SCORE ONE INC
Form 10QSB
November 19, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2001.

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from ______to ______.

Commission file number: 0-26717

SCORE ONE, INC.

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

NEVADA	88-0409164
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification No.)

Unit 2, 34/F
Cable TV Tower 9 Hoi Shing
TSUEN WAN, HONGKONG

(Address of principal executive offices)

011-852-2406-8978

(Issuer's Telephone Number, Including Area Code)

(Former name, address and 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 Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Exchange Act subsequent to the distribution of securities under a plan confirmed by a court.

Yes [ ]   No [ ]

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APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of September 30, 2001, there were 19,930,000 shares of common stock issued and outstanding.

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SCORE ONE, INC.

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PART I

ITEM 1. FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited financial statements included in this Form 10-QSB reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

SCORE ONE, INC.
FORM 10-QSB, QUARTER ENDED SEPTEMBER 30, 2001

ITEM 1 Financial Statements

SCORE ONE, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001 AND DECEMBER 31, 2000
(Unaudited)

ASSETS	2001	2000
Current Assets		
Cash and cash equivalents	$ 588,356	$ 239,909
Accounts Receivable	6,248,086	1,792,096
Other receivables, Deposits, and Prepayments	772,363	3,383,593
Inventories	1,502,528	598,233
Deferred Income Taxes	0	20,984
Total Current Assets	9,111,333	6,034,815
Plant and Equipment, Net	4,963,206	3,227,815
Goodwill	10,404,850	0
Total Assets	$ 24,479,389	$ 9,262,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 4,536,219	$ 1,537,789
Bank Loans	1,440,890	0
Other Payables and Accrued Expenses	706,539	199,589
Income Taxes Payable	140,858	817,429
Total Current Liabilities	6,824,506	2,554,807
Long Term Liabilities		
Deferred Income Taxes	2,224,231	242,265
Other Noncurrent Liabilities	1,282,051	0
Amount payable to stockholder	94,073	102,281
Total Long Term Liabilities	3,600,355	344,546
Total Liabilities	10,424,861	2,899,353
Minority Interest	956,113	0
Stockholders' Equity		
Preferred Stock, par value $0.001 per share; 5,000,000 shares authorized, none issued		
Common Stock, par value $0.001 per share; 41,250,000 shares authorized, 19,930,000 shares issued and outstanding	19,930	19,930
Accumulated Other Comprehensive Income (Loss)	(48,253)	0
Retained Earnings	13,126,738	6,343,347
Total Stockholders' Equity	13,098,415	6,363,277

Total Liabilities and Stockholders' Equity	$ 24,479,389	$ 9,262,630

See condensed notes to the financial statements.

SCORE ONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000
(Unaudited)

	For The Three Months Ended 9/30/01	For The Three Months Ended 9/30/00	For The Nine Months Ended 9/30/00	For T Month 9/3
Net Sales	$ 8,569,429	$ 5,552,345	$ 21,416,111	$ 15,3
Costs of Sales	(6,520,020)	(3,981,217)	(15,746,623)	(10,9
Gross Profit	2,049,409	1,571,128	5,669,488	4,3
Selling Expenses	(62,479)	(14,432)	(116,801)	(
Amortization	(557,403)	0	(743,204)	
General and Administrative	(501,125)	(458,728)	(1,198,872)	(9
Other Income (Expense), Net	9,704	0	29,458	
Interest (Financial Expense), Net	(25,322)	0	(61,453)	
Income Before Income Taxes, Minority Interest and Extraordinary Gain	912,784	1,097,968	3,578,616	3,4
Provision for Income Taxes	(243,590)	(93,327)	(454,496)	(2
Income Before Minority Interest and Extraordinary Gain	669,194	1,004,641	3,124,120	3,1
Minority Interest	(250,465)	-	(354,421)	
Income Before Extraordinary Gain	418,729	1,004,641	2,769,699	3,1
Extraordinary Gain, net	0	0	4,013,692	
Net Income Available for Common Stockholders	$ 418,729	$ 1,004,641	$ 6,783,391	$ 3,1
Net Income Per Common Share-Basic and Diluted:	$ 0.02	$ 0.05	$ 0.14	$

Weighted average common shares outstanding-basic and diluted	19,930,000	19,930,000	19,930,000	19,9
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See condensed notes to the financial statements.

SCORE ONE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000
(Unaudited)

	Nine Months Ended 9/30/01	Nine Months Ended 9/30/00
Cash Flows From Operating Activities		
Net Income	$ 6,783,391	$ 3,124,432
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities		
Depreciation and Amortization	1,500,988	737,002
Minority Interest	354,421	0
Gain on Disposal of Shares in Subsidiary	(4,013,692)	0
Deferred Income Taxes	2,015,000	39,593
Changes in Assets and Liabilities		
(Increase) Decrease in		
Accounts Receivable	(2,748,120)	353,148
Other Receivables, Deposits, and Prepayments	3,037,982	424,562
Inventories	(156,768)	(106,478)
Accounts Payable	1,449,364	(748,624)
Other Payables and Accrued Expenses	(854,914)	(160,845)
Income Taxes Payable	(887,652)	236,873
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Total Adjustments	(303,391)	775,231
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Net Cash Provided By Operating Activities	6,480,000	3,899,663
Cash Flows From Investing Activities		
Acquisition of Plant and Machinery	(703,805)	(1,563,814)
Related party Loans	(5,961)	(1,195,882)
Purchase of Subsidiary	(10,037,214)	0
Disposal of Subsidiary	4,615,384	0
	--------	--------
Net Cash Used In Investing Activities	(6,131,596)	(2,759,696)
Cash Flows From Financing Activities		
Bank Overdraft	43	0
Dividends Paid	0	(959,172)

Net Cash Provided By (Used In) Financing	43	(959,172)
Activities		
Increase in Cash and Cash Equivalents	348,447	180,795
Cash and Cash Equivalents, Beginning of Period	239,909	114,171
Cash and Cash Equivalents, End of Period	$588,356	$ 294,966

The accompanying notes are an integral part of these financial statements.

SCORE ONE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

BASIS OF PRESENTATION
The accompanying unaudited interim financial statements have been prepared in accordance with Form 10QSB instructions and, in the opinion of management, include all normal adjustments considered necessary to present fairly the financial position as of September 30, 2001 and the results of operations for the three and nine months ended September 30, 2001 and 2000. These results have been determined on the basis of generally accepted accounting principles and practices and applied consistently with those used in the preparation of the Company's audited financial statements and notes for the seven months ended December 31, 2000. On January 23, 2001, the Company elected to change its fiscal year end from May 31 to December 31.

Certain information and footnote disclosures normally included in the financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that the accompanying unaudited interim financial statements be read in conjunction with the financial statements and notes thereto incorporated by reference in the Company's 2000 Annual Report on Form 10KSB.

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

The following discussion should be read in conjunction with the Company's financial statements and the notes thereto and the other Financial information appearing elsewhere in this document. In Addition to historical information, the following discussion and other Parts of this document contain certain forward-looking information. When used in this discussion, the words "believes," "anticipates," "expects," and similar expressions are intended to identify forward-Looking statements. Such statements are subject to certain risks and Uncertainties, which could cause actual results to differ materially From those projected due to a number of factors beyond the company's

Control. The company does not undertake to publicly update or revise Any of its forward-looking statements even if experience or future Changes show that the indicated results or events will not be Realized. Readers are cautioned not to place undue reliance on these Forward-looking statements, which speak only as of the date hereof. Readers are also urged to carefully review and consider the company's Discussions regarding the various factors, which affect its business, Included in this section and elsewhere in this report.

NATURE OF THE COMPANY'S PRESENT OPERATIONS

The success of the Company's proposed plan of operation will depend to a great extent on the operations, financial condition, and management of its subsidiary Advanced Technology International Holdings Limited ("ATIH"). The Company cannot ensure that it will be a commercially or economically viable business operation. It will face all of the risks inherent in a new business, the majority of which are beyond the control of the management of both the Company and ATIH.

RESULTS OF OPERATIONS

The following table shows the selected consolidated income statement data of the Company and its subsidiaries for the three-month period and nine-month period ended September 30, 2001 and September 30, 2000. The data should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements and the notes thereto included as part of this quarterly report:

	Three-month period ended September 30		Nine-month period ended September 30	
(US dollars in thousands)	2001	2000	2001	2000
Revenue	8,569	5,552	21,416	15,338
Cost of Sales	(6,520)	(3,981)	(15,747)	(10,982)
Gross Profit	2,049	1,571	5,669	4,356
Gross Profit Margin	23.9%	28.3%	26.5%	28.4%
Other Income/(Expenses)	9	--	29	2
Interest Income/(Expenses)	(25)	--	(61)	--
Amortization of Goodwill	(557)	--	(743)	--
Selling Expenses	(62)	(14)	(117)	(32)
General and Administrative Expenses	(501)	(459)	(1,199)	(902)
Income before Income Taxes	913	1,098	3,578	3,422
Income Taxes	(244)	(93)	(454)	(298)
Income after Income Taxes	669	1,005	3,124	3,124
Minority Interest	(250)	--	(354)	--
Net Income	418	1,005	2,770	3,124
Earning per shares (US$)	0.02	0.05	0.14	0.16

Extraordinary Gain on Disposal	--	--	4,014	--

REVENUE AND GROSS PROFIT MARGIN

Total revenue for the three-month period ended September 30, 2001 increased by US$3.0 million or 54.3% to US$8.6 million, compared to US$5.6 million for the corresponding period in year 2000. During the three-month period ended September 30, 2001, the Company has provided discounts to loyal customers in order to retain its market domination in Southern China, as well as continue to expand its customer base. The Company also provides value-added services to its clients, the circuit-on-board service, to improve its gross profit margin in this highly competitive industry. Due to these adjustments, the total revenue for the three-month period ended September 30, 2001 increased accordingly, as compared to the same corresponding period in 2000 when the Company concentrated mainly on the traditional phenol based single and double-sided PCBs with relatively inflexible pricing strategies.

Total revenue for the nine-month period ended September 30, 2001 increased by US$6.1 million or 39.6% to US$21.4 million, compared to US$15.3 million for the corresponding period in 2000. The increase was primarily the results of the implementation of a relatively flexible pricing strategy, the shifting its focus on high margin products and on providing value-added services.

The decrease in average gross profit margin from 28.3% for the three-month period ended September 30, 2000 to 23.9% in year 2001 was the result of providing discounts to loyal customers and increasing competition in the PCB industry in this downturn economy, which was partially offset by the entrance into higher profit margin PCBs market and providing additional value-added services to the clients during last three quarters.

OTHER INCOME/(EXPENSES)

Other expenses during the three-month period ended September 30, 2001 Were US$9,000, compared to none for the same corresponding period in 2000. During the nine-month period ended September 30, 2001, other income was US$29,000, compared to other income of US$2,000 for the corresponding period in year 2000. The majority of the other income was generated from the sale of scraps resulted from the production processes.

INTEREST (FINANCIAL) EXPENSES

Interest expenses during the three-month period and nine-month period ended September 30, 2001 were US$25,000 and $61,000, compared to none for the same corresponding periods in year 2000. Interest expenses incurred during the said period were the result of interests and bank charges spent on maintaining the revolving over-draft banking facilities for the provision of working capital flexibility. The Company maintained no outside debt and did not have any interest expense on long-term debt facilities.

SELLING EXPENSES

Selling expenses increased by approximately US$48,000 or 342.9% to US$62,000 for the three-month period ended September 30, 2001 and increased by approximately US$85,000 or 265.6% to US$117,000 for the nine-month period ended September 30, 2000. The increase in laboratory testing, custom declaration costs, and transportation related costs contributed to the majority of the increase in selling expenses for the past three quarters.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increase by approximately US$42,000 or 9.2% to US$501,000 for the three-month period ended September 30, 2001 from US$459,000 for the same corresponding period in year 2000. The following events occurred during the three-month period ended September 30, 2001 contributed to the majority of the overall increase in general and administrative expenses:

(a) Provision of Business Tax - The provision of business tax in the amount of US$122,000 was recorded during the three-month period ended September 30, 2001, compared to none for the same corresponding period in year 2000. This provision was made for a wholly owned British Virgin Islands' subsidiary of the Company.

(b) Auditors' Fee - This fee increased by approximately US$51,000 for the three-month period ended September 30, 2001 as compared to none for the corresponding period in year 2000. This was the result of additional fees spent on independent auditor's work for the review of quarterly reports during the period. The Company has changed its accounting policy to reflect such fees on a quarterly basis in year 2001 rather than to show a year-end one-time entry/adjustment as in year 2000.

(c) Staff Salaries and Allowances and Directors' Remuneration - During the three-month period ended September 30, 2001, a total of US$216,000 was recorded, an increase of US$63,000 over the same corresponding period in year 2000. The Company has changed its accounting policy to reflect directors' remuneration on a quarterly basis in year 2001 rather than to show a year-end one-time entry/adjustment as in year 2000.

General and administrative expenses increase by approximately US$298,000 or 32.9% to US$1,199,000 for the nine-month period ended September 30, 2000 from US$902,000 for the same corresponding period in year 2000. The following events occurred during the nine-month period ended September 30, 2001 contributed to the majority of the overall increase in general and administrative expenses:

(a) Provision of Business Tax - The provision of business tax in the amount of US$229,000 was recorded during the nine-month period ended September 30, 2001, compared to none for the same corresponding period in year 2000. This provision was made for a wholly owned British Virgin Islands' subsidiary of the Company.

(b) Staff Salaries and Allowances and Directors' Remuneration - During the nine-month period ended September 30, 2001, a total of US$461,000 was recorded, an increase of US$136,000 over the same corresponding period in year 2000. The Company has changed its accounting policy to reflect directors' remuneration on a quarterly basis in year 2001 rather than to show a year-end one-time entry/adjustment as in year 2000.

(c) Auditors' Fee - This fee increased by approximately US$63,000 to US$96,000 for the nine-month period ended September 30, 2001 as compared to US$33,000 for the corresponding period in year 2000. This was the result of additional fees spent on independent auditor's work for the review of quarterly reports during the period. The Company has changed its accounting policy to reflect such fees on a quarterly basis in year 2001 rather than to show a year-end one-time entry/adjustment as in year 2000.

(d) Loss on Exchange - During the nine-month period ended September 30, 2001, a total of US$39,000 was recorded as loss on exchange, compared to none for the same corresponding period in year 2000. This loss was the result of using a high exchange rate (US$/HK$) of 7.8 rather than 7.75 to better reflect the current exchange rate market situation in the region.

INCOME TAXES

The increase in income taxes was the result of the increase in income before income taxes. Under the Hong Kong Tax Authority's Departmental Interpretation and Practice Notes, a company based in Hong Kong, but with substantially all of its manufacturing operations located in the PRC conducted under a processing agreement with a PRC company, can enjoy profit appointment under which 50% of its manufacturing profit is subject to Hong Kong profit taxed. Therefore, the effective tax rate of the Company is approximately 8% p.a. Such tax concession is granted based on an annual application by the Company.

NET INCOME AND EARNING PER SHARES

For the three-month period ended September 30, 2001, net income decreased by US$587,000 or 58.4% to US$418,000, compared to US$1,005,000 for the corresponding period in year 2000. For the nine-month period ended September 30, 2001, net income decreased by US$356,000 or 11.4% to US$2.8 million, compared to US$3.1 million for the same period in year 2000. The decrease was the result of providing discount to loyal customers that was offset by the demand for higher margin PCBs of the consumer electronics and telecommunication products and addition of value-added services.

Earning per shares for the three-month period ended September 30, 2001 decreased approximately by US$0.03 or 60% to US$0.02, as compared to US$0.05 for the corresponding period in year 2000. For the nine-month period ended September 30, 2001, earning per shares decreased approximately by US$0.02 or 12.5% to US$0.14, as compared to US$0.16 for the same corresponding period in year 2000.

EXTRAORDINARY GAIN ON DISPOSAL

An extraordinary gain on disposal in the amount of US$4 million was the result from the proceeds of a placement of shares of a newly formed indirect subsidiary of the Company. These proceeds were then used to pay for the acquisition of, through an intermediate British Virgin Islands' holding corporation, the ultimate assets of Jiang Yin Kaicheng Copper Clad Laminated Co., Ltd., a wholly foreign owned enterprise established in the PRC whose principal activities are the manufacture and sale of copper clad laminated sheets.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were US$588,000 as of September 30, 2001. This represents an increase of US$348,000 as compared with the cash balance as of December 31, 2000. The increase was primarily due to cash provided by operating activities, which was partially offset by capital spending for purchase of equipment, capital for acquisition of a subsidiary, and repayment of short-term overdraft banking facilities.

Management believes that the level of financial resources is a significant competitive factor in the PCB industry and accordingly may choose at any time to raise additional capital through debt or equity financing to strengthen its financial position, facilitate growth and provide the Company with additional flexibility to take advantage of business opportunities.

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:

None

(b) 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.

SCORE ONE, INC.

Date: November 19, 2001

By: /S/ WING CHEONG HO

Name: Wing Cheong Ho

Title: President