CARMINA TECHNOLOGIES INC
Form 10QSB
December 22, 2003

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-QSB**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE PERIOD ENDED September 30, 2003**

Commission File number 0-30685

CARMINA TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Utah

870305395

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

810, 540 5th Avenue SW, Calgary, Alberta, Canada

(Address of principal executive officers)

T2P-0M2

(Zip Code)

(403) 269-5369

(Registrant s telephone number, including area code)

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 periods 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

ISSUER HAS NOT BEEN INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

ISSUER IS A CORPORATION

Common stock, No par value - 24,606,000 shares issued and outstanding as of December 12, 2003.

Transitional Small Business Disclosure Format (Check One):

Yes [ ] No [X]

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**Part I**

**Item 1. Interim Financial Statements**

**CARMINA TECHNOLOGIES, INC.**

**AND SUBSIDIARIES**

**(in US Dollars)**

**(Unaudited)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2003**

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**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Consolidated Balance Sheets

(in US Dollars)

| As at | | September 30, 2003 (unaudited) | | December 31, 2002 |
|---|---|---|---|---|
| CURRENT ASSETS | | | | |
| Cash | $ | 6,633 | $ | 42,930 |
| Accounts receivable (net of allowance of $4,815 and $5,766) | | 50,938 | | 33,430 |
| Other receivables | | 14,020 | | 15,648 |
| Prepaid expenses (Note 6(g)) | | 136,879 | | 12,524 |
| Inventory | | 22,323 | | 17,760 |
| Marketable securities (Note 1(a)) | | 6,750 | | 9,048 |
| Total Current Assets | | 237,543 | | 131,340 |
| PROPERTY AND EQUIPMENT | | | | |
| (net of accumulated depreciation) | | 141,827 | | 95,031 |
| GOODWILL (Note 3) | | 495,065 | | 495,065 |
| TOTAL ASSETS | $ | 874,435 | $ | 721,436 |
| LIABILITIES AND CAPITAL DEFICIT | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | $ | 585,991 | $ | 238,195 |
| Due to related party (Note 1(b)) | | 958,447 | | 486,743 |
| Accrued expenses | | 24,368 | | 20,627 |
| Capital lease | | 43,557 | | 5,702 |
| Deferred revenues | | 31,912 | | 24,462 |
| Total Current Liabilities | | 1,644,275 | | 775,729 |
| CAPITAL DEFICIT | | | | |
| Common stock: 40,000,000 shares authorized no par value, | | | | |
| 24,606,000 shares (December 31, 2002 - 23,467,300) | | 2,510,832 | | 2,288,482 |
| Additional paid-in capital | | 2,529,064 | | 1,350,229 |

| | | |
|---|---|---|
| Accumulated other comprehensive loss | | |
| -foreign exchange losses | (137,000) | (17,668) |
| Accumulated deficit | (5,672,736) | (3,675,336) |
| Total Capital Deficit | (769,840) | (54,293) |
| TOTAL LIABILITIES & CAPITAL DEFICIT | $ 874,435 | $ 721,436 |

*See accompanying notes to the interim consolidated financial statements*

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**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Interim Consolidated Statements of Operations

(in US Dollars)

(unaudited)

| | For the three months ended September 30th | | | For the nine months ended September 30th | | |
|---|---|---|---|---|---|---|
| | 2003 | 2002(1) | 2002(2) | 2003 | 2002(1) | 2002(2) |
| REVENUES | | | | | | |
| Hosting and access | $ 82,315 | $ -- | $ 28,479 | $ 234,446 | $ -- | $ 117,733 |
| Consulting | 5,414 | -- | 98,498 | 120,304 | -- | 333,686 |
| Hardware sales | 21,104 | -- | 2,777 | 249,871 | -- | 176,781 |
| | 108,833 | -- | 129,754 | 604,621 | -- | 628,200 |
| COST OF REVENUES | | | | | | |
| Hosting and access | 69,553 | -- | 16,275 | 186,747 | -- | 41,037 |
| Consulting | 10,924 | -- | 40,340 | 100,134 | -- | 141,934 |
| Hardware | 15,003 | -- | 4,710 | 216,766 | -- | 151,498 |
| Depreciation | 3,450 | -- | 2,749 | 8,912 | -- | 8,063 |
| | 98,930 | -- | 64,074 | 512,559 | -- | 342,532 |

| | | | | | | |
|---|---|---|---|---|---|---|
| GROSS PROFIT | 9,903 | -- | 65,680 | 92,062 | -- | 285,669 |
| EXPENSES (RECOVERY) | | | | | | |
| General and administrative | | | | | | |
| (Note 4) | (160,694) | 204,427 | 41,068 | 1,735,538 | 471,541 | 125,911 |
| Selling and marketing | 27,764 | -- | 76,966 | 283,859 | -- | 196,318 |
| Depreciation | 6,632 | 1,774 | 917 | 17,834 | 3,229 | 2,688 |
| Research and development | 6,201 | -- | -- | 41,763 | 321 | -- |
| Total Expenses (Recovery) | (120,097) | 206,201 | 118,951 | 2,078,994 | 475,091 | 324,917 |
| INCOME (LOSS) FROM OPERATIONS | 130,000 | (206,201) | (53,271) | (1,986,932) | (475,091) | (39,248) |
| OTHER INCOME (EXPENSE) | | | | | | |
| Unrealized gain (loss) on investments | -- | 5,460 | -- | (2,298) | (43,934) | -- |
| Writedown of advances | -- | -- | -- | -- | (213,461) | -- |
| Interest and other income | 152 | -- | 165 | 1,233 | 20 | 955 |
| Interest expense | (2,717) | (6) | (1,194) | (9,403) | (2,606) | (2,403) |
| Total Other Income (Expenses) | (2,565) | 5,454 | (1,029) | (10,468) | (259,981) | (1,448) |
| NET INCOME (LOSS) | $ 127,435 | $ (200,747) | $ (54,300) | $ (1,997,400) | $ (735,072) | $ (40,696) |
| BASIC AND DILUTED INCOME (LOSS) PER SHARE | $ 0.01 | $ (0.01) | $ (0.03) | $ (0.08) | $ (0.03) | $ (0.02) |
| WEIGHTED AVERAGE SHARES OUTSTANDING | 24,597,667 | 21,976,478 | 1,764,706 | 24,274,822 | 21,937,026 | 1,764,706 |

(1) Represents the results of operations of Carmina Technologies, Inc. (the successor company).

(2) Represents the results of operations of WorldWide Online Corp. (the predecessor company).

*See accompanying notes to the interim consolidated financial statements.*

**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Interim Consolidated Statements of Comprehensive Income (Loss)

(in US Dollars)

(unaudited)

| | For the three months ended September 30th | | | For the nine months ended September 30th | | |
|---|---|---|---|---|---|---|
| | 2003 | 2002[1] | 2002[2] | 2003 | 2002[1] | 2002[2] |
| NET INCOME (LOSS) | $ 127,435 | $ (200,747) | $ (54,300) | $ (1,997,400) | $ (735,072) | $ (40,696) |
| Foreign exchange translation gains (losses) | (2,938) | 29,675 | 20,869 | (119,332) | 20 | (2,480) |
| COMPREHENSIVE INCOME (LOSS) | $ 124,497 | $ (171,072) | $ (33,431) | $ (2,116,732) | $ (735,052) | $ (43,176) |

(1) Represents the comprehensive loss of Carmina Technologies, Inc. (the successor company).

(2) Represents the comprehensive loss of WorldWide Online Corp. (the predecessor company).

*See accompanying notes to the interim consolidated financial statements.*

**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Interim Consolidated Statements of Capital Deficit

(in US Dollars)

(unaudited)

| | Common Stock | | | Accumulated | | |
|---|---|---|---|---|---|---|
| | No. of Shares | Amount | Additional Paid in Capital | Other Comprehensive Losses | Accumulated Deficit | Total |
| Balance, Jan 1, 2003 | 23,467,300 | $ 2,288,482 | $ 1,350,229 | $ (17,668) | $ (3,675,336) | $ (54,293) |
| Common stock issued for exercise of options (Note 6) | 723,000 | -- | 361,750 | | -- | 361,750 |
| Options exercised for cash | 240,700 | 24,350 | -- | | -- | 24,350 |
| Common stock issued to consultant for contract (Note 6) | 75,000 | 120,000 | -- | -- | -- | 120,000 |
| Common stock issued to officer for bonus (Note 6) | 100,000 | 78,000 | -- | -- | -- | 78,000 |
| Compensation expense on options issued to consultants and employees (Note 4 (b)) | | -- | 669,758 | | -- | 669,758 |
| Issuance of warrants for consulting services (Note 6) | -- | -- | 57,327 | -- | -- | 57,327 |
| Services contributed by officers of the Company (Note 5) | | -- | 90,000 | | -- | 90,000 |
| Other comprehensive losses | | | -- | (119,332) | -- | (119,332) |
| Net loss for the period | | | -- | -- | (1,997,400) | (1,997,400) |
| Balance, September 30, 2003 | 24,606,000 | $ 2,510,832 | $ 2,529,064 | $ (137,000) | $ (5,672,736) | $ (769,840) |

*See accompanying notes to the interim consolidated financial statements.*



**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Interim Consolidated Statements of Cash Flows

(in US Dollars)

(unaudited)

| | For the nine months ended September 30th | | |
|---|---|---|---|
| | 2003 | 2002(1) | 2002(2) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | $ (1,997,400) | $ (735,072) | $ (40,696) |
| Adjustments to reconcile net income (loss) to net cash used by operating activities: | | | |
| Depreciation | 26,746 | 3,229 | 10,751 |
| Services contributed by officers (Note 5) | 90,000 | 120,000 | -- |
| Unrealized loss on securities | 2,298 | 43,934 | -- |
| Bad debt expenses | 4,815 | -- | -- |
| Writedown of advances | -- | 213,461 | -- |
| Common stock and warrants issued for services | 144,506 | 70,000 | -- |
| Compensation expense through issuance of options (Note 4 (b)) | 669,758 | 28,200 | -- |
| Compensation expense on cashless exercise of options | 361,750 | | -- |
| Changes in operating assets & liabilities: | | | |
| (Increase) decrease in receivables | (11,777) | 4,057 | 31,798 |
| Increase in prepaid expenses | (10,791) | (361) | (6,154) |
| Increase in inventory | (3,786) | -- | -- |
| Increase (decrease) in accounts | 297,052 | (44,663) | (62,414) |

| | | | |
|---|---|---|---|
| payable & accrued expenses | | | |
| Increase (decrease) in deferred revenues | 3,163 | -- | (7,379) |
| Net Cash Used in Operating Activities | (423,666) | (297,215) | (74,094) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | (23,954) | (12,751) | (12,909) |
| Net Cash Used in Investing Activities | (23,954) | (12,751) | (12,909) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advances from related party (Note 1 (b)) | 377,319 | 296,830 | -- |
| Capital lease payments | (19,685) | -- | (2,429) |
| Issuance of common stock for cash | 24,350 | | -- |
| Net Cash Provided by (Used in) Financing Activities | 381,984 | 296,830 | (2,429) |
| NET DECREASE IN CASH | (65,636) | (13,136) | (91,912) |
| Effect of currency fluctuation on cash | 29,339 | -- | (2,480) |
| CASH AT BEGINNING OF PERIOD | 42,930 | 16,326 | 161,854 |
| CASH AT END OF PERIOD | $ 6,633 | $ 3,190 | $ 69,942 |

*See Note 7 for Statement of Cash Flows supplementary information.

(1) Represents the cash flows of Carmina Technologies, Inc. (the successor company).

(2) Represents the cash flows of WorldWide Online Corp. (the predecessor company).

*See accompanying notes to the interim consolidated financial statements*



**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

September 30, 2003

(In US Dollars)

(unaudited)

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Carmina Technologies, Inc. (Carmina) was incorporated under the laws of the State of Utah on March 5, 1973.

The interim consolidated financial statements presented include those of Carmina Technologies, Inc., its wholly owned subsidiaries Carmina Canada Inc. (CCI), Assured Performance Monitoring, Inc. (APM) and WorldWide Online Corp. (WWO). Collectively, they are referred to herein as the Company.

The Company develops and markets technological services in the performance monitoring sector.

On February 9, 2000, the Company completed an Agreement and Plan of Reorganization whereby Carmina issued 16,000,000 shares of its common stock in exchange for all of the outstanding common stock of Carmina Canada Inc. The reorganization was accounted for as a recapitalization of CCI because the shareholders of CCI control the Company after the acquisition. Therefore, the financial statements are presented as a continuation of CCI.

APM

APM develops and markets the ASSUR family of monitoring services. Using proprietary software, the ASSUR products facilitate planning and scheduling and monitor the execution of critical services and confirm proof of delivery and execution.

WWO

Effective October 1, 2002, the Company acquired all the issued shares of WorldWide Online Corp. (WWO), from WorldWide Data Inc., (Note 3). As a result of the acquisition, WWO is considered to be the predecessor business.

WWO is a Toronto-based, Managed Service Provider offering business-to-business solutions for clients in Canada, the USA and Europe. Supported by a team of design and development professionals, WWO hosts, manages and builds corporate solutions covering a wide range including web hosting, application development, e-commerce infrastructures, knowledge management and business process improvement complemented by a suite of internet working solutions involving design, implementation and management of client networks. WWO is the implementation, support and technical services provider for APM and other company subsidiaries.

The interim consolidated financial statements included herein have been prepared by the Company, without audit, in accordance with accounting principles generally accepted in the United States and 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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these interim consolidated financial statements be read in conjunction with the consolidated financial statements for the year ended December 31, 2002 and notes thereto included in the Company s Annual report on Form 10-KSB. The Company follows the same accounting principles in preparation of interim reports.



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**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

September 30, 2003

(In US Dollars)

(unaudited)

Results of operations for the interim periods may not be indicative of annual results.

Information summarizing certain of the Company s significant accounting policies are set out below:

a. Marketable Securities

The Company held 362,500 (December 31, 2002 - 362,500) shares of Qnetix, Inc. s common stock as trading securities at September 30, 2003. The fair value of the Company s marketable securities is estimated based on quoted market prices for those investments. The fair value of Qnetix, Inc. marketable securities based on the last quoted market price at September 30, 2003 was $nil (December 31, 2002 - $2,298). Accordingly, the Company recognized an unrealized loss on investment of $2,298 for the nine months ended September 30, 2003.

The Company also held 225,000 (December 31, 2002 - 225,000) shares of Power Interactive Media Inc. (formerly Power Kiosk, Inc.) as trading securities at September 30, 2003. The fair value of Power Interactive Inc. marketable securities based on the last market priced sale of shares at September 30, 2003 was $6,750 (December 31, 2002 - $6,750).

Because the Company s marketable securities are classified as trading and reported at fair value, there is no need to evaluate the securities for impairment.

b. Related Party Transactions

Amounts Due to a Related Party consist of $925,353 (December 31, 2002 - $439,501) due to Rhonda Corporation, a party related by virtue of being a significant shareholder of the Company, and $33,094 (December 31, 2002 - $47,242) due to an officer of the Company. These amounts are unsecured, non-interest bearing and with no specific terms of repayment. During the nine month period ended September 30, 2003 the Company paid $18,898 (nine months ended September 30, 2002 - $nil) in consulting fees to a director of the Company. Such related party transactions are recorded at the exchange amount, being the amount of consideration established and agreed to by the related parties.

c. Stock-based Compensation

The Company applies Accounting Principles Board ( APB ) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in accounting for all stock option plans. Under APB Opinion No. 25, compensation cost is recognized for stock options granted to employees when the option price is less than the market price of the underlying common stock on the date of grant. Such compensation is amortized on a straight-line basis over the respective vesting periods.

SFAS No. 123, *Accounting for Stock-Based Compensation* ( SFAS No. 123"), requires the Company to provide proforma information regarding net income and net income per share as if compensation costs for the Company s stock option plans and other stock awards had been determined in accordance with the fair value based method prescribed in SFAS No. 123.

**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

September 30, 2003

(In US Dollars)

(unaudited)

Stock options granted to non-employees are accounted for in accordance with the fair value based method prescribed in SFAS No. 123 using the Black-Scholes option pricing model. Stock compensation for non-employees is re-measured quarterly until such options vest.

The Company does not plan to adopt the fair value based method of accounting for stock-based compensation to employees. Had full compensation cost for the Company s stock options issued to employees, directors and officers been recorded using the fair value based method related pro-forma information required under SFAS No. 123 would have been as follows:

| | | For the three months ended September 30, 2003 | | For the nine months ended September 30, 2003 |
|---|---|---|---|---|
| Reported net income (loss) | $ | 127,435 | $ | (1,997,400) |
| Add (Deduct): stock option compensation expense (recovery) for employee options included in reported net loss | | (462,051) | | 639,366 |
| Deduct: total stock option compensation expense determined under the fair value based method | | (121,364) | | (402,822) |
| Proforma net loss | $ | (455,980) | $ | (1,760,856) |
| Reported income (loss) per share, basic and diluted | $ | 0.01 | $ | (0.08) |
| Proforma loss per share, basic and diluted | $ | (0.02) | $ | (0.07) |

For the proforma disclosures, fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions: No dividends have been issued. The expected holding period for the options was between 2 and 5 years. The US treasury rate for the period equal to the expected life of the options (3.0%) was used as the risk-free rate. The volatility used was 181% based on historical price per share of shares sold. The value is also recognized over the vesting terms of the options.

During the period from January 1, 2003 to September 16, 2003, the Company permitted certain individuals holding stock options to exercise the options on a cashless basis pursuant to terms and conditions of the Stock Option Plan (the Plan ). By virtue of accepting the exercise on a cashless basis, stock options granted to employees pursuant to the Plan were accounted for following variable accounting provisions. Under variable accounting, compensation expense was first recognized for the difference between the quoted market price of the Company s underlying common shares and the exercise price (plus any intrinsic value calculated on the initial grant of the options) of the options on the date variable accounting first applies. After that date, compensation expense on remaining employee options outstanding was recalculated on a quarterly basis until the options were exercised or were forfeited or expired unexercised. On March 3, 2003, the quoted market price was $1.55, which resulted in initial compensation expense of $348,000 pertaining to 240,000 options exercised by employees on that date. On August 27, 2003, the quoted market price was $1.10, which resulted in additional compensation expense of $13,750 pertaining to 25,000 options exercised by employees on that date. Additional compensation expense of





$277,616 pertaining to 1,395,000 options held by employees as at September 30, 2003 was recognized in the nine months ended September 30, 2003.

**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

September 30, 2003

(In US Dollars)

(unaudited)

On September 16, 2003, the Company cancelled the remaining 1,185,000 employee stock options previously granted under the Plan. In exchange for the cancellation, the Company granted 1,185,000 replacement options under a new 2003 Stock Option Plan (the 2003 Plan ). There were no modifications to the original terms of the options originally granted under the old Plan except that the optionee is no longer able to exercise the options on a cashless basis.

The Company used the intrinsic method to account for the replacement options granted to employees pursuant to the 2003 Plan. Since options granted under the 2003 Plan do not permit a cashless exercise which would result in variable accounting, variable accounting in respect of options granted to employees ceased upon inception and grant of options under the 2003 Plan.

d. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year s presentation.

e. New Accounting Pronouncements

FIN 46, "Consolidation of Variable Interest Entities", clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements", to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is applicable immediately for variable interest entities created after January 31, 2003. For variable interest entities created prior to January 31, 2003, the provisions of FIN 46 are applicable for periods ending after December 15, 2003. The implementation of this new standard is not expected to have a material effect on the Company s consolidated financial statements.

On May 15, 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring those instruments to be classified as liabilities (or assets in some circumstances) in the balance sheet. Further, SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. SFAS No. 150 affects an entity's classification of the following freestanding instruments: a) Mandatorily redeemable instruments b) Financial instruments to repurchase an entity's own equity instruments c) Financial instruments embodying obligations that the issuer must or could choose to settle by issuing a variable number of its shares or other equity instruments based solely on (i) a fixed monetary amount known at inception or (ii) something other than changes in its own equity instruments d) SFAS No. 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The guidance in SFAS No. 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003.

The implementation of this new standard did not have a material effect on the Company s consolidated financial statements.



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**CARMINA TECHNOLOGIES, INC. AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

September 30, 2003

(In US Dollars)

(unaudited)

NOTE 2 - GOING CONCERN

The Company s interim consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the liquidation of assets and satisfaction of liabilities and commitments in the normal course of business. The Company incurred a net loss of $1,997,400 for the nine months ended September 30, 2003, has an accumulated deficit of $5,672,736, has negative working capital of $1,406,732 (including $958,447 due to related parties) and has insufficient revenues to cover its operating costs. Management s plans to continue as a going concern include (1) continued growth of its sales revenues through APM and WWO, (2) raising additional capital through sales of common stock, the proceeds of which would be used to market and develop the existing software and related rights, hiring of administrative, sales and marketing personnel and (3) the use of stock options to pay for employee compensation and marketing services. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. These conditions raise substantial doubt about the Company s ability to continue as a going concern. The accompanying interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - BUSINESS COMBINATION

Effective October 1, 2002, the Company acquired all the issued shares of WorldWide Online Corp. (WWO), from WorldWide Data Inc, for a consideration of 650,000 restricted shares of the Company valued at $357,500. An additional 350,000 or 600,000 shares will be delivered by January 31, 2004, (as amended from September 30, 2003) provided WWO achieves specific gross revenue, gross margin and earnings before income tax, depreciation and amortization (EBITDA) targets during the twelve month period ending December 31, 2003 (as extended from August 31, 2003) and the value of consideration will be adjusted accordingly. To obtain the maximum of 1,250,000 shares, WWO must achieve gross revenues of CAN $1,400,000 (approximately $980,000), gross margins of CAN $500,000 (approximately $350,000) and cumulative EBITDA of CAN $60,000 (approximately $42,000) in the twelve month period. The amount of consideration was arrived at in arm s length negotiations with the vendor and the price per share was based on the most recent sale price of the Company s stock on the OTCBB prior to signing the letter of intent on August 26, 2002.

The acquisition of WWO provided Carmina with the technical personnel, operational capacity and support framework needed to bring APM products to market. Additionally, WWO products and services are complementary to those offered by APM, thereby providing an opportunity to integrate WWO products and services with those of APM.



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The acquisition of WWO has been accounted for by the purchase method, with the Company being the acquirer, based on the fair values of the assets or liabilities acquired, as follows:

| | | Book Value | Fair Value | Discrepancy |
|---|---|---|---|---|
| Current assets | $ | 105,215 $ | 105,215 $ | -- |
| Current liabilities | | (296,351) | (296,351) | -- |
| Negative working capital | | (191,136) | (191,136) | -- |
| Fixed assets | | 55,753 | 55,753 | -- |
| Long-term portion of capital lease obligations | | (2,182) | (2,182) | |
| Goodwill | | -- | 495,065 | (495,065) |
| Net assets acquired | $ | (137,565) $ | 357,500 $ | (495,065) |
| Purchase price being the value attributed to the shares acquired | $ | 357,500 $ | 357,500 | |

NOTE 4 - WARRANTS AND OPTIONS

a. Warrants

A summary of the status of the Company s warrants as of January 1, 2003 and changes during the nine months ending September 30, 2003 are presented below:

| | Warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding and exercisable, January 1, 2003 | 700,000 | $ 1.00 |
| Granted | 75,000 | 3.18 |
| Outstanding, September 30, 2003 | 775,000 | $ 1.21 |
| Exercisable, September 30, 2003 | 775,000 | $ 1.21 |

The warrants that are vested at September 30, 2003 are summarized as follows:

| | Outstanding | | Weighted Average Remaining Contractual | Exercisable | |
|---|---|---|---|---|---|
| Exercise Price | Number Outstanding | Weighted Average Exercise Price | | Number Exercisable | Weighted Average Exercise Price |

| | | | Life | | |
|---|---|---|---|---|---|
| Range - $1.00 | 700,000 | $ 1.00 | 1.19 years | 700,000 | $ 1.00 |
| Range - $3.18 | 75,000 | 3.18 | 2.62 years | 75,000 | 3.18 |
| | 775,000 | $ 1.21 | | 775,000 | $ 1.21 |



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During the nine months ended September 30, 2003, the Company issued 75,000 restricted warrants to a non-employee for financial consulting services. Each warrant entitles the holder to purchase one common share of the Company at $3.18 for a three-year period (Note 6 (g)). The fair value of each warrant was $0.76 and was calculated using the following assumptions: No dividends. The expected life of the warrants is 3 years. The US treasury rate for the period equal to the expected life of the warrants (1.86%) was used as the risk-free rate. The volatility used was 110% based on historical price per share of shares sold. The fair value of the warrants was $57,327, determined using the Black Scholes option pricing model using the assumptions above. This expense is being amortized over the service period. Amortization of this amount for the nine months ended September 30, 2003 totaled $21,510, which was charged to the Consolidated Statements of Operations as a component of general and administrative expenses.

b. Stock Options

On September 16, 2003 the Company's Board of Directors cancelled its previously approved Stock Option Plan from February 12, 2000 (as amended on August, 26, 2002) and options previously granted thereunder and approved its new 2003 Stock Option Plan (the 2003 Plan ). Options previously outstanding under the old Plan were reissued under the 2003 Plan with the same terms and conditions as previously existed under the old Plan, except the removal of certain provisions as to cashless exercise. The 2003 Plan provides for the granting of stock options to key employees, directors and consultants to purchase up to 4,000,000 common shares of the Company. Under the 2003 Plan, the granting of incentive and non-qualified stock options, exercise prices and terms are determined by the Company's Board of Directors. For incentive options, the exercise price shall not be less than the fair market value of the Company's common stock on the grant date. (In the case of options issued to an employee who owns stock possessing more than 10% of the voting power of all classes of the Company's stock on the date of grant, the option price must not be less than 110% of the fair market value of common stock on the grant date.). Options granted are not to exceed terms beyond ten years (5 years in the case of an incentive stock option granted to a holder of 10 percent of the Company's common stock). Unless otherwise specified by the Board of Directors, stock options shall vest at the rate of 25% per year starting one year following the granting of options. All options outstanding as of September 30, 2003 were granted under the 2003 Plan.

Employees

The Company applies Accounting Principles Board ( APB ) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in accounting for all stock option plans. Under APB Opinion No. 25, compensation cost is recognized for stock options granted to employees when the option price is less than the market price of the underlying common stock on the date of grant. Such compensation is recognized on a straight-line basis over the vesting periods of the respective options. By virtue of the exercise of options previously granted under the original Plan on a cashless basis on March 3, 2003, the options previously granted to employees were being accounted for prospectively as variable (Note 1 (c)).



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A summary of the status of the Company s options accounted for under APB No. 25 as at January 1, 2003 and changes during the nine months ending September 30, 2003 (including the cancellation of options under the old Plan and reissuance under the 2003 Plan) is presented below:

| | Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, January 1, 2003 | 1,490,000 | $ 0.42 |

| | | |
|---|---|---|
| Granted | 200,000 | 1.50 |
| Exercised | (505,000) | 0.12 |
| Cancelled on termination of old Plan | (1,185,000) | 0.58 |
| Granted under 2003 Plan | 1,395,000 | 0.58 |
| Outstanding, September 30, 2003 | 1,395,000 | $ 0.58 |
| Exercisable, September 30, 2003 | 482,500 | $ 0.57 |
| Exercisable, December 31, 2002 | 410,000 | $ 0.22 |

Options accounted for in accordance with APB No. 25 as at September 30, 2003 are summarized as follows:

| | Outstanding | | | Exercisable | |
|---|---|---|---|---|---|
| Exercise Price | Number Outstanding at September 30, 2003 | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Number Exercisable at September 30, 2003 | Weighted Average Exercise Price |
| Range - $0.55 | 585,000 | $ 0.55 | 3.73 years | 280,000 | $ 0.55 |
| Range - $0.60 | 810,000 | $ 0.60 | 4.73 years | 202,500 | $ 0.60 |
| | 1,395,000 | $ 0.58 | | 482,500 | $ 0.57 |

For the nine months ended September 30, 2003, compensation expense of $639,366 (2002 - $nil) was recognized in respect of exercised and unexercised options to employees under the old Plan, calculated using variable accounting. Of this amount, $361,750 (2002 - $nil) was recognized in respect of options exercised by employees on a cashless basis. (Note 6 (c) and (h)).

On September 16, 2003, the Company cancelled the remaining 1,185,000 options granted to employees under the old Plan who were entitled to exercise options on a cashless basis. Concurrently, the Company issued 1,185,000 replacement options under the 2003 Plan. No compensation expense was recognized using variable accounting for employee options subsequent to September 16, 2003.

(In US Dollars)

(unaudited)

Non-employees

FASB Statement 123, Accounting for Stock-Based Compensation (SFAS No. 123"), requires the Company to record compensation costs for the Company s stock option plans and other stock awards to consultants determined in accordance with the fair value based method prescribed in SFAS No. 123. Unvested stock options are measured quarterly for the purpose of determining stock option compensation.

A summary of the status of the Company s options accounted for under SFAS No. 123 as at January 1, 2003 and changes during the nine months ending September 30, 2003 (including the cancellation of options under the old Plan and reissuance under the 2003 Plan) is presented below:

| | Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, January 1, 2003 | 1,170,000 | $ 0.32 |
| Granted | 800,000 | 1.25 |
| Exercised | (520,700) | 0.10 |
| Cancelled on termination of old Plan | (1,449,300) | 0.91 |
| Granted under the 2003 Plan | 749,300 | 0.86 |
| Outstanding, September 30, 2003 | 1,749,300 | $ 0.86 |
| Exercisable, September 30, 2003 | 799,300 | $ 0.70 |
| Exercisable, December 31, 2002 | 724,300 | $ 0.31 |

Options accounted for under SFAS No. 123 as at September 30, 2003 are summarized as follows:

| | Outstanding | | | Exercisable | |
|---|---|---|---|---|---|
| Exercise Price | Number Outstanding at September 30, 2003 | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Number Exercisable at September 30, 2003 | Weighted Average Exercise Price |
| Range - $0.50 | 649,300 | $ 0.50 | 1.77 years | 524,300 | $ 0.50 |
| Range - $0.60 | 300,000 | $ 0.60 | 4.96 years | 75,000 | $ 0.60 |
| Range - $1.25 | 800,000 | $ 1.25 | 4.59 years | 200,000 | $ 1.25 |

| | | | |
|---|---|---|---|
| 1,749,300 | $ 0.86 | 799,300 | $ 0.70 |

Compensation expense of $392,142 (2002 - $5,000) has been recognized for the nine months ended September 30, 2003 in respect of options granted in the current and prior periods, under SFAS 123 based on the value attributable to these options as described above. The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions for options vesting in the period and those still unvested at September 30, 2003: No dividends. The US treasury rate for the period equal to the expected life of the options (2.36%) (2002 5.00%) was used as the risk-free rate. The volatility used was 181% (2002 1%) The value is being recognized over the vesting terms of the options. On September 16, 2003 1,449,300 options were granted



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under the 2003 Plan to replace the same number of options cancelled upon termination of the original Plan. There were no modifications to the terms of the options originally granted except to remove certain provisions with respect to cashless exercise. Therefore, no additional compensation expense was recorded as a result of the cancellation and reissue of the stock options.

NOTE 5 - MANAGEMENT FEES

The Company has three officers who contribute about one half of their time to the Company (2002 four officers). Although no cash was paid for their services, the value of their services is estimated at $40,000 per year for each officer. For the nine-month period ended September 30, 2003 the Company expensed $90,000 (2002 - $120,000) as management fees and showed the amount as services contributed to the Company on the Interim Consolidated Statements of Capital Deficit.

NOTE 6 - COMMON STOCK

During the nine-month period ended September 30, 2003 common stock of the Company was issued:

a) on February 28, 2003, a director and officer of the Company exercised 40,000 options at $0.10 per share for total cash proceeds of $4,000,

b) on March 3, 2003, a director and officer of the Company exercised 40,000 options at $0.10 per share for total cash proceeds of $4,000,

c) on March 3, 2003, directors, officers and consultants exercised 760,000 options at $0.10 per share. As payment, per Section 8 (e) (ii) of the *Stock Option Plan As Amended August 26, 2002,* 49,500 shares were used as payment to the Company in settlement of the option exercise price at the market price of $1.55 per share and the Company issued net 710,500 shares to the optionees at a net value of $1,100,550. As a result of the cashless exercise, variable accounting was used to calculate compensation expenses for options granted to employees. Under variable accounting, stock option compensation for options to employees was remeasured quarterly until such options were exercised, forfeited or expired. On March 3, 2003, $348,000 was recognized as additional compensation expense for 240,000 options exercised by employees on a cashless basis,

d) on April 1, 2003, a consultant of the Company exercised 700 options at $0.50 per share for total cash of $350,

e) on April 9, 2003, a director of the Company exercised 160,000 options at $0.10 per share for cash of $16,000,

f) on May 5, 2003 the Company issued 100,000 restricted shares to an officer of WorldWide Online in recognition of his contributions and to provide inducement to continue to serve as an officer of WWO. These shares were expensed at $0.78 per share, being the quoted market value of the Company s common stock on that date, and

g) on May 13, 2003, the Company issued 75,000 restricted shares and warrants to a non- employee of the Company in consideration for financial consulting services for a one year period. These shares were recorded at $1.60 per share, being quoted market value of the Company s common stock on that date for a total of $120,000. The warrants are exercisable immediately at $3.18 per share and expire on May 13, 2006. The fair value of the

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warrants totaling $57,327 was calculated based on an option pricing model. Compensation expenses relating to the issuance totaling $177,327 was recognized and is being amortized over the service period. As at September 30, 2003, $110,821 (2002 - $nil) was recorded as prepaid expenses on the consolidated balance sheet and $66,506 (2002 - $nil) was amortized as consulting fees for the nine months ended September 30, 2003.

h) on August 27, 2003, an employee exercised 25,000 options at $0.55 per share. As payment, per Section 8 (e) (ii) of the *Stock Option Plan As Amended August 26, 2002,* 12,500 shares were used as payment to the Company in settlement of the option exercise price at the market price of $1.10 per share and the Company issued net 12,500 shares to the optionees at a net value of $13,750. As a result of the cashless exercise, variable accounting was used to calculate compensation expense of $13,750 in respect of this options exercise.

NOTE 7 - STATEMENT OF CASH FLOWS

| | For the nine months ended September 30, 2003 | For the nine months ended September 30, 2002 (1) | For the nine months ended September 30, 2002 (2) |
|---|---|---|---|
| <u>CASH PAID FOR:</u> | | | |
| Interest | $ 9,403 | $ | $ 3,437 |
| Income taxes | $ -- | $ | $ -- |
| <u>Non-cash investing and financing activities:</u> | | | |
| Stock issued for services | $ 198,000 | $ | $ -- |
| Stock option compensation | $ 763,720 | $ | $ -- |

| | | | | | | |
|---|---|---|---|---|---|---|
| Compensation expense on cashless exercise of options | $ | 361,750 | $ | | $ | -- |
| Warrants issued for consulting services | $ | 57,327 | $ | | $ | -- |
| Capital lease of property and equipment | $ | 54,544 | $ | | $ | -- |

(1) Represents the cash flows of Carmina Technologies, Inc. (the successor company).

(2) Represents the cash flows of WorldWide Online Corp. (the predecessor company).

NOTE 8 - SEGMENTED INFORMATION

Operating Segment:

The Company has 2 operating segments, WWO and APM.

| | Three months ended September 30, 2003 | | | | Nine Months ended September 30, 2003 | | | |
|---|---|---|---|---|---|---|---|---|
| | APM | WWO | Corporate | Total | APM | WWO | Corporate | Total |
| Revenues | $ 12,948 | $ 95,885 | $ -- | $ 108,833 | $ 14,729 | $ 589,892 | $ -- | $ 604,621 |
| Depreciation | 4,846 | 4,601 | 635 | 10,082 | 13,546 | 11,884 | 1,315 | 26,746 |
| Interest expense | -- | 1,986 | 731 | 2,717 | -- | 6,387 | 3,015 | 9,403 |
| Segment loss (income) | 136,573 | (9,319) | (254,689) | (127,435) | 367,413 | 152,985 | 1,477,002 | 1,997,400 |
| Capital expenditures | -- | 8,810 | -- | 8,810 | 14,087 | 9,047 | 820 | 23,954 |
| Segment assets | | | | | 85,677 | 151,768 | 636,990 | 874,435 |



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The Company had not acquired the WWO segment and had not generated any sales in APM in the nine months ended September 30, 2002.

Substantially all of the Company s sales are to customers based in Canada. All of the Company s property and equipment are located in Canada.

Major Customers

For the three months ended September 30, 2003, (three months ended September 30, 2002 - nil) 65% of sales were to one customer. For the three months ended September 30, 2002, 61% of WWO sales were to one customer. For the nine months ended September 30, 2003 69% of sales (nine months ended September 30, 2002 - nil) were sales to one customer. During the nine months ended September 30, 2002, 51% of WWO s revenue was earned from one customer.

**Item 2. Management s Discussion, Analysis and Plan of Operations.**

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-QSB constitute forward-looking statements within the meaning of *The Private Securities Litigation Reform Act of 1995* (the Reform Act ). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of our company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: force major events, competition, financial and commercial viability, lack of patents, licenses, franchises and concessions, and uncertain demand for our products.

The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report.

Our interim consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

*General Explanation of Comparative Periods*

Our interim consolidated financial statements include Carmina Technologies, Inc., as well as our wholly owned subsidiaries Carmina Canada Inc. (CCI), Assured Performance Monitoring Inc.(APM) and WorldWide Online Corp. (WWO), for the period ended September 30, 2003. As WWO is considered to be our predecessor business by virtue of the acquisition effective October 1, 2002, information and results of operations have been provided for each of Carmina and WWO for the comparative three months ended and nine months ended September 30, 2002.



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***For the three months ended September 30, 2003 and 2002, the following discussion relates to the interim consolidated operations of Carmina Technologies and WWO:***

*Results of Operations*

We recognized a net income of $127,435 (consisting largely of a recovery of stock option compensation due to our declining stock price) during the three month period ended September 30, 2003 compared with a loss of $200,747 during the three month period ended September 30, 2002. WWO s net loss for the three months ending September 30, 2002 was $54,300.

*Revenues*

Consolidated gross revenues for the three months ended September 30, 2003 increased to $108,833 from $nil compared to the three months ended September 30, 2002. WWO s revenues for the three months ended September 30, 2002 were $129,754. The 2003 increase in consolidated revenue was a result of the acquisition of WWO, effective October 1, 2002. APM generated revenues of $12,948 for the three months ended September 30, 2003. WWO experienced an decrease in revenue to $95,885 for the three months ended September 30, 2003 over 2002. 65% of revenue earned in 2003 (WWO 2002 61%) was in respect of a contract with the Toronto Real Estate Board ( TREB ) to provide maintenance services and for the sale of computer hardware.

*Gross Profit*

Total costs of revenue were $98,930 (including depreciation and amortization of $3,450), leaving a gross profit of $9,903 for the three months ended September 30, 2003, compared to a gross profit of $nil for the three months ended September 30, 2002. WWO s gross profit for the three months ended September 30, 2002 was $65,680. The gross profit for the three months ended September 30, 2003 is primarily due to sales of WWO s products and services.

*General and administrative expenses*

For the three months ended September 30, 2003, general and administrative expenses had a net recovery of $160,694 compared to consolidated $204,427 and WWO s $41,068 for the three months ended September 30, 2002. In the three months ended September 30, 2003, general and administrative expenses include the recognition of recovery of expenses of $458,142 in respect of compensation related to stock options accounted for using variable accounting principles. Under variable accounting (resulting from the exercise of options on a cashless basis in the first quarter of 2003), compensation expense is first recognized for the difference between quoted market price of our underlying common shares and the exercise price (plus any intrinsic value calculated on the initial grant of the options) of the options on the date variable accounting first applies. After that date, compensation expense on remaining employee options outstanding is recalculated on a quarterly basis until the options were exercised or were forfeited or expired unexercised. Due to a growing stock price, significant compensation expense was recorded in previous quarters in respect of these stock options. In the current quarter, our stock price declined significantly, hence the recovery of stock option compensation previously recognized. Expenses incurred in the comparative period in 2002 of $204,427 result from us commencing activity upon completion of our acquisitions later in 2002.

*Selling and marketing expenses*

Selling and marketing expenses were $27,764 for the three months ending September 30, 2003 compared to $nil for the consolidated total and $76,966 for WWO during the three months ended September 30, 2002. Although APM generated only $12,948 in sales revenue during the period, APM incurred $69,935 of expenses to promote



its products. Our marketing activities for the quarter were restricted to sales initiatives with respect to the Assur products and maintaining WWO s existing clients.

*Research and development*

During the first quarter of 2003 the first working model of our products were delivered to prospective customers. We have expensed a further $6,201 (2002 - $nil) during the three months ended September 30, 2003. Research and development activities were largely consummated upon completion of acquisitions of APM and WWO in 2002

*Other income/expenses*

Net other expenses for the three months ended September 30, 2003 was $2,565 compared to net other income of $5,454 in 2002 and to $1,029 of net other expenses in WWO for the comparative period in 2002. The decline in income in 2003 is primarily due to there being an increase in interest expenses on capital leases in 2003. As well, our marketable securities (which are carried at market value) showed an unrealized gain of $5,460 in 2002 compared to $nil in 2003.

***For the nine months ended September 30, 2003 and 2002, the following discussion relates to the interim consolidated operations of Carmina Technologies and WWO:***

*Results of Operations*

We incurred a net loss of $1,997,400 during the nine month period ended September 30, 2003 compared with a loss of $735,072 during the nine month period ended September 30, 2002, WWO s net loss for the nine months ending September 30, 2002 was $40,696.

*Revenues*

Consolidated gross revenues for the nine months ended September 30, 2003 increased to $604,621 from $nil compared to the consolidated nine months ended September 30, 2002. WWO s revenues for the nine months ended September 30, 2002 were $628,200. The 2003 increase in consolidated revenue was a result of the acquisition of WWO, effective October 1, 2002. APM generated revenues of $14,729 for the nine months ended September 30, 2003. WWO experienced a net decrease in revenue to $589,892 for the nine months ended September 30, 2003 from $628,200 during the nine months ended September 30, 2002 to some extent due to a softening of the managed service provider sector. The decline in sales due to the softening managed service provider sector was mitigated by a large sale made to TREB in the second quarter of 2003. Sales to this customer in the nine months ended September 30, 2003 represented 69% of total revenue, whereas the largest customer of WWO in 2002 represented approximately 51% of revenue.

*Gross Profit*

Total costs of revenue were $512,559 (including depreciation and amortization of $8,912), leaving a gross profit of $92,062 (15%) for the nine months ended September 30, 2003, compared to a gross profit of $nil for the nine months ended September 30, 2002. WWO recorded total costs of revenue of $342,532 and a gross profit of $285,669 (45%) for the nine months ended September 30, 2002. The weakening in gross profit for the nine months ended September 30, 2003 is primarily due to a change in sales mix whereby a greater percentage of revenue was generated by lower margin hardware revenue as opposed to higher margin consulting and hosting activities, as well as the substantial increase in the consulting costs. A major decline of $213,382 (64%) in consulting services occurred during the nine month period, resulting in a corresponding decrease gross profit of $193,607 (68%).



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*General and administrative expenses*

For the nine months ended September 30, 2003, general and administrative expenses totaled $1,735,538 compared to consolidated $471,541 for September 30, 2002 and WWO s $125,911 for the nine months ended September 30, 2002. In the nine months ended September 30, 2003, general and administrative expenses include $1,053,018 in respect of compensation related to stock options and warrants. Minimal of such expenses were incurred in the comparative period in 2002 and result from us commencing activity upon completion of our acquisition later in 2002. Our decision (pursuant to our Stock Option Plan) to allow certain option holders to exercise options on a cashless basis results in variable accounting being applied to our employee options. Under variable accounting, we recognize stock option compensation on such employee options until the options are exercised, forfeited or expire. On September 16, 2003, the Company cancelled all options granted under the old Plan that were exercisable on a cashless basis. Concurrently, the Company issued 1,185,000 replacement options under the 2003 Plan. There were no modifications to the terms of the options except that the optionee can no longer exercise the options on a cashless basis. As a result, no compensation expense was recognized using variable accounting subsequent to September 16, 2003.

*Selling and marketing expenses*

Selling and marketing expenses were $283,859 for the nine months ending September 30, 2003 compared to $nil for the consolidated total and $196,318 for WWO during the nine months ended September 30, 2002. Although APM generated only $14,729 in sales revenue during the period, APM incurred $177,674 of expenses to promote its products. Our marketing activities for the nine months ended September 30, 2003 included hiring additional sales staff, travel to trade shows and web-based advertising.

*Research and development*

During the first quarter of 2003 the first working model of our products were delivered to prospective customers and we have expensed $41,763 (2002 - $321) during the nine months ended September 30, 2003. Research and development activities were largely consummated upon completion of acquisitions of APM and WWO in 2002.

*Other income/expenses*

Net other expenses for the nine months ended September 30, 2003 was $10,468 compared to net other expenses of $259,981 in 2002 and to $1,448 in WWO for the comparative period in 2002. The decline in 2003 is primarily due to there being a significant write-down of uncollectiblilty in 2002 in advances made to TravelActive.com Marketing Inc. of $213,461. As well, our marketable securities (which are carried at market value) were written down by $2,298 in 2003 compared to a write-down of $43,934, as the market price of these securities continues to decline. Offset by an increase in interest expense to $9,403 in the nine months ended September 30, 2003 from $2,606 in 2002 and $2,403 in WWO for the comparative period, due mainly to the capital leases entered into by the Company in 2003.

***Liquidity and Capital Resources***

We have continued to finance our activities primarily through advances from a major shareholder and the issuance and sale of securities. We have incurred recurring losses since inception and our current liabilities exceed our current assets. As of September 30, 2003 we had an accumulated deficit of $5,672,736 and a working capital deficiency of $1,406,732 (including $925,353 due on a non-interest bearing basis to Rhonda Corporation, a significant stockholder).

Our cash position at September 30, 2003 was $6,633 compared to $42,930 at December 31, 2002. This decrease was due to the following:



Cash used in operating activities was $423,666 for the nine months ended September 30, 2003. Our 2003 net loss includes non-cash charges of $26,746 for depreciation, $144,506 for shares and warrants issued for consulting and employee services, $90,000 for services contributed by officers and $1,031,508 for compensation expense on exercise and outstanding options and warrants. Additionally, to help manage our cash, we increased our accounts payable and accrued liabilities by $297,052 over December 31, 2002. Cash used in operating activities for the nine months ended September 30, 2002 was $297,215, largely consisting of cash paid expenses incurred in the first nine months of 2002. Cash used by WWO in the nine months ended September 30, 2002 was $74,094 consisting of the loss for the period as adjusted for an increase in accounts payable of $62,414.

Investing activities consisted of cash purchases of property and equipment of $23,954 compared to cash purchases of $12,751 in 2002. WWO purchased $12,909 of property and equipment during the comparable period in 2002.

Financing activities consisted of advances from Rhonda Corporation of $377,319, capital lease payments of $19,685 and $24,350 from the issuance of 240,700 shares of common stock on exercise of stock options. An additional 723,000 common shares were issued on exercise of 785,000 options on a cashless basis pursuant to our stock option plan, 100,000 shares were issued as a bonus to an officer for his contributions to our company and 75,000 for financial consulting. During the nine months ended September 30, 2002, we borrowed $296,830 from related parties, primarily Rhonda Corporation. Financing activities by WWO for the comparable period in 2002 were relatively insignificant.

*Continuing Operations*

We will continue our plans to focus on rolling out applications of Assur technology to industry and governmental regulatory bodies in the public health and safety field. Industries such as transport and food processing that are subject to regulatory reporting requirements will also be targeted. Opportunities to incorporate customized appliances based on the GC2000 platform, developed in 2001, as a key component of APM s services will be sought.

The tentative minimum budget for the 12 months ended September 30, 2004 is, in order of priority:

| | |
|---|---|
| Customization and packaging of intellectual property | $ 100,000 |
| General and administrative costs | 800,000 |
| | $ 900,000 |

Any additional capital required will be raised primarily through the private placement of our securities. Management anticipates that financing of this budget can be arranged with existing shareholders and from the sale of marketable securities. Should the required financing not be forthcoming we would face liquidation.

Upon additional funding becoming available, they will be directed toward developing and growing of the Assur products.

We do not anticipate making any significant purchases of plant or equipment. We do anticipate the addition of two sales and three technical staff during the first half of 2004.

The remaining portion of 2003 and 2004 will be challenging. The ability to expand our market of the Assur products is dependent on additional financing which, in the current economic climate, may not be available. No forecast of revenue is possible at this time.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further financing, successful and sufficient market acceptance of our current service



offerings and any new service offerings that we may introduce, the continuing successful development of our service offerings and related technologies, and, finally, achieving and maintaining a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to obtain further funds required for our continued operations. We are pursuing various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due.

Due to the uncertainty about our ability to continue as a going concern, in their report on the annual consolidated financial statements for the year ended December 31, 2002, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern. Our consolidated financial statements contain note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

***Critical Accounting Policies***

Our interim consolidated financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by management s application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our interim consolidated financial statements is critical to an understanding of our financials.

Information summarizing certain of our company s significant accounting policies follows.

*Revenue Recognition*

We recognize revenue from hosting and access services as the services are performed, generally on a straight-line basis over the hosting contracts. Deferred revenue results from amounts received for co-location and bandwidth services as well as web hosting services prior to the revenue being earned. Consulting revenue is recognized as the services are performed. Sales of hardware are recognized as revenue on the date the products are delivered to the customers premises, at which time title to the hardware transfers to the purchaser.

*Software Development Costs*

We follow the provisions of SFAS No. 2 in recording research and development expenses related to their online services. Under SFAS No. 2, all such expenses are charged to the Statement of Operations as incurred. In accordance with SFAS No. 86, Accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed, development costs incurred in the research and development of products containing the our software development costs incurred in the development of software are expensed as incurred until technological feasibility in the form of a working model has been established and after the product is available for general release to the customer.

*Stock-based Compensation*

We apply Accounting Principles Board ( APB ) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in accounting for all stock option plans. Under APB Opinion No. 25, compensation cost is recognized for stock options granted to employees when the option price is less than the market price of the underlying common stock on the date of grant. Such compensation is amortized on a straight-line basis over the respective vesting periods.

SFAS No. 123, *Accounting for Stock-Based Compensation* ( SFAS No. 123"), requires us to provide proforma information regarding net income and net income per share as if compensation costs for our stock option plans and other stock awards had been determined in accordance with the fair value based method prescribed in SFAS No. 123. Stock options granted to non-employees are accounted for in accordance with the fair value based method prescribed in SFAS No. 123 using the Black-Scholes option pricing model. Stock compensation for non-employees is re-measured quarterly until such options vest.

During the period from January 1, 2003 to September 16, 2003, we permitted certain individuals holding stock options to exercise their options on a cashless basis pursuant to terms and conditions of the Stock Option Plan (the Plan ). By virtue of accepting the exercise on a cashless basis, stock options granted to employees pursuant to the Plan were accounted for following variable accounting provisions. Under variable accounting, compensation expense was first recognized for the difference between the quoted market price of the Company s underlying common shares and the exercise price (plus any intrinsic value calculated on the initial grant of the options) of the options on the date variable accounting first applies. After that date, compensation expense on remaining employee options outstanding was recalculated on a quarterly basis until the options were exercised or were forfeited or expired unexercised.

On September 16, 2003, we cancelled the remaining 1,185,000 employee stock options previously granted under the Plan. In exchange for the cancellation, we granted 1,185,000 replacement options under a new 2003 Stock Option Plan (the 2003 Plan ). There were no modifications to the original terms of the options originally granted under the old Plan except that the optionee is no longer able to exercise the options on a cashless basis. We used the intrinsic method to account for the replacement options granted to employees pursuant to the 2003 Plan. Since options granted under the 2003 Plan do not permit a cashless exercise which would result in variable accounting, variable accounting in respect of options granted to employees ceased upon inception and grant of options under the 2003 Plan.

*Going Concern*

Our interim consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the liquidation of assets and satisfaction of liabilities and commitments in the normal course of business. The ability of our company to continue as a going concern is dependent upon its ability to successfully accomplish it s plans, secure sources of financing and attain profitable operations which raises substantial doubt about our ability to continue as a going concern. The accompanying interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary if the Company is unable to continue as a going concern.

***Risk Factors***

Much of the information included in this quarterly report includes or is based upon estimates, projections or other forward-looking statements . Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgement regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution readers of this quarterly report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the



results expressed in any such estimates, projections or other forward-looking statements . In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

*We have a history of net losses and a lack of established revenues and as a result we expect to incur net losses in the future.* We have had a history of losses and expect to continue to incur losses, and may never achieve or maintain profitability. We have incurred losses since we began operations, including a loss of $1,997,400 for the nine-months ended September 30, 2003. As of September 30, 2003, we have an accumulated deficit of $5,672,736. Our ability to achieve profitability in the future will depend upon our ability to complete the development of our products, create a customer base, increase our market presence and enhance and maintain our proprietary technology. To achieve these goals, we will need to increase spending on marketing, technology, product development and other operating costs. We expect to have net losses and negative cash flow and expect to spend significant amounts of capital to enhance our services and technologies and fund research and development. As a result, we will need to generate significant revenue to break even or achieve profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we do not achieve and maintain profitability, the market price for our common stock may decline, perhaps substantially.

Although we anticipate that we will be able to generate revenues, we also expect that development costs and operating costs will increase as well. Consequently, we expect to incur operating losses and negative cash flow until our existing services gain sufficient market acceptance to generate a commercially viable and sustainable level of sales, which are expected by the third quarter of 2004, and/or additional services are developed and commercially released and sales of such services made so that we are operating in a profitable manner. To the extent that such expenses are not followed in a timely manner by increased revenues, our business, results of operations, financial condition and prospects would be materially adversely affected.

*Need for Outside Financing; Business and Product Development.* To date, we have had negative cash flows from operations and have depended on sales of our common stock to meet cash requirements. We will continue to require additional funding to carry out our business plan. While we will seek to raise the needed funds through either private placements or a secondary offering, there is no assurance that the required financing can be obtained on terms favorable to the existing shareholders, or that financing can be obtained at all. Absent such additional financing, the successful operation of our Company, as well as development and marketing of our products, may not be viable.

*Competition*. Because of the nature of our business and the lack of barriers preventing competitors from entering the market, competition may become intense amongst competing monitoring systems. Competitors may have longer operating histories, greater name recognition and greater financial, technical and marketing resources and thus, may be able to adopt more aggressive pricing policies, respond to new technologies, industry standards and customer demands, expand globally and make more attractive offers to potential employees and consultants.

*Lack of Patent Protection*. Due to the nature of the APM products, we do not have patent protection on these products and services. There are limited barriers to prevent other companies entering the market with competing products and services. Where possible, we will seek to obtain appropriate patents on patentable intellectual property developed in the future. Should we fail to obtain such patents our ability to be competitive in the marketplace will be adversely affected.

*Uncertainty as to Future Profitability*. There is no assurance that we will be able to sell our products and services at a profit, given the competitive nature of the business sector in which it is involved.

*Quality of Marketing and Service*. Should we not provide the quality of marketing and service which we propose to provide, our business will lack the competitiveness required to allow us to be viable.

*Loss of Services of Key Employees.* Our key personnel include John Alston (President and Chief Executive



Officer), Glen Alston (Chief Financial Officer), and Stephen Kohalmi (Director of Technology). The loss of the services of any of the above mentioned or other key employees, or the services of any future key employees for any reason may have a materially adverse effect on our prospects. There can be no assurance that we would be able to find a suitable replacement in the event that the services of any of these key employees, or of a future key employee, is lost. Furthermore, we do not presently maintain "key man" life insurance on the lives of our key personnel. We rely upon the continued service and performance of a relatively small number of key senior management personnel, and our future success depends on our retention of these key employees whose knowledge of our business and technical expertise would be difficult to replace. At this time, none of our key personnel are bound by employment agreements, and as a result, any of these employees could leave with little or no prior notice. If we lose any of our key personnel, our business may be adversely affected.

If we are unable to hire and retain technical, sales and marketing and operational personnel, our business could be materially adversely affected. We intend to hire a significant number of additional personnel, including software engineers, sales and marketing personnel and operational personnel in the future. Competition for these individuals is intense, and we may not be able to attract, assimilate, or retain additional highly qualified personnel in the future. The failure to attract, integrate, motivate and retain these employees could harm our business.

*Lack of Minority Shareholder Voting Control.* Due to their ownership of a majority of the shares of our company's outstanding common stock, Mr. John M. Alston and a small number of other major shareholders have total voting control of our company, including the ability to elect all of our directors, who in turn elect all executive officers, without regard to the votes of other stockholders.

*Infringement by our services on other intellectual property.* Our services may inadvertently infringe upon the intellectual property rights of others, and resulting claims against us could be costly and require that we enter into disadvantageous license or royalty arrangements. The software industry is characterized by the existence of a large number of patents and frequent litigation based on allegations of patent infringement and the violation of intellectual property rights. Although we attempt to avoid infringing known proprietary rights of third parties, we may be subject to legal proceedings and claims for alleged infringement of third-party proprietary rights, such as patents, trade secrets, trademarks or copyrights, from time to time in the ordinary course of business. Any claims relating to the infringement of third-party proprietary rights, even if not successful or meritorious, could result in costly litigation, divert resources and management's attention or require that we enter into royalty or license agreements which are not advantageous to us. In addition, parties making these claims may be able to obtain injunctions, which could prevent us from selling our services.

*Market for Common Stock.* Our common stock is quoted on the Bulletin Board of the National Association of Securities Dealers, Inc. (the "OTCBB"). Any market price for shares of our common stock is likely to be very volatile, and numerous factors beyond our control may have a significant effect. In addition, the stock markets generally have experienced and continue to experience, extreme price and volume fluctuations which have affected the market price of many small capital companies and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may adversely affect the market price of our common stock in any market that may develop.

*Risks of "Penny Stock".* Our common stock may be deemed to be "penny stock" as that term is defined in Reg. Section 240.3a5l-l of the Securities and Exchange Commission. Penny stocks are stocks: (i) with a price of less than five dollars per share; (ii) that are not traded on a "recognized" national exchange; (iii) whose prices are not quoted on the NASDAQ automated quotation system (NASDAQ-listed stocks must still meet requirement (i) above); or (iv) in companies with net tangible assets less than $2,000,000 (if our company has been in continuous operation for at least three years) or $5,000,000 (if in continuous operation for less than three years), or with average revenues of less than $6,000,000 for the last three years.

Section 15(g) of the Securities Exchange Act of 1934, as amended, and Reg. Section 240.15g-2 of the Securities and Exchange Commission require broker-dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before effecting any transaction in a penny stock for the investor's account. Potential investors in the our common stock are urged to obtain and read such disclosure carefully before purchasing any shares that are deemed to be "penny stock."

Moreover, Reg. Section 240.15g-9 of the Securities and Exchange Commission requires broker-dealers in penny stocks to approve the account of any investor for transactions in such stocks before selling any penny stock to that investor. This procedure requires the broker-dealer to (i) obtain from the investor information concerning his or her financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. Compliance with these requirements may make it more difficult for investors in our common stock to resell their shares to third parties or to otherwise dispose of them.

*Possible Future Compensation Arrangements.* If we are successful in developing and marketing our products and services, it may be necessary, in order to retain qualified management and directors, to enter into arrangements and agreements which will allow officers and directors to participate in retirement, deferred compensation and other financial plans, although such arrangements and agreements are not determined at this time.

*Inability to protect any proprietary technology and intellectual property rights against infringement and any related litigation could be time-consuming and costly* . Our success and ability to compete depend to a significant degree on the proprietary technology. If any of our competitors copies or otherwise gains access to the proprietary technology or develops similar technology independently, we would not be able to compete as effectively. We also consider our service marks invaluable to our ability to continue to develop and maintain the goodwill and recognition associated with our brand. The measures we take to protect the proprietary technology and other intellectual property rights, which presently are based upon a combination of copyright, trade secret and trademark laws, may not be adequate to prevent their unauthorized use. Further, the laws of foreign countries may provide inadequate protection of such intellectual property rights. We may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources. In addition, notwithstanding the rights we have secured in our intellectual property, other persons may bring claims against us that we have infringed on their intellectual property rights, including claims based upon the content we license from third parties or claims that our intellectual property right interests are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with our service marks or require us to make changes to our websites or other of our technologies.

**Item 3 Controls and Procedures.**

As required by Rule 13a-15 under the Exchange Act, on September 30, 2003, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision, and with the participation of management, including the President. Based upon that evaluation, the President concluded that our disclosure controls and procedures are effective. There have been no significant changes in our internal controls or in other factors, which could significantly affect internal controls subsequent to the date we carried out the evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules



and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including the President and Chief Executive Officer as appropriate, to allow timely decisions regarding the required disclosure.

**Part II**

**Item 1. Legal Proceedings.**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers, or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

**Item 2. Changes in securities**

**Recent Sales of Unregistered Securities**

On August 27, 2003, an employee exercised 25,000 options at $0.55 per share. As payment, per Section 8 (e) (ii) of the *Stock Option Plan As Amended August 26, 2002,* 12,500 shares were used as payment to the Company in settlement of the option exercise price at the market price of $1.10 per share and the Company issued net 12,500 shares to the optionees at a net value of $13,750. The Company relied on Rule 16b-3 of the Securities and Exchange Act of 1934 for the issuance of these common shares.

For the above transaction, unless otherwise noted, we relied upon Regulation S Exemption and no state exemption, as the recipients are all located in Canada.

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

No matter was submitted to a vote of our shareholders, through the solicitation of proxies or otherwise, during the nine month period ended September 30, 2003.

**Item 6 Exhibits and Reports on Form 8-K.**

(a) The following documents are filed as part of this Report:

1. Exhibits required to be filed by Item 601 of Regulation S-B. Exhibits 31 and 32 are filed herewith.

All other exhibits are incorporated by reference as indicated below.

<u>Exhibit No.</u>

<u>Exhibit Description</u>

(2)

Agreement of Exchange (incorporated herein by reference to Exhibit 2 of the report on Form 10-SB12G/A filed 23 March 2001, file No. 1.000-30685)

(3)(i)

Restated Articles of Incorporation of the Registrant (incorporated

herein by reference to Exhibit 3 of the report on Form 10-SB12G/A of file No. 1.000-30685. (Note no By-Laws created)



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(10)

2003 Stock Option Plan adopted September 16, 2003 (incorporated herein by reference to Exhibit 10 of the report on Form 8-S file No. 1.333-109356 filed on September 29, 2003).

(31)

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32)

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed an 8-K on September 30, 2003 in respect to the filing of pro-forma consolidated financial statements reflecting the acquisition of WWO in 2002. This 8-K was filed to facilitate the filing of our S-8 registration statement to register our 2003 Stock Option Plan.

On October 24, 2003, we filed an 8-K containing our President s report to our shareholders.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**CARMINA TECHNOLOGIES, INC.**

By: /s/ *John M. Alston*

Date: December 12, 2003

John M. Alston, President,

Chief Executive Officer and Director



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**EXHIBIT 31**

**CERTIFICATIONS**

I, John M. Alston, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Carmina Technologies, Inc., and subsidiaries;

2. Based on my knowledge, this quarterly 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 quarterly report;

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

4. Carmina Technologies, Inc. s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Carmina Technologies, Inc. and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Carmina Technologies, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Carmina Technologies, Inc. s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this report any change in Carmina Technologies, Inc. s internal control over financial reporting that occurred during Carmina Technologies, Inc. s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Carmina Technologies, Inc. s internal control over financial reporting; and

5. Carmina Technologies, Inc. s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Carmina Technologies, Inc. s auditors and the audit committee of Carmina Technologies, Inc. s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Carmina Technologies, Inc. s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in Carmina Technologies, Inc. s internal controls over financial reporting.

Date: December 12, 2003

/s/ JOHN M. ALSTON

John M. Alston,

President and Chief Executive Officer

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I, Glen R. Alston, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Carmina Technologies, Inc., and subsidiaries;

2. Based on my knowledge, this quarterly 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 quarterly report;

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

4. Carmina Technologies, Inc. s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Carmina Technologies, Inc. and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Carmina Technologies, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the Carmina Technologies, Inc. s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this report any change in Carmina Technologies, Inc. s internal control over financial reporting that occurred during Carmina Technologies, Inc. s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Carmina Technologies, Inc. s internal control over financial reporting; and

5. Carmina Technologies, Inc. s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Carmina Technologies, Inc. s auditors and the audit committee of Carmina Technologies, Inc. s board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect Carmina Technologies, Inc. s ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in Carmina Technologies, Inc. s internal controls over financial reporting.

Date: December 12, 2003

/s/ GLEN R. ALSTON

Glen R. Alston,

Chief Financial Officer

**EXHIBIT 32**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the Quarterly Report of Carmina Technologies, Inc. (the "Company") on Form 10-QSB for the quarter ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Alston, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report for the quarter ended September 30, 2003 fairly presents, in all material respects, the financial condition and results of operations of the Company in accordance with such requirements.

/s/ John M. Alston

John M. Alston

President and Chief Executive Officer

December 12, 2003

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the Quarterly Report of Carmina Technologies, Inc. (the "Company") on Form 10-QSB for the quarter ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glen R. Alston, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report for the quarter ended September 30, 2003 fairly presents, in all material respects, the financial condition and results of operations of the Company in accordance with such requirements.

/s/ Glen R. Alston

Glen R. Alston

Chief Financial Officer

December 12, 2003