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WEBSTER FINANCIAL CORP
Form 10QSB
August 28, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

NEW MILLENIUM DEVELOPMENT GROUP
(a development stage company)

(FORMERLY WHATSUPMUSIC.COM, INC.)
(FORMERLY ANGELAUDIO.COM INC.)
(FORMERLY CORE SYSTEMS, INC.)

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

88-0390251

(I.R.S. Employer Identification Number)

Suite 1200
1130 West Pender Street
Vancouver, British Columbia
V6E 4A4

(Address of principal executive offices)

(604) 642-6435

(Issuer's telephone number)

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

Item 1:

The company is continuing to develop its core CD manufacturing business. The growth of the company is progressing at a slow rate due to continued difficulties in capital funding. However we are optimistic that this will soon change. the company is exploring the potential of adding a new division in the arena of telecommunications but is still in the early stage of researching this idea.

NEW MILLENIUM DEVELOPMENT GROUP
(a development stage company)

(formerly Whatsupmusic.com Inc.)
(formerly Angelaudio.com Inc.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)

JUNE 30, 2001

(UNAUDITED)

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
INTERIM CONSOLIDATED BALANCE SHEET (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

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| | 2001 |
|--|-----------------|
| | ----- |
| ASSETS | |
| CURRENT ASSETS | |
| Cash | \$ 5,010 |
| Accounts receivable | 4,759 |
| Loan receivable (Note 4) | 21,421 |
| Deposits and prepaid expenses | 34,756 |
| | ----- |
| | 65,946 |
| CAPITAL ASSETS (Note 5) | 190,719 |
| GOODWILL (net of amortization of \$55,686) (Note 2) | 174,742 |
| | ----- |
| | \$ 431,407 |
| | ===== |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 68,455 |
| Loans payable (Note 6) | 373,447 |
| Due to related parties (Note 7) | 129,432 |
| | ----- |
| | 571,334 |
| LONG TERM DEBT (Note 8) | 37,898 |
| | ----- |
| | 609,232 |
| | ----- |
| STOCKHOLDERS' EQUITY | |
| COMMON STOCK | |
| Authorized 50,000,000 common shares par value of \$0.001 | |
| Issued 9,295,300 common shares (Note 9) | 9,295 |
| PAID IN CAPITAL | 802,005 |
| DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE | (989,125) |
| | ----- |
| | (177,825) |
| | ----- |
| | \$ 431,407 |
| | ===== |

SUBSEQUENT EVENT (Note 10)

APPROVED BY THE DIRECTOR:

"Ian Stuart"

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NEW MILLENIUM DEVELOPMENT GROUP
 (formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
 (a development stage company)
 INTERIM CONSOLIDATED STATEMENT OF OPERATIONS (US Dollars)
 (UNAUDITED)

| | Cumulative from inception February 19, 1997 to June 30, 2001 | For th 2001 |
|---|--|----------------|
| | ----- | ----- |
| Sales | \$ 53,641 | \$ 49,841 |
| Cost of sales | 24,402 | 18,884 |
| | ----- | ----- |
| | 29,239 | 30,957 |
| | ----- | ----- |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Accounting and audit | 49,623 | 23,042 |
| Advertising and promotion | 50,178 | 1,310 |
| Amortization | 152,411 | 86,286 |
| Bank charges and interest | 27,698 | 13,487 |
| Consulting | 180,537 | 74,468 |
| Foreign exchange | (22,253) | (23,091) |
| Filing fees | 18,506 | 2,824 |
| Legal | 47,456 | 43,458 |
| Licences | 57,700 | 6,000 |
| Loss on disposal of leaseholds | 7,746 | 7,746 |
| Marketing | 14,220 | 6,810 |
| Office and miscellaneous | 77,290 | 29,957 |
| Rent | 42,222 | 24,908 |
| Salaries and benefits | 208,781 | 92,689 |
| Travel | 106,249 | 5,570 |
| | ----- | ----- |
| | 1,018,364 | 395,464 |
| | ----- | ----- |
| LOSS FOR THE PERIOD | \$ 989,125 | \$ 364,507 |
| | ===== | ===== |
| LOSS PER SHARE | \$ (0.15) | \$ (0.04) |
| | ===== | ===== |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | |

6,403,429

9,295,300

=====

=====

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY (US Dollars)
FOR THE PERIOD ENDED JUNE 30, 2001
(UNAUDITED)

| | Common Shares | Amount | Additional Paid in Capital |
|---|------------------|---------|----------------------------------|
| | ----- | ----- | ----- |
| Balance, September 30, 1998 | - | \$ - | \$ - |
| March, 1999 stock issued for services | 20,000 | 20 | 1,9 |
| March, 1999 changed par value from no par value to \$0.001 | - | - | |
| April, 1999 shares issued for cash | 73,000 | 73 | 7,2 |
| April, 1999 forward stock split 32 for 1 | 2,976,000 | 2,976 | (2,9 |
| Net loss year ended September 30, 1999 | - | - | |
| | ----- | ----- | ----- |
| Balance September 30, 1999 | 3,069,000 | 3,069 | 6,2 |
| February, 2000 forward stock split 1.7 for 1 | 2,148,300 | 2,148 | (2,1 |
| March, 2000 stock cancelled | (1,122,000) | (1,122) | 1,1 |
| April, 2000 stock issued for acquisition of subsidiary | 2,000,000 | 2,000 | |
| May, 2000 stock issued pursuant to a private placement | 3,200,000 | 3,200 | 796,8 |
| Net loss for year ended September 30, 2000 | - | - | |
| | ----- | ----- | ----- |
| Balance September 30, 2000 | 9,295,300 | 9,295 | 802,0 |

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Net loss for nine months ended June
30, 2001

| | | | |
|-----------------------|-----------|----------|----------|
| | - | - | |
| | ----- | ----- | ----- |
| Balance June 30, 2001 | 9,295,300 | \$ 9,295 | \$ 802,0 |
| | ===== | ===== | ===== |

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (US Dollars)
(UNAUDITED)

| | Cumulative from inception February 19, 1997 to June 30, 2001 | For t ----- 2001 ----- |
|--|--|---------------------------------|
| OPERATING ACTIVITIES | | |
| Loss for the period | \$ (989,125) | \$ (324, |
| Add: Amortization | 152,411 | 86, |
| Issue of stock for services | 2,000 | |
| Loss on disposal of leaseholds | 7,746 | 7, |
| Changes in non-cash working capital | (21,554) | (5, |
| | ----- | ----- |
| | (848,522) | (236, |
| | ----- | ----- |
| FINANCING ACTIVITIES | | |
| Issue of share capital | 6,249 | |
| Lease inducement | 21,707 | |
| Paid in capital | 801,051 | |
| Advances from related parties | 188,329 | 103, |
| | ----- | ----- |
| | 1,017,336 | 103, |
| | ----- | ----- |
| INVESTING ACTIVITIES | | |
| Cash received on acquisition of subsidiary | 5,984 | |
| Disposal (acquisition) of capital assets | (169,788) | 20, |
| | ----- | ----- |

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| | | |
|-----------------------------|-----------|-------|
| | (163,804) | 20, |
| | ----- | ----- |
| INCREASE (DECREASE) IN CASH | 5,010 | (112, |
| CASH, beginning of period | - | 117, |
| | ----- | ----- |
| CASH, end of period | \$ 5,010 | \$ 5, |
| | ===== | ===== |

Non-cash investing and financing activity (Note 2)

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

1. MANAGEMENT'S OPINION

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 2001, and the results of operations then ended, and the changes in cash for the period then ended.

For US reporting requirements, the accompanying consolidated financial statements have been adjusted as of June 30, 2001 as required by item 310 (b) of Regulation S-B to include all adjustments which in the opinion of management are necessary in order to make the financial statements not misleading.

2. INCORPORATION AND NATURE OF OPERATIONS

The Company was incorporated on February 19, 1997 under the laws of the State of Nevada, USA as Core Systems, Inc. and changed its name to Angelaudio.com Inc. in April, 2000. In November, 2000, the Company changed its name to Whatsupmusic.com Inc. In June, 2001, the Company changed its name to New Millenium Development Group (see Subsequent Events - Note 10).

On April 15, 2000, the Company acquired all the issued and outstanding shares of Angelaudio.com Inc., a private company incorporated under the laws of the state of Nevada, USA in return for the issuance of 2,000,000 common shares out of the treasury of the company, having a par value of \$2,000. Angelaudio.com Inc. subsequently changed its name to Angelaudio Systems Inc. (ASI).

The acquisition has been accounted for using the purchase method with the results of operations of ASI included in the consolidated

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financial statements from the date of acquisition.

These consolidated financial statements reflect the purchase of net assets at April 15, 2000 as follows:

| | | |
|---|----|-----------|
| Current assets | \$ | 28,386 |
| Capital assets | | 144,699 |
| Goodwill | | 228,428 |
| Current liabilities and loans payable | | (364,308) |
| Long term debt | | (35,205) |
| | | ----- |
| Total consideration funded by issuance of 2,000,000 shares | \$ | 2,000 |
| | | ===== |

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements have been prepared in accordance with generally accepted accounting principles on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the company be unable to continue in business.

Because of the speculative nature of the company, there are significant risks which are summarized as follows:

the company is newly formed with no operating history and minimal assets; and the company has limited funds available for acquisition or operations.

For US reporting requirements, the company is considered to be in the development stage as defined in Statement of Financial Accounting Standards No. 7.

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(b) Capital assets

Capital assets are recorded at cost and are amortized at the following annual rates:

| | |
|--------------------------------|-----------------------|
| Computer hardware | 30% declining balance |
| Computer software | 50% declining balance |
| Office furniture and equipment | 20% declining balance |
| Website design | 30% declining balance |

(c) Translation of foreign currencies

Amounts recorded in foreign currencies have been translated into United States dollars as follows:

Current monetary assets and liabilities are translated at the rates prevailing at the balance sheet date.

Fixed assets and shareholder equity accounts are translated at the rates prevailing on the transaction dates.

Deferred expenditures, income and expenses are translated at the average rate for the period.

Any gain or loss on translation of foreign currencies is included in net income.

(d) Cash and equivalents

For the purpose of the statement of cash flows, all investments with a maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2001.

NEW MILLENIUM DEVELOPMENT GROUP
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(a development stage company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leasehold inducements

The benefits arising from lease inducements are taken into income over the term of the lease on a straight-line basis.

(f) Financial instruments

All significant assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows,

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interest rate risk and credit risk.

(g) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those reported.

(h) Goodwill

Goodwill is amortized on a straight line basis over a period of five years.

(i) Revenue recognition

The Company is in the business of selling music over the internet through their website www.whatsupmusic.com. The Company signs contracts with recording artists specifying the selling price of each song and the royalty to the artist, after direct costs. Revenue will be recognized at the time an order is placed, music is downloaded, there are no uncertainties regarding product acceptance, there are no significant vendor obligations, the fees are fixed and determinable and collection is considered probable.

(j) Income taxes

Income taxes are provided for using the liability method of accounting in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

(k) Stock based compensation

SFAS 123 "Accounting for stock based compensation", defines a fair value based method of accounting for employee stock options. Under this fair value method, compensation cost is measured at the date of grant based on the fair value of the award and is recognized over the vesting period. However SFAS 123 allows an entity to continue to measure compensation costs related to stock option costs in accordance with Accounting Principle Board Statement No. 25 (APB 25). The Company has elected to measure compensation related to stock options in accordance with APB 25. Accordingly, since the fair value of the shares was less than the price of the stock options at the date of grant, there is no compensation to be recognized under US GAAP.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(1) Comprehensive income

In June 1997, the FASB issued SFAS No. 130 "Reporting comprehensive income". SFAS 130 requires that total comprehensive income and comprehensive income per share be disclosed with equal prominence as net income and net income per share. Comprehensive income is defined as changes in shareholders' equity exclusive of transactions with owners such as capital contributions and dividends. Under SFAS 130, the Company has no material comprehensive income items other than the net loss in any of the years presented.

4. LOAN RECEIVABLE

Loan receivable from an officer of the Company bears interest at 7.5% per annum, with no specific terms of repayment.

5. CAPITAL ASSETS

| | 2001 | | |
|-----------------------------------|------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Computer hardware | \$ 215,600 | \$ 71,312 | \$ 144,288 |
| Computer software | 5,747 | 2,979 | 2,768 |
| Office furniture and equipment | 16,790 | 3,827 | 12,963 |
| Web site design | 45,928 | 15,228 | 30,700 |
| Leasehold improvements | - | - | - |
| | \$ 284,065 | \$ 93,346 | \$ 190,719 |

6. LOANS PAYBLE

2001

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Promissory note payable to an officer, bears interest at 10% per annum compounded annually and maturing March 1, 2001

\$ 152,

Loan payable to officers, non-interest bearing and with no specific terms of repayment

221,

\$ 373,
=====

NEW MILLENIUM DEVELOPMENT GROUP
(formerly Whatsupmusic.com Inc.) (formerly Angelaudio.com Inc.)
(a development stage company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (US Dollars)
JUNE 30, 2001 AND 2000
(UNAUDITED)

7. DUE TO RELATED PARTIES

Amounts due to related parties are non-interest bearing and have no specific terms of repayment.

8. LONG TERM DEBT

2001

Note payable to two officers with no specific term of repayment and bearing interest at 8% per annum

\$ 37,898
=====

9. SHARE CAPITAL

(a) Stock options

As at June 30, 2001, options were outstanding for the purchase of common shares as follows:

| Number of Shares | Expiry Date | Price per Share |
|------------------|-------------|-----------------|
| ----- | ----- | ----- |
| 750,000 | May 1, 2002 | \$ 1.00 |
| 1,250,000 | May 1, 2005 | \$ 1.00 |

(b) Warrants

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At the period end 3,200,000 share purchase warrants were outstanding. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.25, expiring March 15, 2002.

10. SUBSEQUENT EVENT

On July 2, 2001, the Company agreed to acquire 100% of New Millenium Development Group, Inc. (NMDG-FL), a private Florida corporation, in exchange for 25,071,580 shares of common stock of the company. The transaction was the result of arms'-length negotiation between the Company and the principal shareholders of NMDG-FL.

NMDG-FL is involved globally in the digitized telecommunications and data industry.

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: August 28, 2001

NEW MILLENIUM DEVELOPMENT GROUP

By: /s/ Riz Alikhan

Riz Alikhan
Chief Executive Officer