MARINE JET TECHNOLOGY CORP
Form 10QSB
November 14, 2003

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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 **September 30, 2003**

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____
Commission file number 000-33297

MARINE JET TECHNOLOGY CORP.

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

Nevada	88-0450923
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

4805 158 Court NE
Redmond, Washington 98052

(Address of principal executive offices)

(425) 869-2723

(Issuer's telephone number)

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 [ ]

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PART I.

Item 1. Financial Statements

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Marine Jet Technology, Corp:

We have reviewed the accompanying balance sheets of Marine Jet Technology, Corp. (a Development Stage Company incorporated in Nevada) as of September 30, 2003 and 2002, the related statements of operations and accumulated deficit for the three and nine months then ended and from February 9, 2000 (date of inception), the statement of changes in stockholders' equity from February 9, 2000 (date of inception) to September 30, 2003, and the statements of cash flows for the three and nine months ended September 30, 2003 and from February 9, 2000 (date of inception) to September 30, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Marine Jet Technology, Corp.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As disclosed in Note 2, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

/s/ Chavez & Koch, CPA's
Chavez & Koch, CPA's

October 29, 2003
Henderson, Nevada

(A Development Stage Company)
BALANCE SHEETS
AS OF SEPTEMBER 30, 2003 & 2002

	UNAUDITED	
	9/30/2003	9/30/2002
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,123	$ 17,620
Prepaid expenses	-	405
Total current assets	2,123	18,025
FIXED ASSETS:		
Office equipment	689	689
Equipment and machinery	30,000	30,000
Accumulated depreciation	(12,695)	(6,597)
Total fixed assets	17,994	24,092
OTHER ASSETS:		
Amortized Intangible Assets:		
Proprietary rights agreement	1,000	1,000
Patents	55,238	55,238
Accumulated amortization	(13,343)	(9,296)
Total other assets	42,895	46,942
TOTAL ASSETS	$ 63,012	$ 89,059
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable-shareholder	$ 15,050	$ -
Total current liabilities	15,050	-
STOCKHOLDERS' EQUITY:		
Common stock, $0.001 par value, 45,000,000 shares authorized 20,732,570 and 20,732,570 shares issued and outstanding as of 9/30/03 and 9/30/02, respectively.	20,733	20,733
Preferred stock, $0.001 par value, 5,000,000 shares		

authorized, no shares issued and outstanding as of 9/30/03 and 9/30/02, respectively.	-	-
Additional paid-in capital	167,645	158,436
Accumulated deficit during development stage	(140,416)	(90,110)
Total stockholders' equity	47,962	89,059
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 63,012	$ 89,059

The accompanying accountants' review report and notes to the financial statements should be read in conjunction with these Balance Sheets.

MARINE JET TECHNOLOGY, CORP.
(A Development Stage Company)
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE THREE MONTHS ENDED SEPT. 30, 2003 & 2002
AND FROM INCEPTION TO SEPT. 30, 2003

UNAUDITED

	Three months ended		Nine months ended		Inception to
	9/30/2003	9/30/2002	9/30/2003	9/30/2002	9/30/2003
REVENUES:	$ -	$ -	$ -	$ -	$ -
EXPENSES:					
General and administrative expenses	4,204	5,051	28,861	14,152	119,587
Depreciation expense	1,538	1,537	4,561	4,561	12,695
Amortization expense	1,020	1,020	3,027	3,029	13,344
TOTAL EXPENSES	6,762	7,608	36,449	21,742	145,626
OPERATING LOSS	(6,762)	(7,608)	(36,449)	(21,742)	(145,626)

Other income (expense):					
Interest expense	(50)	-	(50)	-	(640)
Gain on forgiveness of debt	-	-	-	-	5,850
TOTAL OTHER INCOME (EXPENSE)	(50)	-	(50)	-	5,210
NET LOSS	(6,812)	(7,608)	(36,499)	(21,742)	(140,416)
Accumulated deficit, beginning of period	(133,604)	(82,502)	(103,917)	(68,368)	-
Accumulated deficit, end of period	$ (140,416)	$ (90,110)	$ (140,416)	$ (90,110)	$ (140,416)
Weighted average number of shares outstanding	20,732,570	20,732,570	20,732,570	20,732,570	19,276,370
Net loss per basic shares	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

The accompanying independent accountant's review report and notes to financial statement should be read in conjunction with these Statements of Operations and Accumulated Deficit.

MARINE JET TECHNOLOGY, CORP.
(A Development Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM INCEPTION TO SEPTEMBER 30, 2003

UNAUDITED

Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit During Dev. Stage	Total Stockholders' Equity

Issued for cash February 11, 2000	105,000	$ 105	$ -	$ -	$ 105
Issued for cash February 12, 2000	3,125,000	3,125	-	-	3,125
Issued for cash May 18, 2000	100,000	100	-	-	100
Issued for proprietary rights agreement May 19, 2000	1,000,000	1,000	-	-	1,000
Issued for patents May 19, 2000	15,875,000	15,875	33,906	-	49,781
Expense paid for by an officer & director December 31, 2000	-	-	4,790	-	4,790
Net income (loss) December 31, 2000	-	-	-	(18,718)	(18,718)
Balance December 31, 2000	20,205,000	20,205	38,696	(18,718)	40,183
504 Offering July 31, 2001	527,570	528	104,986	-	105,514
Expenses paid for by an officer & director September 30, 2001	-	-	11,575	-	11,575
Expenses paid for by an officer & director December 31, 2001	-	-	3,179	-	3,179
Net income (loss) December 31, 2001	-	-	-	(49,650)	(49,650)
Balance December 2001	20,732,570	20,733	158,436	(68,368)	110,801
Net income (loss) March 31, 2002	-	-	-	(10,601)	(10,601)
Balance March 31, 2002	20,732,570	$ 20,733	$ 158,436	$ (78,969)	$ 100,200

The accompanying independent accountant's review report and notes to financial statement should be read in conjunction with this Statement of Changes in Stockholders' Equity.

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MARINE JET TECHNOLOGY, CORP.
(A Development Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FROM INCEPTION TO SEPTEMBER 30, 2003

UNAUDITED

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit During Dev. Stage	Total Stockholders' Equity
Net income (loss) June 30, 2002	-	$ -	$ -	$ (3,533)	$ (3,533)
Balance June 30, 2002	20,732,570	20,733	158,436	(82,502)	96,667
Net income (loss) September 30, 2002	-	-	-	(7,608)	(7,608)
Balance September 30, 2002	20,732,570	20,733	158,436	(90,110)	89,059
Expenses paid for by an officer & director December 31, 2002	-	-	9,844	-	9,844
Net income (loss) December 31, 2002	-	-	-	(13,807)	(13,807)
Balance December 31, 2002	20,732,570	20,733	168,280	(103,917)	85,096
Expense reimbursement to an officer & director March 31, 2003	-	-	(635)	-	(635)
Net income (loss) March 31, 2003	-	-	-	(16,489)	(16,489)

Balance March 31, 2003	20,732,570	20,733	167,645	(120,406)	67,972
Net income (loss) June 30, 2003	-	-	-	(13,198)	(13,198)
Balance June 30, 2003	20,732,570	20,733	167,645	(133,604)	54,774
Net income (loss) September 30, 2003	-	-	-	(6,812)	(6,812)
Balance September 30, 2003	20,732,570	$ 20,733	$ 167,645	$ (140,416)	$ 47,962

The accompanying independent accountant's review report and notes to financial statements should be read in conjunction with this Statement of Changes in Stockholders' Equity.

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MARINE JET TECHNOLOGY, CORP.
(A Development Stage Company)
STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 & 2002
AND FROM INCEPTION TO SEPTEMBER 30, 2003

	UNAUDITED				
	Three months ended		Nine months ended		Inceptionto
	9/30/2003	9/30/2002	9/30/2003	9/30/2002	9/30/2003
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net loss	$ (6,812)	$ (7,608)	$ (36,499)	$ (21,742)	$ (140,416)
Adjustments to reconcile net loss with					
net cash used in operating activities:					
Depreciation and amortization	2,558	2,557	7,588	7,590	26,039
(Increase) decrease in	405	-	405	405	-

prepaid expenses					
NET CASH USED IN OPERATING ACTIVITIES	(3,849)	(5,051)	(28,506)	(13,747)	(114,377)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of capital assets	-	-	-	-	(30,689)
Purchase of licensing agreement, patents	-	-	-	-	(5,458)
NET CASH USED IN INVESTING ACTIVITIES	-	-	-	-	(36,147)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Note payable-shareholder	5,050	-	15,050	-	15,050
Proceeds from issuance of capital stock	-	-	-	-	108,843
Capital contributions through expenses pd. by officer	-	-	(635)	-	28,754
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,050	-	14,415	-	152,647
NET INCREASE (DECREASE)IN CASH	1,201	(5,051)	(14,091)	(13,747)	2,123
CASH, BEGINNING OF PERIOD	922	22,671	16,214	31,367	-
CASH, END OF PERIOD	$ 2,123	$ 17,620	$ 2,123	$ 17,620	$ 2,123
Supplemental disclosures:					
Interest paid	$ -	$ -	$ -	$ -	$ 590
Taxes paid	$ -	$ -	$ -	$ -	$ -

The accompanying independent accountants' review report and notes to financial statements should be read in conjunction with these Statements of Cash Flows.

MARINE JET TECHNOLOGY, CORP.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003

BASIS OF PRESENTATION

The unaudited financial statements as of September 30, 2003 included herein have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. It is suggested that these financial statements be read in conjunction with the December 31, 2002 audited financial statements and notes thereto.

NOTE 1 - RELATED PARTY TRANSACTIONS

On August 12, 2003, the Company executed a Note Payable to a shareholder in the amount of $5,000. The note is payable three months from the date of execution and bears no interest.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

Since the Company has not commenced its planned principal operations, the Company intends to raise sufficient capital needed to continue operating until its planned principal operations commence.

The Company anticipates the ability to raise additional money through Private Placement Memorandums. Additionally, the Company anticipates being listed as an Over-the-Counter Bulletin Board stock, which will provide an additional source of working capital for the Company. Finally, the Company plans to curtail expenses so that the current cash balance will allow the company to continue to operate.

Without realization of additional capital, it would be unlikely for the Company to continue as a going concern.

The officers and directors are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has not formulated a policy for the resolution of such conflicts.

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

Forward-Looking Statements

This Quarterly Report contains forward-looking statements about Marine Jet Technology Corporation's business, financial condition and prospects that reflect management's assumptions and beliefs based on information currently available.We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Marine Jet's actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand our customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Quarterly Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements, as defined in Section 21E of the Securities Exchange Act of 1934, although there may be certain forward-looking statements not accompanied by such expressions. The safe harbors of forward-looking statements provided by Section 21E of the Exchange Act are unavailable to issuers of penny stock. As we issued securities at a price below $5.00 per share, our shares are considered penny stock and such safe harbors set forth under the Reform Act are unavailable to us.

General

Marine Jet Technology Corporation is a corporation formed in the State of Nevada in February 9, 2000. We intend to develop marine jet propulsion systems for sale and to license the rights to manufacture these systems and/or boats incorporating our technology under the name "Quick Jet." We plan to develop and market the Quick Jet technology to produce a proprietary marine jet propulsion system that offers the low-speed thrust and acceleration of a propeller drive, while retaining the safety, convenience and maneuverability of a traditional jet design.

Our goal is to sell the Quick Jet system in combination with available marine motors to boat manufacturers, who we expect to produce boats incorporating our licensed technology. We may also license one or more manufacturers to sell systems based on the technology. In return, manufacturers will pay us a royalty on each boat or engine sold that utilizes our technology. We currently do not intend to produce the Quick Jet engines in-house. Marine Jet anticipates that the use of existing production and sales capacity offers the most rapid market penetration. For this reason, our strategy centers on developing joint venture and licensing relationships with boat and motor manufacturers. We have yet to identify such companies or enter into any manufacturing relationships or joint ventures.Our Internet site, "www.marinejettech.com," is available for industry participants and consumers to learn about our Quick Jet technology. We believe that our web site is ideal for answering technical questions, building credibility and creating market interest.

We have developed a fully-operational prototype propulsion system. This system has been undergoing test, research and further development by our management. Our management has been working on the controls for the system to improve the maneuverability and convenience of the QuickJet. Although the prototype has generally met our management's expectations, we have been unable to retain either an independent firm or the instrumentation to accurately measure the performance specifications of the prototype.

Plan of Operation

Since our formation on February 9, 2000 through September 30, 2003, we accumulated a deficit of $(140,416). Marine Jet's efforts have focused primarily on the development of our plan of operations, entering into agreements to utilize proprietary technology, obtaining assets to further develop a prototype Quick Jet motor and raising working capital through equity financing.

Our management anticipates the need to recruit a management team experienced in the marketing of new technology in similar markets, to generate interest in our Quick Jet technology. However, due to the limited availability of funds with which to pay salaries, we intend to make stock options a substantial portion of the compensation package for such a management team. The conversion of such securities may dilute your interest in our company as a shareholder.

We have developed controls for the test boat and used it to produce a promotional video, which we are disseminating to industry participants. Our management believes that the cash on hand will limit the progress on these tasks and that failure to obtain additional financing will delay or prevent the completion of such promotional material.

To fund our operations for the remaining quarter of 2003, our management believes that our current financial resources will not be adequate to provide for our working capital needs. There are no preliminary loan agreements or understandings between us, our officers, directors or affiliates or lending institutions. We have no arrangements or commitments for accounts and accounts receivable financing. There are no plans or intentions to acquire a significant plant and/or any equipment, nor to divest any of our current assets or equipment.

Our management expects the need to raise additional capital via a public or private offering of equity or debt securities to provide funding for ongoing operations. There are no formal or informal agreements to attain such financing. Any capital attained from the sale of equity or debt securities will be utilized to manufacture an initial production run of Quick Jet systems to provide to potential customers for testing in their boats. In order to be able to begin producing marketable Quick Jet systems, we intend to use any proceeds from sales of our equity or debt securities to purchase patterns for castings, tooling for machining those castings and labor to assemble and test the production Quick Jet systems that result.

However, we cannot assure you that any financing can be obtained or, if obtained, that it will be on reasonable terms. Without realization of additional capital, our management believes that it would be unlikely for us to continue as a going concern.

To generate revenues, we plan to:

1. Begin selling Quick Jet systems to boat builders;
2. Enter into joint venture marketing agreements with one or more engine builders to sell a propulsion package to boat builders; or

3. Enter into a joint venture licensing agreement with one or more manufacturers to build and sell systems and boats based upon the Quick Jet technology.

Because we are a development stage company with no significant operating history and a poor financial condition, we may be unsuccessful in obtaining such financing or the amount of the financing may be minimal and therefore inadequate to implement our plan of operations.We have no alternative plan of operations. In the event that we do not receive financing or our financing is inadequate or if we do not adequately implement an alternative plan of operations that enables us to conduct operations without having received adequate financing, we may have to liquidate our business and undertake any or all of the following actions:

1. Sell or dispose of our assets;
2. Pay our liabilities in order of priority, if we have available cash to pay such liabilities;
3. If any cash remains after we satisfy amounts due to our creditors, distribute any remaining cash to our shareholders in an amount equal to the net market value of our net assets;
4. File a Certificate of Dissolution with the State of Nevada to dissolve our corporation and close our business;
5. Make the appropriate filings with the Securities and Exchange Commission so that we will no longer be required to file periodic and other required reports with the Securities and Exchange Commission, if, in fact, we are a reporting company at that time.

If we have any liabilities that we are unable to satisfy and we qualify for protection under the U.S. Bankruptcy Code, we may voluntarily file for reorganization under Chapter 11 or liquidation under Chapter 7. Our creditors may also file a Chapter 7 or Chapter 11 bankruptcy action against us. If our creditors or we file for Chapter 7 or Chapter 11 bankruptcy, our creditors will take priority over our shareholders. If we fail to file for bankruptcy under Chapter 7 or Chapter 11 and we have creditors, such creditors may institute proceedings against us seeking forfeiture of our assets, if any. We do not know and cannot determine which, if any, of these actions we will be forced to take.

ITEM 3. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have established and are currently maintaining disclosure controls and procedures for our company.The disclosure controls and procedures have been designed to ensure that material information relating to our Company is made known to them as soon as it is known by others within our Company.Our Chief Executive Officer and Chief Financial Officer conduct an update and a review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on their evaluation within 90 days of the filing of this Report, that our disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934.

Changes in Internal Controls

There were no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the date our company carried out this

evaluation.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8

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(a) Exhibits Item Description

31.1 Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-15 and Rule 15d-15, promulgated under the Securities and Exchange Act of 1934, as amended.

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

(b) Reports on Form 8-K

No reports on Form 8-K were filed by us during the period covered by this report.

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 on this 13th day of November, 2003.

MARINE JET TECHNOLOGY CORP.
(Registrant)

BY: /s/ Jeff Jordan
Jeff Jordan
President, Principal Executive Officer, Treasurer,
and Principal Financial Officer