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TOMAHAWK INDUSTRIES INC
Form 10QSB
August 28, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-QSB

(Mark one)

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange
----- Act of 1934

For the quarterly period ended July 31, 2002

Transition Report Under Section 13 or 15(d) of the Securities Exchange
----- Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-9483

Tomahawk Industries, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada

95-3502207

(State of incorporation)

(IRS Employer ID Number)

211 West Wall Street, Midland, TX 70701-4556
(Address of principal executive offices)

(915) 682-1761

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section
13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter
period that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days. YES X NO

State the number of shares outstanding of each of the issuer's classes of common
equity as of the latest practicable date: August 26, 2002: 56,637,228

Transitional Small Business Disclosure Format (check one): YES NO X

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Liabilities and Shareholders' Equity

Liabilities		
Accounts payable - trade	\$	--
Advances from shareholder		--
		\$ 25,000

Total Liabilities		--

		25,000

Commitments and contingencies		
Shareholders' Equity Common stock - \$0.001 par value		
200,000,000 shares authorized		
56,637,228 and 16,637,228 shares		
issued and outstanding, respectively		
		56,637
Additional paid-in capital		5,443,447
Accumulated deficit		(5,499,490)

		16,637
		5,443,447
		(5,482,657)

Total shareholders' equity		594

		(22,573)

Total Liabilities and Shareholders' Equity	\$	594
		\$ 2,427
		=====

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.
Statements of Operations and Comprehensive Income
Three months ended July 31, 2002 and 2001

(Unaudited)

	Three months ended July 31, 2002	Three months ended July 31, 2001
	-----	-----
Revenues	\$	--
	-----	-----
Expenses		
General and administrative expenses		250

Income (Loss) from operations		(250)
Other Income (Expense)		
Interest income		--

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Income (Loss) before provision for income taxes	(250)	9
Provision for income taxes	--	--
Net Income (Loss)	(250)	9
Other Comprehensive Income	--	--
Comprehensive Income (Loss)	\$ (250)	\$ 9
Loss per weighted-average share of common stock outstanding, computed on Net Loss - basic and fully diluted	nil	nil
Weighted-average number of shares of common stock outstanding	56,637,228	16,637,228

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.
Statements of Cash Flows
Three months ended July 31, 2002 and 2001

(Unaudited)

	Three months ended July 31, 2002	Three months ended July 31, 2001
Cash Flows from Operating Activities		
Net Income (Loss)	\$ (250)	\$ 9
Adjustments to reconcile net income to net cash provided by operating activities		
Increase (Decrease) in Accounts payable - trade	--	--
Net cash used in operating activities	(250)	9
Cash Flows from Investing Activities	--	--

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Cash Flows from Financing Activities	--	--
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(250)	--
Cash and cash equivalents at beginning of period	844	2,418
	-----	-----
Cash and cash equivalents at end of period	\$ 594	\$ 2,427
	=====	=====
Supplemental Disclosures of Interest and Income Taxes Paid		
Interest paid during the period	\$ --	\$ --
	=====	=====
Income taxes paid (refunded)	\$ --	\$ --
	=====	=====

The financial information presented herein has been prepared by management without audit by independent certified public accountants. The accompanying notes are an integral part of these financial statements.

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Tomahawk Industries, Inc.

Notes to Financial Statements

Note A - Organization and Description of Business

Tomahawk Industries, Inc. (Company) was incorporated under the laws of the State of Nevada on May 13, 1980. From its inception through 1988, the Company was engaged in oil and gas exploration. Beginning in 1984, the Company entered the business of installing energy recovery and energy saving devices through a then wholly-owned subsidiary.

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied and the Company ceased all business operations and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1998.

Note B - Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and has a year-end of April 30.

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Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented

During interim periods, the Company follows the accounting policies set forth in its annual audited financial statements filed with the U. S. Securities and Exchange Commission on its Annual Report on Form 10-KSB/A for the year ended April 30, 2002. The information presented within these interim financial statements may not include all disclosures required by generally accepted accounting principles and the users of financial information provided for interim periods should refer to the annual financial information and footnotes when reviewing the interim financial results presented herein.

In the opinion of management, the accompanying interim financial statements, prepared in accordance with the U. S. Securities and Exchange Commission's instructions for Form 10-QSB, are unaudited and contain all material adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition, results of operations and cash flows of the Company for the respective interim periods presented. The current period results of operations are not necessarily indicative of results which ultimately will be reported for the full fiscal year ending March 31, 2003.

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

Note C - Going Concern Uncertainty

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied and the Company ceased all business operations and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1998.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis.

On August 2, 2002, the Company announced, in a Current Report on Form 8-K, that it had entered into an Agreement and Plan of Reorganization, (Reorganization Agreement) which sets forth the terms and conditions of a proposed reverse merger business combination transaction between the Company and Cryotherm, Inc. (a privately-owned Delaware corporation) (CRYO). Pursuant to the Reorganization Agreement, CRYO's shareholders will exchange 100% of the outstanding shares of CRYO for 25,000,000 newly issued, post reverse shares of Tomahawk. CRYO will, as a result, become a wholly-owned subsidiary of Tomahawk.

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Cryotherm, Inc. was formed in January 2002 as a Delaware corporation to finance, develop, distribute and sell products using low-cost, pollution-free, energy-extraction technologies that can convert low-temperature heat, cryogenic cold, and kinetic energy resources into megawatts of electricity at costs competitive to fossil fuel-generated power. Cryotherm holds an exclusive license for the worldwide rights to make, use and sell energy-generating products and services based upon this patented technology. Cryotherm is a development stage enterprise and is principally focused at this time on raising sufficient capital to begin production of commercially viable products utilizing the patented technology.

Consummation of the Reorganization Agreement is subject to various conditions, including the approval by the CRYO stockholders, the receipt of required regulatory approvals, where appropriate and applicable, and the completion of due diligence by all parties to the proposed transaction. There can be no assurance that the Reorganization Agreement (or any of the transactions contemplated thereby) will be consummated or, if consummated, as to the timing thereof.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

If the Reorganization Agreement is not consummated and/or no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and upon additional funds loaned by management and/or significant stockholders to preserve the integrity of the corporate entity at this time. In the event, the Company is unable to acquire advances from management and/or significant stockholders, the Company's ongoing operations would be negatively impacted.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

Note C- Going Concern Uncertainty - Continued

In such a restricted cash flow scenario, the Company would be unable to complete our business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

The Company has a limited operating history, minimal cash on hand, no profit and operates a business plan with inherent risk. Because of these factors, our auditors have issued an audit opinion for the Company which includes a statement describing our going concern status. This means, in our auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

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While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach our goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

Note D - Summary of Significant Accounting Policies

1. Cash and cash equivalents -----

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

2. Income Taxes -----

The Company uses the asset and liability method of accounting for income taxes. At July 30, 2002 and 2001, respectively, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization, allowance for doubtful accounts and vacation accruals.

As of July 30, 2002 and 2001, the deferred tax asset related to the Company's net operating loss carryforward is fully reserved. Due to the provisions of Internal Revenue Code Section 338, the Company may have limited net operating loss carryforwards available to offset financial statement or tax return taxable income in future periods as a result of a Fiscal 2000 change in control involving 50 percentage points or more of the issued and outstanding securities of the Company.

3. Income (Loss) per share -----

Basic earnings (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later. As of July 30, 2002 and 2001, respectively, the Company has no outstanding stock warrants, options or convertible securities which could be considered as dilutive for purposes of the loss per share calculation.

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Tomahawk Industries, Inc.

Notes to Financial Statements - Continued

Note E - Fair Value of Financial Instruments

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The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Note F - Advances from Controlling Shareholder

On January 2, 2001, the Company's controlling shareholder loaned the Company \$25,000 to support operations, settle outstanding trade accounts payable and provide working capital. The advance was repayable upon demand and is non-interest bearing. On September 25, 2001, the shareholder executed a private placement letter converting this advance into 25,000,000 shares of restricted, unregistered common stock.

Note G - Common Stock Transactions

During the August 24, 2001 Special Meeting of Shareholders, a one (1) for ten (10) reverse stock split on the issued and outstanding shares of common stock was approved. This action was subsequently enacted by the Company's Board of Directors and caused the issued and outstanding shares to decrease from 166,373,094 to 16,637,228. The effect of this action is reflected in the accompanying financial statements as of the first day of the first period presented.

On September 25, 2001, the Company sold 15,000,000 shares of restricted, unregistered common stock at \$0.001 per share for gross proceeds of \$15,000, pursuant to a private placement memorandum to an entity owned by the Company's President and Chief Executive Officer. These funds were used to support the working capital needs of the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

On September 25, 2001, the Company converted \$25,000 in advances from the Company's President and Chief Executive Officer into 25,000,000 shares of restricted, unregistered common stock at \$0.001 per share, pursuant to a private placement memorandum. These funds were used to settle outstanding trade accounts payable and provide working capital for the Company. The Company relied upon Section 4(2) of The Securities Act of 1933, as amended, for an exemption from registration on these shares.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Caution Regarding Forward-Looking Information

Certain statements contained in this quarterly filing, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this Form 10-QSB and investors are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

(2) Results of Operations, Liquidity and Capital Resources

Tomahawk Industries, Inc. (Company) was incorporated under the laws of the State of Nevada on May 13, 1980. From its inception through 1988, the Company was engaged in oil and gas exploration. Beginning in 1984, the Company entered the business of installing energy recovery and energy saving devices through a then wholly-owned subsidiary.

In July 1987, the Company filed for protection under Chapter 11 of the U. S. Bankruptcy Code and operated as a debtor-in-possession. Subsequent thereto, the petition for bankruptcy protection was denied and the Company ceased all business operations and abandoned all net assets remaining by April 30, 1988.

The Company has effectively had no operations, assets or liabilities since its fiscal year ended April 30, 1998.

On August 2, 2002, the Company announced, in a Current Report on Form 8-K, that it had entered into an Agreement and Plan of Reorganization, (Reorganization Agreement) which sets forth the terms and conditions of a proposed reverse merger business combination transaction between the Company and Cryotherm, Inc. (a privately-owned Delaware corporation) (CRYO). Pursuant to the Reorganization Agreement, CRYO's shareholders will exchange 100% of the outstanding shares of CRYO for 25,000,000 newly issued, post reverse shares of Tomahawk. CRYO will, as a result, become a wholly-owned subsidiary of Tomahawk.

Cryotherm, Inc. was formed in January 2002 as a Delaware corporation to finance, develop, distribute and sell products using low-cost, pollution-free, energy-extraction technologies that can convert low-temperature heat, cryogenic cold, and kinetic energy resources into megawatts of electricity at costs competitive to fossil fuel-generated power. Cryotherm holds an exclusive

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license for the worldwide rights to make, use and sell energy- generating products and services based upon this patented technology. Cryotherm is a development stage enterprise and is principally focused at this time on raising sufficient capital to begin production of commercially viable products utilizing the patented technology.

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Consummation of the Reorganization Agreement is subject to various conditions, including the approval by the CRYO stockholders, the receipt of required regulatory approvals, where appropriate and applicable, and the

completion of due diligence by all parties to the proposed transaction. There can be no assurance that the Reorganization Agreement (or any of the transactions contemplated thereby) will be consummated or, if consummated, as to the timing thereof.

The Company had no revenue for the respective three month periods ended July 31, 2002 and 2001, respectively.

General and administrative expenses for the three months ended July 31, 2002 and 2001 were approximately \$250 and \$ -0-, respectively. Net income (loss) for the three months ended July 31, 2002 and 2001, respectively, was approximately \$(2,600) and \$(200). Earnings per share for the respective quarters ended July 30, 2002 and 2001 was \$0.00 and \$0.00 on the weighted-average post-reverse split shares issued and outstanding.

The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under The Securities Exchange Act of 1934 unless and until such time that the Reorganization Agreement is consummated and Cryotherm begins meaningful operations.

At July 31, 2002 and 2001, respectively, the Company had working capital of approximately \$600 and \$(22,600).

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

If the Reorganization Agreement is not consummated and/or no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and upon additional funds loaned by management and/or significant stockholders to preserve the integrity of the corporate entity at this time. In the event, the Company is unable to acquire advances from management and/or significant stockholders, the Company's ongoing operations would be negatively impacted.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

In such a restricted cash flow scenario, the Company would be unable to complete our business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during

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the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

The Company has a limited operating history, minimal cash on hand, no profit and operates a business plan with inherent risk. Because of these factors, our auditors have issued an audit opinion for the Company which includes a statement describing our going concern status. This means, in our auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach our goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

Part II - Other Information

Item 1 - Legal Proceedings

None

Item 2 - Changes in Securities

None

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Item 3 - Defaults on Senior Securities

None

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

On August 22, 2002, the Company filed a Preliminary Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934. The purpose of this filing is to notify the Company's non-controlling shareholders that the Company intends to take the following action by written consent of our stockholders: 1) to amend our Articles of Incorporation to change the name of the corporation to "Cryotherm Energy, Inc." and 2) to approve a 1-for-400 reverse stock split of the outstanding shares of the Company's common stock and to amend our Articles of Incorporation to reflect the reversal of the outstanding shares.

Holders of a majority of the Company's outstanding common stock, owning approximately 70% of the outstanding shares of our Common Stock have executed a written consent in favor of the actions described above. This consent will satisfy the stockholder approval requirement for the proposed action and allows the Company's Board of Directors to take the proposed action on or after September 11, 2002.

As of the date of this filing, the Company has received comments from the staff of the U. S. Securities and Exchange Commission related to this Preliminary Information Statement. Management is in the process of addressing these comments and will file an amended document by September 1, 2002.

Item 5 - Other Information

On August 2, 2002, the Company announced, in a Current Report on Form 8-K,

Glenn A. Little
President, Chief Executive Officer,
Chief Financial Officer and Director