.

Note 7

Comparative Figures

Certain of the comparative figures for the period November 20, 2002 (Date of Inception) to December 31, 2005, has been restated to conform with the current presentation.

**Item 2.**

**Management's Discussion and Analysis or Plan of Operation**

**Forward Looking Statements**

This report on Form 10-QSB contains certain forward-looking statements within the meaning of section 21e of the *Securities Exchange Act of 1934*, as amended, and other applicable securities laws. All statements other than statements of historical fact are *forward-looking statements* for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operation; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; statements of belief; and any statement of assumptions underlying any of the foregoing. Such forward-looking statements are subject to inherent risks and uncertainties, and actual results could differ materially from those anticipated by the forward-looking statements.

**OVERVIEW**

We were incorporated on November 20, 2002 under the laws of the state of Nevada. Our principal offices are located at Suite 1219, 1450 Chestnut Street, Vancouver, BC V6J 3K3. Our Phone number is 604-221-4988.

Reese Corp. through its subsidiary Oasis Wireless ("*Oasis*") aspires to provide secure high speed wireless internet access to the public via public hot spots. It should be noted that the companies success has been minimal to this point. A hot spot is a location that is typically positioned in an area of high public traffic such as a downtown core; train, bus, ferry, or subway locations; hotel lobbies; coffee shops and similar venues. A subscriber can access the internet with his or her wireless device when located at one of these hot spots. This is a prepaid service and the subscriber has a choice of paying with a credit card online through a secure server or with a pre-paid card with an access code. The latter method is more convenient for the user. These cards are made available to the hot spot venue for sale to their customers. Oasis owns a proprietary access solution that consists of an access point which is located at a venue and software hosted at our server which handles billing, security, authentication and merchant account services. The hardware device communicates with the end users' laptop or PDA with a wireless protocol commonly known as Wi-Fi. The end users' wireless device must be equipped with the appropriate Wi-Fi network interface cards. This is a card that fits in a slot in a laptop or other device and allows the user to actually communicate with our server and use

the service.

## PLAN OF OPERATION

Our business plan calls for the on-going development of the hot spot or Wi-Fi service offering. This will involve operations primarily in the areas of business development, marketing and sales. It should be noted the success of our company in erecting hotspot locations has been very limited.

Principal expenses over the next 12 months are expected to be the following:

<i>Item</i>	<i>Cost</i>	<i>Description</i>
Salaries (which to this point have \$139,000 per annum been irregularly paid)		<i>For Mr. Machula and Mr. Lepage and two marketing people (Should financing allow).</i>

Sharing of ADSL high speed internet facility.	\$840 per annum \$70 per month	<i>This is the medium by which high speed internet service is delivered to a given location between an Internet Service Provider and the hot spot. This is the rented cable in which the WiFi service is delivered which is also called band width.</i>
Purchase new hot spot hardware.	\$34,500	<i>Based on 75 new access points. (This is a purely speculative number of new hot spots for the year.)</i>
Web hosting and gateway fees	\$1,076 (\$500 per annum and \$48 per month)	<i>Nagasaki MS2100 Thin Client Computers at US\$450 per unit and 2 more SuperMicro Servers at US\$1500 per unit. These items are used to transmit Wi-Fi service.</i> <i>Allows us to host our website and process credit card payments respectively.</i>
Larger office space	\$40,000 per annum	
Production of airtime cards.	\$2,100	<i>For printing costs per 3,000 cards, which cards are used by customers to access our service.</i>
Accounting	\$8,200 per annum	<i>Accounting cost supports our application to attain reporting status in the United States.</i>
Legal	\$12,000 per annum	<i>Legal expenses for the year will primarily support our application to attain reporting status and apply for quotation on the Over-the-Counter OTC Bulletin Board. There is no assurance that this will ever occur.</i>

Our cash needs have been met to this point by loans from Mr. Boris Machula and prior to that by equity financing via private placements. Mr. Boris Machula has been providing financing to us to meet our needs to make it to the next equity or debt financing, although there is no assurance that funds of this kind will appear ever. All loans from directors or employees are non-interest bearing with no specific terms of repayment. It is expected that these loans will be repaid when further debt or equity financing or revenues from operations allows the possibility of repayment.

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It is our goal to raise \$310,000 over the next 12 months. This money would be used primarily to purchase equipment, pay salaries, and to do marketing and get a more significant office space. The equipment we will purchase during the next 12 months depends upon the amount of access points we are able to sign up. This is hard to estimate. Likewise it is hard to estimate what type of revenue will be created through these access points should they exist.



## RESULTS OF OPERATIONS

We incurred a loss 41,263 for the six months ended December 31, 2005 compared to a loss of 49,779 for the six months ended December 31, 2004. Professional fees decreased from \$11,061 for the six months ended December 31, 2004 to \$8,483 for the six months ended December 31, 2005. Consulting expenses did not fluctuate to a large degree as they totalled of \$29,700 for the six months ended Dec 31, 2005 from \$30,874 for the six months ended Dec 31, 2004. We are engaged in business for profit, but cannot predict future profitability.

## LIQUIDITY AND CAPITAL RESOURCES

We had cash of \$1,311 as of six months ended December 31, 2005. We anticipate that we will operate at a loss for the foreseeable future. We hope to expand our team as soon as possible but there is no indication that this is inevitable. Our management is currently providing capital through debt financing. We have no agreements for additional financing and we can provide no assurance that additional funding will be available to us on acceptable terms in order to enable us to complete any plan of operations.

We have limited assets and will require significant capital to complete any future research and development programs. We do not know the specific financial requirements of the projects, products or ventures in which we may eventually participate, and therefore do not know what our exact capital needs will be. In addition, we may incur substantial costs in connection with any research and/or negotiations for business opportunities, which may deplete our assets.

### Item 3.

#### Controls and Procedures

(a)

**Evaluation of disclosure controls and procedures.** Based on the evaluation of our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the *Securities Exchange Act of 1934*) as of a date within 90 days of the filing date of this Quarterly Report on Form 10-QSB, our principal executive officer and principal financial officer has concluded that our disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and are operating in an effective manner.

(b)

**Changes in internal controls.** There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their most recent evaluation.

## **PART II OTHER INFORMATION**

Item 1.

Legal Proceedings

**None**

Item 2.

Changes in Securities and Use of Proceeds

**None**

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 and Reports on Form 8-K.

(a)

Exhibits

31.1

Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14 Or 15d-14 of the *Securities Exchange Act of 1934*, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*

32.1

Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002*

(a)

Reports on Form 8-K:

**None**

## **SIGNATURES**

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

Dated: February 4, 2006

**Reese Corp.**

By:

/s/ Boris Machula

Boris Machula, President

(Principal Executive Officer,

Principal Financial Officer, and