

Edgar Filing: Ashlin Development Corp - Form 10QSB

Ashlin Development Corp  
Form 10QSB  
November 10, 2005

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

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2005

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

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NO. 000-29245

ASHLIN DEVELOPMENT CORPORATION

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

FLORIDA

-----  
(State or other jurisdiction of incorporation or organization)

65-0452156

-----  
(I.R.S. Employer Identification Number)

4400 NORTH FEDERAL HIGHWAY, SUITE 210, BOCA RATON, FLORIDA 33431

-----  
(Address of principal executive offices)

(561) 391-6196

-----  
(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  No

There were 4,652,813 shares of common stock, \$0.001 par value, of the registrant outstanding at September 30, 2005.

Transitional Small Business Disclosure Format: Yes  No

ASHLIN DEVELOPMENT CORPORATION

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ASHLIN DEVELOPMENT CORP.  
 CONDENSED BALANCE SHEET  
 SEPTEMBER 30, 2005  
 (UNAUDITED)

ITEM 1. CONDENSED FINANCIAL STATEMENTS

	ASSETS	
Current assets:		
Cash		\$ 68,557
		-----
Total assets		\$ 68,557
		=====

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	\$ 66,667
Accrued expenses	\$ 9,542
	-----
Total liabilities	\$ 76,209
	-----
Stockholders' deficit:	
Common stock, \$0.001 par value, authorized 150,000,000 shares; 4,652,813 shares issued and outstanding	4,653
Additional paid-in capital	919,789
Accumulated deficit	(932,094)
	-----
Total stockholders' deficit	(7,652)
	-----
Total liabilities and stockholders' equity	\$ 68,557
	=====

See accompanying notes to condensed financial statements.

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ASHLIN DEVELOPMENT CORP.  
CONDENSED STATEMENTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004  
(UNAUDITED)

=====

	3 MONTHS ENDED 2005	3 MONTHS ENDED 2004	9 MO
	-----	-----	-----
Revenue	\$ --	\$ --	\$ --
Cost of sales	--	--	--
	-----	-----	-----
Gross Profit	--	--	--
	-----	-----	-----
Operating expenses:			
General and administrative expense	127,879	--	--
Advertising and promotion	--	--	--
Depreciation and amortization	--	--	--

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Total operating expense	----- 127,879 -----	----- -- -----	-----
Loss from operations continued operations	(127,879)	--	
Discontinued operations			
Income (Loss) from discontinued operations	--	185,899	
Other (income) expense:			
Gain on sale	--	--	
Interest income	225	--	
	-----	-----	-----
Income (Loss) before income taxes	(127,654)	185,899	
	-----	-----	-----
Benefit (provision) for income taxes	--	--	
	-----	-----	-----
Net income (loss)	(127,654)	185,899	
	=====	=====	=====
Net loss per share from continuing operations-basic	\$ (0.03)	\$ --	\$ --
	=====	=====	=====
Net loss per share from discontinued operations-basic	\$ --	\$ --	\$ --
	=====	=====	=====
Net income (loss) per share - basic and diluted	\$ (0.03)	\$ 0.05	\$ 0.05
	=====	=====	=====
Weighted average number of shares - basic and diluted	\$ 4,561,009	\$ 3,832,813	\$ 3,832,813
	=====	=====	=====

See accompanying notes to condensed financial statements.

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ASHLIN DEVELOPMENT CORP.  
CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004  
(UNAUDITED)

	----- 2005 -----	----- 2004 -----
Cash flow from operating activities:		
Net income (loss)	\$ 1,198,927	\$ (77,000)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Gain from sale of operating assets and assumption of liabilities	(1,794,893)	
Common stock issued for services	62,000	
Decrease in assets and liabilities:		
Accounts receivable	138,581	47,000
Prepaid assets	73,124	(8,000)
Depreciation and amortization	--	2,000

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Inventory	22,437	12
Accounts payable	(57,561)	75
Accrued expenses	(24,179)	(6)
	-----	-----
Net cash provided by (used in) operating activities	(381,564)	44
	-----	-----
Cash flow from investing activities:		
Proceeds from sale of assets	350,000	(3)
	-----	-----
Net cash provided by (used in) investing activities	350,000	(3)
	-----	-----
Cash flow from financing activities:		
Repayments on notes payable	(27,175)	(40)
	-----	-----
Net cash used in financing activities	(27,175)	(40)
	-----	-----
Net increase (decrease) in cash	(58,739)	
	-----	-----
Cash, beginning of period	127,296	
	-----	-----
Cash, end of period	68,557	1
	=====	=====
 SUPPLEMENTAL CASH FLOW INFORMATION:		
-----		
Note payable for purchase of automobile	\$       --	\$       2
	-----	=====

See accompanying notes to condensed financial statements.

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ASHLIN DEVELOPMENT CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS

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NOTE 1 - BASIS OF PRESENTATION

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The accompanying unaudited condensed financial statements of Ashlin Development Corp. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and Regulation S-B. Accordingly, they do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the results for the interim periods presented have been included.

These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the Company's Annual Financial Statements for the year ended December 31, 2004. Operating results for the nine months ended September 30, 2005 are not necessarily indicative of the results that may be expected for the year ending

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December 31, 2005.

It is recommended that the accompanying condensed financial statements be read in conjunction with the financial statements and notes for the year ended December 31, 2004, found in the Company's Form 10-KSB.

The Company's financial statements in the three and nine months ended September 2005 are not comparative to the financial statements for the three months ended September 2004. The effective date of the Company's plan of reorganization was January 28, 2005.

Effective January 28, 2005 the Company completed a plan to divest its core operations of Health and Nutrition Systems, Int'l Inc. The results of operations and financial position are shown in the accompanying financial statements as discontinued operations.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Cash and Cash Equivalents

-----

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. There are no cash equivalents as of September 30, 2005.

#### Use of Estimates

-----

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Revenue Recognition

-----

The Company recognizes revenue when

- o Persuasive evidence of an arrangement exists
- o Shipment has occurred
- o Price is fixed or determinable, and
- o Collectability is reasonably assured

#### Basic Earnings Per Share

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Basic income per common share is computed by dividing the net income by the weighted average number of shares of common stock outstanding during the year.

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ASHLIN DEVELOPMENT CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS

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Diluted Earnings Per Share

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Diluted earnings per share reflect the potential dilution that could occur if dilutive securities (stock options and stock warrants) to issue common stock were exercised or converted into common stock that then shared in the earnings of the Company.

### Stock Compensation

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The Company has adopted Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation." SFAS 123 encourages the use of a fair-value-based method of accounting for stock-based awards, under which the fair value of stock options is determined on the date of grant and expensed over the vesting period. Under SFAS 123, companies may, however, measure compensation costs for those plans using the method prescribed by Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees." Companies that apply APB No. 25 are required to include pro forma disclosures of net earnings and earnings per share as if the fair-value-based method of accounting had been applied. The Company elected to account for such plans under the provisions of APB No. 25. The Company accounts for stock options granted to consultants under SFAS 123.

Had the compensation expense for the stock option plan been determined based on the fair value of the options at the grant date consistent with the methodology prescribed under Statement of Financial Standards No. 123, "Accounting for Stock Based Compensation," at September 30, the Company's net income and earnings per share would have been effected to the pro forma amounts indicated below:

	JUNE 30, 2005
	-----
Net Income	
As reported	\$ 1,198,927
	=====
Pro forma	\$ 1,198,927
	=====
Earnings per share	
As reported	\$ 0.27
	=====
Pro forma	\$ 0.27
	=====

All but 55,000 options expired 30 days after January 28, 2005, the effective date of the sale of substantially all of our operating assets.

### NOTE 3 - GOING CONCERN

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The Company's condensed financial statements have been prepared assuming that the Company will continue as a going concern. The Company has ceased it's Health and Nutrition business effective January 28th, 2005. The Company is currently exploring its options which may include acquiring or otherwise entering into a new business or merging with an as yet unidentified company or companies.

On October 15, 2004, the Company filed for protection under Chapter 11 of the United States Bankruptcy Code. The Company has operated under the Chapter 11 guidelines since October 15, 2004 and under a plan of reorganization filed by the Company. The effective date of the Company's plan of reorganization was January 28, 2005.

There remains substantial doubt about the Company's ability to continue as a

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going concern. The financial statements do not include any adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

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### ASHLIN DEVELOPMENT CORPORATION NOTES TO CONDENSED FINANCIAL STATEMENTS

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#### NOTE 4 - EQUITY

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During the nine months ended September 30, 2005, 300,000 share of common stock were issued to the Company's chief executive officer as per his employment agreement. These shares were valued at \$0.04 per share of common stock and the Company recorded compensation expense of \$12,000.

On March 3, 2005, the Company issued 320,000 shares of common stock to the Company's chief executive officer in recognition of performance. These shares were valued at \$0.10 per share and the Company recorded compensation expense of \$32,000.

On March 3, 2005, the Company entered in to a consulting contract with a consultant and issued 100,000 shares of common stock as part of this contract. These shares were valued at \$0.010 per share of common stock and \$10,000 was recorded as compensation expense.

On September 21, 2005, the Company entered in to a consulting contract with a consultant and issued 100,000 shares of common stock as part of this contract. These shares were valued at \$0.08 per share of common stock and \$8,000 was recorded as compensation expense.

#### NOTE 5 - LEGAL MATTERS

-----

We were involved in litigation with J.C. Herbert Bryant, III, a former officer, director and one of our shareholders, and KMS-Thin Tab 100, Inc., which was settled in September 2002. As part of the settlement, we entered into a distribution agreement with Mr. Bryant, beginning on September 26, 2002 and ending on September 25, 2007, permitting Mr. Bryant to purchase certain products from us and to exclusively distribute those products in Florida from Orlando south. In October 2003, we terminated the distribution agreement with KMS based on KMS's breach of material terms of the agreement. On December 1, 2003, we filed suit against KMS-Thin Tab 100, Inc. in the Palm Beach County Circuit Court (Case No. 2003CA012757XXCDAN) for breach of contract, trademark infringement and for a declaration of rights that the distribution agreement is terminated and of no further force and effect. KMS answered the complaint and filed its own counterclaim for fraud in the inducement, trademark infringement, dilution and fraudulent misrepresentation; the fraud-based counterclaims were dismissed with prejudice by the Court on summary judgment. KMS subsequently amended its counterclaim to allege a breach of contract under the distribution agreement. In January 2005, the State Court in Florida ruled that neither party should prevail, and rejected a request for attorney's fees by KMS-Thin Tab 100 Inc., thus adjudicating the matter. KMS-Thin Tab 100 Inc. subsequently filed a notice of appeal.

Subsequently, on July 29, 2005, the 4th District Court of Appeals granted the



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Company's motion to dismiss the appeal by KMS-Thin Tab 100 Inc.

The Company is not aware of any other outstanding litigation.

NOTE 6- ACCOUNTING PRONOUNCEMENT  
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SFAS No. 154, Accounting Changes and Error Corrections, was issued in May 2005 and replaces APB Opinion NO. 20 and SFAS No. 3. SFAS No. 154 requires retrospective application for voluntary changes in accounting principle in most instances and is required to be applied to all accounting changes made in fiscal years beginning after December 15, 2005. The Company's expected April 1, 2006 adoption of SFAS No. 154 is not expected to have a material impact on the Company's consolidated financial condition or results of operations.

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ASHLIN DEVELOPMENT CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
=====

NOTE 7-SUBSEQUENT EVENTS  
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On August 4, 2005, the shareholders approved an amendment to the Company's Articles of Incorporation which increased the total number of authorized shares of the Company to 160,000,000 shares, consisting of (i) 150,000,000 shares of common stock and (ii) 10,000,000 shares of "blank check" preferred stock.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION  
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This quarterly report on Form 10-QSB contains forward-looking statements. Any statements that are not statements of historical fact should be regarded as forward-looking statements. For example, the words "intends," "believes," "anticipates," "plans," and "expects" are intended to identify forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated by such forward-looking statements. These factors include without limitation those factors contained in our Form 10-KSB filed with the Securities and Exchange Commission. We do not undertake any obligation to update any such factors or to publicly announce the result of any revision to any of the forward looking statements contained herein to reflect future events or developments.

The following discussion of our results of operations and financial condition should be read together with our unaudited Financial Statements contained in Part I, Item 1 and the related Notes in this Form 10-QSB and our audited Financial Statements and the related Notes contained in our Form 10-KSB filed with the Securities and Exchange Commission.

### Critical Accounting Estimates

-----

Financial Reporting Release No. 60, which was released by the U.S. Securities and Exchange Commission, encourages all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Our financial statements include a summary of the significant accounting policies and methods used in the preparation of our financial statements.

Management believes the following critical accounting policies affect the probable returns, significant judgments and estimates used in the preparation of the financial statements. These policies relate specifically to discontinued operations, as the Company completed the sale of substantially all of its assets effective January 28, 2005. Since our current business plan is to acquire or otherwise enter into a new business or merge with an as yet unidentified company or companies, each of the following policies are subject to change.

### Revenue Recognition

-----

The Company recognizes revenue when

- o Persuasive evidence of an arrangement exists
- o Shipment has occurred
- o Price is fixed or determinable, and
- o Collectability is reasonably assured

### Use of Estimates

-----

Management's discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates these estimates, including those related to valuation allowance for the deferred tax asset, estimated useful life of fixed assets and the carrying value of long-lived assets, intangible assets and allowances for sales returns, doubtful accounts, and obsolete and slow moving inventory and reserve for customer liabilities. Management based these estimates on historical experience and on various other

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assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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### ASHLIN DEVELOPMENT CORPORATION NOTES TO CONDENSED FINANCIAL STATEMENTS

#### Recent Developments

At the 2005 Annual Meeting of Shareholders held on August 4, 2005, Theodore T. Alflen, James A. Brown, and Steven Pomerantz were duly reelected as our board of directors. At the meeting, the shareholders also approved an amendment to our Articles of Incorporation which increased the total number of authorized shares of the Company to 160,000,000 shares, consisting of (i) 150,000,000 shares of common stock and (ii) 10,000,000 shares of "blank check" preferred stock.

On October 15, 2004, the Company filed in the southern district of Florida a plan of reorganization under Chapter 11 of the United States bankruptcy code. This culminated a lengthy effort by management and the Board of Directors to find alternatives to enhance shareholder value in the face of deteriorating operating performance. The Court confirmed the Company's plan of reorganization on January 10, 2005 and the plan was declared effective on January 28, 2005. We formally emerged from bankruptcy protection on April 29, 2005.

As part of the plan:

(1) TeeZee, Inc., a company formed by our former Chief Executive Officer, Christopher Tisi, purchased substantially all of the assets of the Company, including the rights to the name "Health & Nutrition Systems International, Inc." in exchange for \$350,000 in cash and assumption of approximately \$1,841,000 in liabilities. Although allowed for under the plan no other bids were submitted.

(2) The Company entered into an employment agreement with Mr. James Brown, which provides for:

- o Salary of \$9,200 per month until May 29, 2005 (30 days after the Company emerged from bankruptcy), and thereafter at a rate of \$7,000 per month; and
- o The issuance by the Company to Mr. Brown of 300,000 shares of its Common Stock, which are shares subject to repurchase by the Company if Mr. Brown terminates his employment with the Company for any reason at any time prior to the first anniversary of the agreement, or his employment with the Company is terminated by the Company for cause;

(3) TeeZee, Inc. assumed the secured claim of Garden State Nutritionals (GSN), a division of Vitaquest International, Inc.; GSN retained its pre-existing lien on substantially all of the transferred assets;

(4) TeeZee, Inc. assumed the secured claim of SunTrust Bank on the

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Company's 2004 Honda Element on the effective date; SunTrust retained its pre-existing lien on the vehicle;

(5) TeeZee, Inc. assumed most unsecured claims, including those of trade and employee creditors, together with any unsecured deficiency claims of GSN and SunTrust. The unassumed unsecured claims of the Company were paid, pro rata, from a fund which did not exceed \$50,000;

(6) A permanent injunction was issued barring the Company and the purchaser from violating Window Rock Enterprises, Inc.'s trademarks for "CortiSlim" and the Company agreed not to challenge Window Rock's trademark for this product; and

(7) All holders of the Company's common stock retained their shares.

Since the effective date of the Plan, the Company has continued to exist as a separate incorporated entity. The present directors of the Company have continued as directors of the Company, and Mr. Brown has continued to serve as Chief Executive Officer and Chairman of the Board of Directors. He is the sole officer of the Company.

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ASHLIN DEVELOPMENT CORPORATION  
NOTES TO CONDENSED FINANCIAL STATEMENTS

=====

The Company has been engaged in the business of seeking suitable commercial activities or a strategic alliance with an operating entity.

From inception through the effective date of our Plan of Reorganization, we developed, marketed and sold weight management, energy and sport nutrition products to national and regional, food, drug, health, pharmacy, mass-market accounts, and independent health and pharmacy accounts. Our product formulations were not proprietary.

We currently have no business operations or revenues, and our current business plan is to acquire or merge with an unidentified company or companies.

### OVERVIEW

-----

The Company, effective January 28, 2005, completed the sale of substantially all of its assets to TeeZee, Inc. The Company had operating activities in January that have been reported as discontinued operations in the Statement of Operations for the nine months ended September 30, 2005. The discontinued operations produced a loss of \$155,701.

There was no revenue for the three and nine months ended September 30, 2005, except that attributable to discontinued operations; this compared to revenue for the three and nine months ended September 30, 2004 of \$2,370,380 and \$5,249,928, all attributable to discontinued operations.

Total operating expenses from continued operations for the three and nine months ended September 30, 2005 were \$127,879 and \$440,575, respectively, which primarily consisted of general and administrative expenses. Total operating expenses from discontinued operations for the nine months ended September 30,

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2005 were \$155,701, which primarily consisted of general and administrative expenses.

The loss from operations for the three and nine months ended September 30, 2005 attributable to continued operations was \$127,879 and \$440,575, respectively. The loss from operations for the nine months ended September 30, 2005 attributable to discontinued operations was \$155,701. This compared to a net profit for the three months and a net loss for the nine months ended September 30, 2004 of \$185,899 and 773,788, each attributable to discontinued operations.

During the nine months ended September 30, 2005, we recorded a one-time gain of \$1,794,893 on the sale of substantially all of our assets.

For the nine months ended September 30, 2004, we recorded an expense for interest of \$24,572.

Net income (loss) for the three and nine months ended September 30, 2005 was \$(127,654) and \$1,198,927, respectively. The loss for the three month period ended September 30, 2005 consists of administrative expenses, including legal expenses, incurred without any offsetting revenue. Net income for the nine months ended September 30, 2005 is attributable to the gain from the sale of substantially all of our assets less the loss from our continued operations and from our discontinued operations during such period. Net income of \$185,899 for the three months ended September 30, 2004 and a loss of \$773,788 for the nine months ended September 30, 2004 reflect the results of discontinued operations during such period.

### Employees

-----

As of September 30, 2005, the Company had one employee, Mr. Brown, our Chairman, Chief Executive Officer and Secretary. Since all other employees employment was terminated at the closing, all except 55,000 stock options granted to the directors of the Company were cancelled 30 days after January 28, 2005.

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### Liquidity and Capital Resources

-----

At September 30, 2005, the Company had working capital deficit of \$7,652, compared to a working capital deficit of \$920,763 at September 30, 2004. The improvement in working capital is based on the sale of substantially all of our assets.

Net cash used in operating activities for the nine months ended September 30, 2005, was (\$346,479) compared to \$449,088 provided by operating activities for the nine months ended September 30, 2004. This decrease, while not directly comparable to 2004 due to the discontinued operations, is attributable to the sale of substantially all of the assets and the loss from operations.

The Company is currently exploring its options which may include acquiring or otherwise entering into a new business or merging with an as yet unidentified company or companies. To the extent that we are unable to identify and successfully complete a transaction within the next six months, we may be unable to continue as a going concern.

### Going Concern Qualification

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Because of uncertainties as to our future ability to secure capital, our independent auditors' report on our financial statements for the year ended December 31, 2004 contains an explanatory paragraph about our ability to continue as a going concern.

There is substantial doubt about our ability to continue as a going concern. We currently have no business operations or revenues, and our current business plan is to acquire or merge with an unidentified company or companies. Our financial statements do not include any adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

### New Accounting Pronouncements

-----

SFAS No. 154, Accounting Changes and Error Corrections, was issued in May 2005 and replaces APB Opinion NO. 20 and SFAS No. 3. SFAS No. 154 requires retrospective application for voluntary changes in accounting principle in most instances and is required to be applied to all accounting changes made in fiscal years beginning after December 15, 2005. The Company's expected April 1, 2006 adoption of SFAS No. 154 is not expected to have a material impact on the Company's consolidated financial condition or results of operations.

### ITEM 3. CONTROLS AND PROCEDURES.

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#### Evaluation of Disclosure Controls and Procedures

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As of the end of the period, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. This evaluation was done by our Chief Executive Officer, our sole executive officer and employee. Based upon that evaluation, he concluded that the Company's disclosure controls and procedures are effective in gathering, analyzing, and disclosing information needed to satisfy our disclosure obligations under the Exchange Act.

#### Change in Internal Controls

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There were no changes in the Company's internal control over financial reporting or in other factors that could significantly affect those controls since the most recent evaluation of such controls.

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## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

-----

We were involved in litigation with J.C. Herbert Bryant, III, a former officer, director and one of our shareholders, and KMS-Thin Tab 100, Inc., which was settled in September 2002. As part of the settlement, we entered into a distribution agreement with Mr. Bryant, beginning on September 26, 2002 and ending on September 25, 2007, permitting Mr. Bryant to purchase certain products from us and to exclusively distribute those products in Florida from Orlando south. In October 2003, we terminated the distribution agreement with KMS based on KMS's breach of material terms of the agreement. On December 1, 2003, we

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filed suit against KMS-Thin Tab 100, Inc. in the Palm Beach County Circuit Court (Case No. 2003CA012757XXCDAN) for breach of contract, trademark infringement and for a declaration of rights that the distribution agreement is terminated and of no further force and effect. KMS answered the complaint and filed its own counterclaim for fraud in the inducement, trademark infringement, dilution and fraudulent misrepresentation; the fraud-based counterclaims were dismissed with prejudice by the Court on summary judgment. KMS subsequently amended its counterclaim to allege a breach of contract under the distribution agreement. In January 2005, the State Court in Florida ruled that neither party should prevail, and rejected a request for attorney's fees by KMS-Thin Tab 100 Inc., thus adjudicating the matter. KMS-Thin Tab 100 Inc. subsequently filed a notice of appeal.

Subsequently, on July 29, 2005, the 4th District Court of Appeals granted the Company's motion to dismiss the appeal by KMS-Thin Tab 100 Inc. The Company is not aware of any other outstanding litigation.

The disclosure set forth under "Item 2. Management's Discussion and Analysis or Plan of Operation - Recent Developments" is incorporated herein by reference.

### ITEM 2. EXHIBITS.

-----

Exhibit 31.1            Certification Pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1            Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-B).

### ITEM 3    DEFAULTS ON SENIOR SECURITIES

-----

N/A

### ITEM 4    SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

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At the Company's annual meeting held on August 4, 2005, the shareholders elected James A. Brown, Steven Pomerantz and Theodore Alflen as to serve as directors until the next annual meeting. The shareholders also approved an amendment to the Company's Articles of Incorporation which increased the total number of authorized shares of the Company to 160,000,000 shares, consisting of (i) 150,000,000 shares of common stock and (ii) 10,000,000 shares of "blank check" preferred stock.

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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.

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Date: November 10, 2005

ASHLIN DEVELOPMENT CORPORATION

By: /s/James A. Brown

-----  
James A. Brown  
Chairman, Chief Executive Officer  
and Secretary  
(Principal executive officer and duly  
authorized officer)

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EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
-----	-----
31.1	Certification Pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-B).