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SUN NETWORK GROUP INC
Form 10-Q/A
May 08, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
AMENDMENT NO.2

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002.

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 33-42498

SUN NETWORK GROUP, INC.
(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of
incorporation or organization)

65-024624
(I.R.S. Employer
Identification No.)

1515 UNIVERSITY DRIVE, SUITE 111-C, CORAL SPRINGS, FL
(Address of principal executive offices)

33065
(Zip Code)

(954) 360-4080
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 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 No
--- ---

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

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PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

| | |
|-----|-----|
| Yes | No |
| --- | --- |

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK - 21,848,487 shares outstanding as of March 31, 2002.

EXPLANATORY NOTE

The purpose of this amendment to the company's quarterly report on Form 10-Q and 10-Q/A Amendment No. 1, is to incorporate certain certifications pursuant to Section 906 and Section 302 of the Sarbanes-Oxley Act of 2002.

2

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements for the quarter ending March 31, 2002 are attached hereto following the Signatures page.

Item 2. Management's Discussion and Analysis of Financial

Condition and Results of Operations. The Company acquired all of the assets of RadioTV Network, Inc ("RTV") on July 16, 2001 in a transaction treated as a recapitalization of RTV. RTV has been developing and operating, for the past few years, a new television network that produces and distributes TV adaptations of top rated radio programs. The Company intends to further develop and expand RTV and is also planning on acquiring and affiliating with other media related entities, which are presently being identified. The Company requires capital for these purposes and anticipates completing several Private Placements of its stock to raise equity capital in 2002. The Company completed its first Private Placement in March 2002 resulting in new capital of \$82,390 and anticipates completing several additional ones this year. The Company believes that if it successfully completes the Private Placements they will be sufficient to fund its initial business plans. With the exclusion of \$40,361 of compensation expense pursuant to an employment agreement with our President, the RTV operational expenses for the 1st Quarter 2002 reflect minimal operating expenses pending funding.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

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PART II--OTHER INFORMATION

Item 1. Legal Proceedings.

NONE.

Item 2. Changes in Securities and Use of Proceeds.

On March 28, 2002 the Company entered into a Subscription Agreement with an Investor who purchased 183,088 restricted shares of the Company's common stock at \$.45 per share resulting in \$82,390 in proceeds to the Company. The proceeds shall be used for general corporate purposes.

Item 3. Defaults Upon Senior Securities.

NONE.

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

NONE.

3

Item 5. Other Information.

NONE.

Item 6. Exhibits and Reports on Form 8-K

| Exhibit ----- | Description ----- |
|------------------|--|
| 99.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES*

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SUN EXPRESS GROUP, INC.
(Registrant)

Date: May 8, 2003

T. Joseph Coleman
/s/ T. Joseph Coleman

T. Joseph Coleman,
President, Director and Ceo

Date: May 8, 2003

William H. Coleman
/s/ William H. Coleman

William H. Coleman,

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Secretary and Director

CERTIFICATION

I, T. Joseph Coleman, CEO and Acting CFO, certify that:

1. I have reviewed this quarterly report on Form 10-Q and Form 10-Q/A Amendment No. 1 of Sun Network Group, Inc. (the "Report");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Report (the "Evaluation Date"); and

c) presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 8, 2003

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/s/ T. Joseph Coleman
Chief Executive Officer

Sun Network Group, Inc.
and Subsidiary
Consolidated Financial Statements
March 31, 2002

Sun Network Group, Inc.
and Subsidiary

Contents

| | Page |
|--|------|
| Consolidated Balance Sheets | F-1 |
| Consolidated Statements of Operations | F-2 |
| Consolidated Statements of Cash Flows | F-3 |
| Notes to Consolidated Financial Statements | F-4 |

Sun Network Group, Inc. and Subsidiary
Consolidated Balance Sheets

Assets

| | March 31, 2002 (Unaudited) | December 31, 2001 |
|----------------|----------------------------------|----------------------|
| | ----- | ----- |
| | Restated (Note4) | |
| | ----- | |
| Current Assets | | |

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| | | |
|----------------------------|------------|-----------|
| Cash | \$ 82,766 | \$ 5,321 |
| | ----- | ----- |
| Total Current Assets | 82,766 | 5,321 |
| | ----- | ----- |
| Other Assets | | |
| Prepaid advertising | 35,200 | 35,200 |
| | ----- | ----- |
| Total Other Assets | 35,200 | 35,200 |
| | ----- | ----- |
| Total Assets | \$ 117,966 | \$ 40,521 |
| | ===== | ===== |

Liabilities and Stockholders' Deficiency

| | | |
|---|------------|-----------|
| Current Liabilities | | |
| Accounts payable | \$ 6,186 | \$ 9,937 |
| Accrued compensation, related party | 106,250 | 68,750 |
| Due to stockholders' | 40,607 | 29,263 |
| | ----- | ----- |
| Total Current Liabilities | 153,043 | 107,950 |
| | ----- | ----- |
| Stockholders' Deficiency | | |
| Common stock, \$0.001 par value, 100,000,000 shares authorized, 21,848,487 and 21,665,399 issued and outstanding, respectively | 21,848 | 21,665 |
| Additional paid-in capital | 568,941 | 486,734 |
| Accumulated deficit | (625,866) | (575,828) |
| | ----- | ----- |
| Total Stockholders' Deficiency | (35,077) | (67,429) |
| | ----- | ----- |
| Total Liabilities and Stockholders' Deficiency | \$ 117,966 | \$ 40,521 |
| | ===== | ===== |

See accompanying notes to consolidated financial statements

F-1

Sun Network Group, Inc. and Subsidiary
Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended March 31, | |
|----------------------------------|------------------------------|----------|
| | 2002 | 2001 |
| | ----- | ----- |
| | Restated | |
| | (Note4) | |
| | ----- | ----- |
| Operating Expenses | | |
| Compensation | \$ 40,361 | \$ 8,000 |
| Consulting | - | 33,395 |
| General and administrative | 8,127 | 10,082 |
| Professional fees | 1,550 | 11,500 |
| | ----- | ----- |
| Total Operating Expenses | 50,038 | 62,977 |

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| | | |
|--|-------------|-------------|
| Loss from Operations | (50,038) | (62,977) |
| Net Loss | \$ (50,038) | \$ (62,977) |
| Net Loss Per Share - Basic and Diluted | \$ - | \$ (0.01) |
| Weighted Average Shares Outstanding | | |
| - Basic and Diluted | 21,671,571 | 12,525,407 |

See accompanying notes to consolidated financial statements

F-2

Sun Network Group, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2002 | 2001 |
| | Restated (Note4) | |
| Cash Flows from Operating Activities: | | |
| Net loss | \$ (50,038) | \$ (62,977) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock based consulting expense | - | 33,395 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Accounts receivable | - | 301 |
| Increase (decrease) in: | | |
| Accounts payable | (3,751) | - |
| Accrued compensation, related party | 37,500 | - |
| Total Adjustments | (3,751) | 33,696 |
| Net Cash Used in Operating Activities | (16,289) | (29,281) |
| Cash Flows from Financing Activities: | | |
| Equity proceeds from stockholders | 82,390 | 60,000 |
| Loan proceeds from stockholders | 11,344 | - |
| Net Cash Provided by Financing Activities | 93,734 | 60,000 |
| Net Increase in Cash | 77,445 | 30,719 |
| Cash at Beginning of Period | 5,321 | 3,088 |
| Cash at End of Period | \$ 82,766 | \$ 33,807 |

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See accompanying notes to consolidated financial statements

F-3

Sun Network Group, Inc. and Subsidiary
Notes to Consolidated Financial Statements
March 31, 2002
(Unaudited)

Note 1 Basis of Presentation

The accompanying unaudited consolidated financial statements of Sun Network Group, Inc. and Subsidiary (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of consolidated financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair consolidated financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

For further information, refer to the audited financial statements and footnotes of RadioTV Network, LLC for the years ended December 31, 2001, 2000 and 1999 included in the Current Report on Form 8-K on Sun Express Group, Inc. (See Note 2)

Note 2 Common Stock Issuances

In March 2002, the Company issued 183,088 common shares to an investor for \$82,390.

Note 3 Going Concern

As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of \$625,866 through March 31, 2002, net losses for the three months ended March 31, 2002 of \$50,038 and cash used in operations for the three months ended March 31, 2002 of \$16,289. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan and generate revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management is currently seeking additional financing. Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern.

Note 4 Restatement

Subsequent to the filing of the Company's Form 10-QSB for the quarter ended March 31, 2002 management became aware that those consolidated financial statements as of March 31, 2002 did not include \$37,500 of accrued compensation expense pursuant to a July 16, 2001 employment agreement with the Company's chief executive officer. The inclusion of this item and a restatement of the December 31, 2001 consolidated financial statements in the revised consolidated financial statements at March 31, 2002 has the effect of increasing current

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liabilities by \$106,250 and increasing expenses and net loss by \$37,500 with no material effect on net loss per shares.

F-4