

Edgar Filing: E & S HOLDINGS INC - Form 10QSB

E & S HOLDINGS INC
Form 10QSB
October 12, 2006

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended August 31, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-50101

E and S Holdings, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

91-2135425
(IRS Employer Identification No.)

5046 E. Boulevard, NW, Canton, OH 44718
(Address of principal executive officer)

(330) 966-8120
(Issuer's telephone number)

(Former name, former address and former 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 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 No

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

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

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: 15,100,000

Transitional Small Business Disclosure Format (Check One): Yes No

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E AND S HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
AUGUST 31, 2006 AND MAY 31, 2006

	August 31, 2006	May 31, 2006
	----- (Unaudited)	----- (Audited)
ASSETS		
CURRENT ASSETS		
Cash in bank	\$ 25	\$ 25
Accounts receivable	0	0
Inventory	21,365	21,365
	-----	-----
	21,390	21,390
OTHER ASSETS		
Patent - net of amortization of \$4,206 at August 31, 2006 and \$3,958 at May 31, 2006	8,493	8,493
	-----	-----
Total Other Assets	8,493	8,493
	-----	-----
Total Assets	\$ 29,883	\$ 29,883
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 47,451	\$ 47,451
Accounts payable - stockholder	22,002	22,002
Note payable - stockholder	18,150	18,150
Accrued interest	1,110	1,110
Accrued royalties	3	3
Accrued warranty	130	130
	-----	-----
Total Current Liabilities	88,846	88,846
	-----	-----
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock - 100,000,000 shares authorized, 15,100,000 outstanding as of August 31 and and May 31, 2006 at .001 per share	15,100	15,100
Additional paid-in capital	237,999	237,999
Deficit accumulated during the development stage	(312,062)	(312,062)
	-----	-----
Total Stockholders' Equity (Deficit)	(58,963)	(58,963)
	-----	-----
Total Liabilities and Stockholders' Equity (Deficit)	\$ 29,883	\$ 29,883
	=====	=====

Note: The balance sheet at May 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States.

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States of America for complete financial statements

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC.
 (A DEVELOPMENT STAGE COMPANY)
 STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED AUGUST 31, 2006
 THE THREE MONTHS ENDED AUGUST 31, 2005 AND
 THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO AUGUST 31, 2006

	Three Months Ended August 31, 2006	Three Months Ended August 31, 2005	June 20 (Incepti August 3
	----- (Unaudited)	----- (Unaudited)	----- (Unaud
SALES - NET	\$ 100	\$ 1,549	\$ 12
COST OF SALES			
Purchases	47	954	6
	-----	-----	-----
GROSS PROFIT	53	595	6
OPERATING EXPENSES			
Damaged and defective items	12	0	1
Wage expense	0	0	118
Advertising and marketing	133	0	17
Legal and accounting	9,842	10,580	103
Professional fees	1,365	1,166	13
Product development	0	0	
Bank charges	106	102	
Rent - stockholder	0	0	11
License and permits	0	0	1
Amortization	247	247	4
Franchise tax	0	0	
Workers' compensation	10	10	
Commission	0	13	
Royalty expense	15	77	
Office and administrative expense	0	520	18
Travel	0	1,027	4
Freight and delivery	0	0	
Postage	0	80	1
Payroll tax	0	0	
Insurance	0	0	1
Supplies	0	0	2
Telephone	0	114	2
Trade shows	2,220	0	6
UCC code	0	0	1
Warranty expense	2	31	
Membership fees	0	0	
	-----	-----	-----
	13,952	13,967	314
	-----	-----	-----
NET LOSS FROM OPERATIONS	(13,899)	(13,372)	(308)
OTHER INCOME (EXPENSE)			

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Miscellaneous income	0	0	
Miscellaneous expense	0	0	
Interest expense	(540)	(93)	(3)
Bad debts	0	0	
	-----	-----	-----
	(540)	(93)	(3)
NET LOSS BEFORE INCOME TAXES	(14,439)	(13,465)	(312)
PROVISION FOR INCOME TAXES	0	0	
	-----	-----	-----
NET LOSS	\$ (14,439)	\$ (13,465)	\$ (312)
	=====	=====	=====
NET LOSS PER COMMON SHARE - BASIC	\$ (.00)	\$ (.00)	\$
	=====	=====	=====

See accompanying notes to financial statements

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E AND S HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2006,
THE THREE MONTHS ENDED AUGUST 31, 2005 AND
THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO AUGUST 31, 2006

	Three Months Ended August 31, 2006 ----- (Unaudited)	Three Months Ended August 31, 2005 ----- (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (14,439)	\$ (13,465)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	247	247
Decrease/ (Increase) in accounts receivable	178	1,040
Decrease / (Increase) in inventory	70	989
Interest capitalized	0	0
(Decrease)/Increase in accounts payable	6,167	7,696
(Decrease)/Increase in accrued interest	445	93
(Decrease)/ Increase in stockholder payable	1,399	0
(Decrease)/ Increase in accrued royalties	1	(39)
(Decrease)/ Increase in accrued warranty	3	(5)
	-----	-----
Net Cash From (Used By) Operating Activities	(5,929)	(3,444)
	-----	-----
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchase of patent	0	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from stockholders	5,900	4,000
Repayments of loans - stockholders	0	0

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Forgiveness of debt by stockholders	0	0
Proceeds from issuance of common stock,		
Net of issuance costs of \$2,500	0	0
	-----	-----
Net Cash Provided By Financing Activities	5,900	4,000
	-----	-----
 NET INCREASE (DECREASE) IN CASH	 (29)	 556
 CASH AT BEGINNING OF PERIOD	 54	 136
	-----	-----
 CASH AT END OF PERIOD	 \$ 25	 \$ 692
	=====	=====

See accompanying notes to financial statements.

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E AND S HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2006
THE THREE MONTHS ENDED AUGUST 31, 2005 AND
THE PERIOD FROM JUNE 20, 2001 (INCEPTION) TO AUGUST 31, 2006

	Three Months Ended August 31, 2006	Three Months Ended August 31, 2005
	-----	-----
	(Unaudited)	(Unaudited)
 SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Interest paid	\$ 0	\$ 0
	=====	=====
Taxes paid	\$ 0	\$ 0
	=====	=====

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

On September 27, 2001, 700,000 shares of stock were issued at a value of \$1,899 in return for contribution of the patent option. The patent was subsequently purchased for \$10,800 in March 2002.

In March of 2003, interest accrued on stockholder loans payable in the amount of \$1,296 was added to the outstanding loan balance when the stockholder notes due March, 2003 were renewed.

In November of 2004, certain officers, directors, and shareholders of the company forgave accrued wages, director's fees, and rents totaling \$96,700. These transactions are reflected as increases to paid-in capital.

In February of 2006, an officer of the company forgave accrued wages of \$17,000. This transaction is reflected as an increase to additional paid-in capital. Also, the officer acquired 100,000 shares of stock in exchange for

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accrued wages of \$8,000 and \$2,000 of compensation. These transactions have been reflected as increases to common stock and additional paid-in capital.

See accompanying notes to financial statements

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E AND S HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2006

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB and item 310(b) of Regulation S-B. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the financial statements and footnotes thereto included in the E and S Holdings, Inc. Form 10-KSB filing for the year ended May 31, 2006.

NOTE B - DEVELOPMENT STAGE COMPANY

E and S Holdings, Inc. (a Nevada corporation) has been in the development stage since its formation on June 20, 2001. It is primarily engaged in the development and marketing of new products on which it holds the patent. Realization of a major portion of its assets is dependent upon the Company's ability to successfully develop and market the patent, meet its future financing requirements, and the success of future operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

E & S Holdings (E & S) is a developmental stage company that has received revenues of approximately \$100 during the three-month period ending August 31, 2006. E & S has received no significant revenues since its inception.

As of August 31, 2006, E & S has cash assets of \$25 and no accounts receivable. The inventory of the company is \$21,365. After experiencing initial favorable response to the company's sole product, the Portable Pipe Vise, E & S has experienced a continuing decrease in the public interest for its product. Due to the lack of market response to the product, the management of E & S has decided that it is necessary to review the focus of the business's operation at this time. Management does not believe that additional funding of the Portable Pipe Vise will create sufficient interest in the product to justify raising additional capital. Instead, management is now focusing its efforts toward developing another product to market to the public either through the purchase of the product or through a combination with another existing entity.

Until such time as E & S is in a position to propose to its shareholders a change in direction of the company, it will continue in its efforts to market the Portable Pipe Vise to the public. It has no plans, at this time, however, to order additional units of the Portable Pipe Vise from its manufacturer.

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The shares of E & S are currently listed on the OTC Bulletin Board, under the symbol ESHI.

Over the past three months, E & S has sustained operating losses in the amount of \$14,439. Of this amount, \$9,842 involve costs for legal and accounting fees occurred during the last quarter. As of August 31, 2006, E & S has total liabilities of \$88,846. These liabilities include approximately \$41,262 of liabilities owed to shareholders for advances and loans made to the company.

There are no off balance sheet arrangements involving E & S at this time.

ITEM 3 - CONTROLS AND PROCEDURES

The management of E & S recognize its responsibility for establishing and maintaining adequate internal controls over financial reporting for E & S. Due to the small size of E & S, the company's Chief Executive Officer and Chief Operating Officer is aware of all matters pertaining to the operations of E & S Holdings, Inc and has reviewed all aspects of the financial information included in the company's financial reporting. At the present time, management is of the opinion that the company's internal controls over financial reporting for the past fiscal year is adequate. However, management has identified a material weakness in its procedures in that the small size of management causes a lack of segregation of duties and limits management's ability to recognize potential inadequacies of the internal controls over the financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

To the best of its knowledge, management of E & S is not aware of any legal proceedings in which E & S is currently involved.

ITEM 2 - CHANGES IN SECURITY

There are no changes in security since the last annual statement for the year ending May 31, 2006.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

There are no defaults upon any senior securities.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 - OTHER INFORMATION

There are no items of information required to be disclosed pursuant to this item at this time.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

A. The following are filed as Exhibits to this quarter of the report. The numbers refer to the exhibit table of Item 601 of regulation S-K: Reference is hereby made to the exhibits contained in the registration statement (Form SB-2) filed by E & S.

Exhibit 31 - Rule 13a-14(a)/15d-14(a) - Certification
Exhibit 32 - Section 1350 - Certification

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- B. Reports on Form 8-K - 9/21/2005
- Reports on Form 8-K - 12/16/2005
- Reports on Form 8-K - 2/10/2006

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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.

E & S HOLDINGS, INC.

Date: October 12, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Financial Officer

Date: October 12, 2006

By: /s/ Edward A. Barth

Edward A. Barth, Principal Executive Officer

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