DSTAGE COM INC
Form 10QSB
May 20, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED **MARCH 31, 2003**

TRANSITION REPORT PURSUANT TO SECTION 13 OR
SECTION 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____________ TO ______________

COMMISSION FILE NUMBER: 000-30785

DSTAGE.COM, INC.

(EXACT NAME OF SMALL BUSINESS REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware
52-2195605

(Jurisdiction of
Incorporation)
(I.R.S. Employer Identification No.)

1000 ORTEGA WAY, SUITE C, PLACENTIA,
CALIFORNIA
92807

(Address of principal executive
offices)
(Zip Code)

(909) 471-2898
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the last 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 o

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	**Outstanding at March 31, 2003**
Common Stock, par value $0.001	**16,271,601 including 2,400,000 shares of treasury stock.**

DSTAGE.COM, INC.
INDEX TO FORM 10-Q

THIS REPORT ON FORM 10-QSB CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, WHICH ARE SUBJECT TO THE "SAFE HARBOR" CREATED BY THOSE SECTIONS. THESE FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO STATEMENTS CONCERNING OUR BUSINESS OUTLOOK OR FUTURE ECONOMIC PERFORMANCE; ANTICIPATED PROFITABILITY, REVENUES, EXPENSES OR OTHER FINANCIAL ITEMS; AND STATEMENTS CONCERNING ASSUMPTIONS MADE OR EXCEPTIONS AS TO ANY FUTURE EVENTS, CONDITIONS, PERFORMANCE OR OTHER MATTERS WHICH ARE "FORWARD-LOOKING STATEMENTS" AS THAT TERM IS DEFINED UNDER THE FEDERAL SECURITIES LAWS. ALL STATEMENTS, OTHER THAN HISTORICAL FINANCIAL INFORMATION, MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. THE WORDS "BELIEVES", "PLANS", "ANTICIPATES", "EXPECTS", AND SIMILAR EXPRESSIONS HEREIN ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES, AND OTHER FACTORS, WHICH WOULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "FACTORS THAT MAY AFFECT FUTURE RESULTS," AND ELSEWHERE IN THIS REPORT, AND THE RISKS DISCUSSED IN THE COMPANY'S OTHER SEC FILINGS.

PART I - FINANCIAL INFORMATION

DSTAGE.COM, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
(Unaudited)

		March 31, 2003
Cash	$	0
Total current assets		0
Total assets	$	0

LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY

Current liabilities:		
Accounts payable and accrued liabilities	$	407,425
Due to stockholders (Note 7).		266,265
Total current liabilities		673,690
Stockholders' (deficit) equity:		
Common stock, $.001 par value,50,000,000 shares		
Authorized, 16,271,601 issued and outstanding		16,272
Additional paid-in capital		5,260,228
Treasury stock, 2,400,000 shares (2,400)		
(Deficit) accumulated during development stage		(5,947,790)
Total stockholders' (deficit) equity		(673,690)
Total liabilities and stockholders' (deficit) equity	$	0

See accompanying notes to financial statements

DSTAGE.COM, INC.

(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2003	2002	CUMULATIVE DURING DEVELOPMENT STAGE
Revenue:			
Professional services	$ 0	$ 0	$ 58,568
Operating expenses:			
Cost of services	0	0	95,700
Sales and marketing	0	2,376	53,959
Research and development	0	238	252,550
General and administrative	46,000	228,693	2,465,266
Impairment of assets	0	0	2,402,338
Impairment of investments in other Companies	0	0	710,868
Total operating expenses	46,000	231,307	5,979,681
Income (loss) from operations	(46,000)	(231,307)	(5,921,113)
Interest income (expense), net	(4,000)	(265)	(25,677)
Net income	$ (50,000)	$ (231,571)	$ (5,947,790)
Net (loss) per share:			
Basic and diluted	$ (0.00)	$ (0.02)	
Weighted average shares used in computing net (loss) per share Basic and diluted	16,271,601	12,127,281	

See accompanying notes to financial statements

DSTAGE.COM, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
(UNAUDITED)

	Common Stock Shares		Common Stock Amount		Additional Paid-In Capital		(Deficit) Accumulated During Development Stage
Balance at December 31, 2001	12,064,101	$	12,064	$	4,211,961	$	(2,896,808)
Shares issued for services	82,500		83		60,242		0
Net (Loss) for the three months ended March 31, 2002	0		0		0		(231,571)
Balance at March 31, 2002	12,146,601	$	12,147	$	4,272,203	$	(3,128,379)
Balance at December 31, 2002	16,271,601	$	16,272		5,260,228	$	(5,897,790)
Net (Loss) for the three months ended March 31, 2003	0		0		0		(50,000)
Balance at March 31, 2003	16,271,601	$	16,272		5,260,228	$	(5,947,790)

	Treasury Stock Shares		Treasury Stock Amount		Deferred Compensation		Total
Balance at December 31, 2001	0	$	0	$	(1,050,009)	$	277,208
Shares issued for services	0		0		84,513		144,838
Net (Loss) for the three months ended							

March 31, 2002	0	0	(231,571)	(143,365)
Balance at March 31, 2002	0	$ 0	$ (965,496)	$ 190,475
Balance at December 31, 2002	(2,400,000)	$ (2,400)	$ 0	$ (623,690)
Net (Loss) for the three months ended				
March 31, 2003	0	0	0	(50,000)
Balance at March 31, 2003	(2,400,000)	$ (2,400)	$ 0	$ (673,690)

See accompanying financial statements.

DSTAGE.COM, INC.

(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THE THREE MONTHS ENDED MARCH 31, 2003	2002	CUMULATIVE DURING DEVELOPMENT STAGE
Cash flows from operating activities:			
Net (loss) .	$ (231,570)	$ (5,947,790)	$ (50,000)
Adjustments to reconcile net (loss)	444	3,997	0
to cash provided (used) by operating activities:			
Depreciation			
Issuance of common stock for services	0	174,000	0
Issuance of common stock for expense reimbursement	0	22,051	0

Issuance of common stock for technology	0	19,167	0
Impairment of investments in other companies	0	710,868	0
Impairment of assets	0	2,402,338	0
Revenue paid in common stock	0	(1,068)	0
Prepaid services expensed	46,897	530,104	0
Amortization of deferred compensation	144,838	1,538,927	0
Expenses paid through notes payable proceeds	0	66,489	0
Loss on disposal of property and equipment	0	5,854	0
Change in assets and liabilities:			
Increase in other current assets	17,231	1,726	0
Increase in accounts payable, accrued liabilities and due to stockholder	20,359	419,214	50,000
Net cash provided (used) by operating activities	(1,804)	1,366	0
Cash flows from investing activities:			
Acquisition of fixed assets	0	(6,689)	0
Net cash (used) by investing activities	0	(5,323)	0
Cash flows from financing activities:			
Contributed capital	0	25,500	0
Proceeds from issuance of common stock	0	30,835	0
Increase (decrease) in notes payable	(5,199)	4,477	0
Net cash provided by financing activities	(5,199)	60,812	0
Net increase in cash	(7,003)	0	0
Cash, beginning of period	10,624	0	0
Cash, end of period	$ 3,621	$ 0	$ 0
Interest expense	$ 0	$ 4,000	$ 8,000
Non-cash transactions			
Purchase of property and equipment by issuance of common stock	$ 0	$ 0	$ 1,153,162

Purchase of licensed technology by issuance of common stock	$	0	$	0	$	938,000
Purchase of treasury stock in exchange for property and technology	$	0	$	0	$	2,400
Purchase of licensed technology by incurring debt to seller	$	0	$	0	$	250,000
Payment of prepaid and other assets by issuance of common stock	$	0	$	0	$	1,726
Prepayment of services for common stock	$	0	$	60,325	$	2,045,670
Investments in other companies	$	0	$	0	$	710,760
Conversion of debt to common stock	$	0	$	0	$	35,000
Forgiveness of debt by stockholder	$	0	$	0	$	31,489

See accompanying notes to financial statements

(1) NATURE OF BUSINESS AND ORGANIZATION

Dstage.com, Inc., a Delaware corporation, (the "Company") was incorporated on October 12, 1999 to provide support, organization and restructuring services to development stage companies.

For the period October 12, 1999 (Inception) to March 31, 2003, the Company has been in the development stage. The Company's activities since inception have consisted of developing the business plan, raising capital, business plan implementation, recruiting a management team and entering into new ventures and alliances with affiliates.

From inception to March 31, 2003, the Company has had minimal revenues, of $58,568, and has expensed operating costs in the amount of $5,979,681. The Company has nominal cash resources and is largely dependent on the direct financial support from a stockholder and revenue to pay for cash
expenditures. In addition, the Company has been dependent on contributed time from its officers and directors and contributed services from certain key
vendors. There can be no assurance that revenues and or financing will be successfully obtained.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis Of Presentation

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting
Principles. These financial statements reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the results of
operations and financial position for the interim periods. Such financial statements generally conform to the presentation reflected in the Company's Form
10-KSB filed with the Securities and Exchange Commission for the year ended December 31, 2002. The current interim period reported herein should be read in conjunction with the Company's Form 10-KSB subject to independent audit at the end of the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Substantial estimates have been used regarding lives of assets, impairment of investments in other companies and impairment of long-lived assets and prepaid expenses, which may not be realized. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Research and Development

The Company expenses costs of research and development until the product or service under development reaches technological feasibility, after which the development costs are capitalized. Once the product is placed into service, the capitalized costs are amortized over the estimated useful life of the product.

Property and Equipment

Property and equipment, which consisted of office computers, furniture, and purchased software, is stated at cost, less accumulated depreciation. The cost of additions and improvements are capitalized, while maintenance and repairs are charged to expense when incurred. Depreciation is provided on the straight-line basis over estimated useful lives of the respective assets (three to seven years). The Company recognizes gains or losses on the sale or disposal of equipment in the period of disposal. Long-lived assets held and utilized by the Company are reviewed for impairment whenever changes in circumstances indicate the carrying value of such assets may not be recoverable. Depreciation expense for the periods ended March 31, 2003 and 2002 was $0 and $444 respectively.

In December of 2002, the Company's property and equipment, held at a storage facility, was sold for non-payment of rent. Rent and fees due at the time of sale were approximately $701. Net book value of the assets disposed of for settlement was approximately $5,413, resulting in a loss on sale of $4,712.

Income Taxes

The Company accounts for deferred income taxes in accordance with the liability method as required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Deferred income taxes are determined based on differences between financial reporting and tax basis of assets and liabilities, and are measured using the statutory rates and enacted laws that will be in effect when the differences are expected to reverse. Valuation allowances against deferred tax assets are established, when necessary, to reduce deferred tax assets to the expected realizable amount. The provision (benefit) for income taxes consists of the current tax provision (benefit) and the change during the period in deferred tax assets and liabilities. Any liability for actual taxes to taxing authorities is recorded as income tax liability.

Impairment of Long-Lived Assets

The Company adheres to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). The Company reviews the carrying value of its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through undiscounted net cash flows. Impairment is calculated based on fair value of the asset, generally using net discounted cash flows. Any long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less estimated costs to sell.

Revenue Recognition

Revenue consists of professional services. Revenues for services are recognized when the services are rendered. The amounts of such revenues are recorded based on the value of compensation received for the services. In the Company's current operations, compensation to the Company has consisted of stock in start up companies to whom the services were rendered.

Stock Based Compensation

The Company follows Accounting Principles Board Opinion No. 25, "Accounting for stock Issued to Employees" ("APB 25") in accounting for stock based compensation. Under APB 25, the Company recognizes no compensation expense related to employee or director stock options unless options are granted with an exercise price below fair value on the day of grant. Statement of Financial Accounting Standards No. 123, "Accounting for Stock- Based Compensation" ("SFAS 123") provides an alternative method of accounting for stock-based compensation arrangements for employees and directors, based on fair value of the stock-based compensation utilizing various assumptions regarding the underlying attributes of the options and stock. Stock, options or warrants issued to consultants and outsiders are recorded at fair value under SFAS 123. The Financial Accounting Standards Board encourages, but does not require, entities to adopt the fair-value based method. The Company will continue its accounting under APB 25 for employees and directors but uses the disclosure-only provisions of SFAS 123 for any options issued to employees and directors. No options or warrants have been granted and none are outstanding.

Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"). SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also amends the disclosure requirements of Statement 123 to require more prominent disclosures in annual and interim financial statements with regard to the method of accounting for stock-based employee compensation and the impact of the method used on reported results. The Company has elected to adopt the recognition provisions of SFAS 148 for stock-based compensation recorded for fiscal years beginning after December 15, 2002. The interim disclosure requirements of

SFAS 148 are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002.

Goodwill and Other Intangible Assets

Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), establishes accounting and reporting standards for recording valuing and impairing goodwill and other intangible assets. The adoption of SFAS 142 did not have an impact on the Company's financial condition or results of operations for the three months ended March 31, 2003. However, as the Company's business model is heavily dependent on acquiring intangible assets, this pronouncement is expected to have a material impact on the Company's financial condition and results of operations in future periods.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform the presentation used for the year ended December 31, 2002.

(3) GOING CONCERN UNCERTAINTIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. However, the Company has experienced recurring operating losses and negative cash flows from operations, which raise substantial doubt about its ability to continue as a going concern. The Company's continued existence is dependent upon its ability to increase operating revenues and/or obtain additional equity financing. Dstage has relied on BulletProof Business Plans, its founding stockholder, to provide cash infusions when necessary through September of 2002. However, as a result of an investment banking contract entered into between the Company and the Camelot Group, the Company will no longer receive continuing cash investment from BulletProof Business Plans. This loss of financial support, along with the failure of the Camelot Group to provide funding as called for in the investment banking agreement, has had a detrimental effect on the Company. There can be no assurance that the Company will recover from these events.

In view of these matters, the Company has undergone a series of negotiations to obtain additional equity financing to enable it to achieve its strategic objectives. The Company has reached an agreement with Eagle Consulting Group, Inc., a Nevada corporation ("Eagle"), which it expects to finalize during the second quarter of 2003, to provide equity financing. While Eagle has advanced the Company a limited amount of funds in 2003, it appears unlikely that such funding will be enough to meet all of the Company's cash requirements in 2003 and beyond. As a result, the Company must find additional sources of financing in order to remain a going concern in the future. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(4) - PREPAID SERVICES

During 2002, the Company issued restricted common shares for service agreements with four consultants and a director. The shares were issued upon the signing of the agreements and although the services to be performed in connection with the service agreements have not been fully rendered, on December 31, 2002, the Company expensed all deferred compensation and prepaid expenses associated with such contracts.

There were no prepaid services outstanding at March 31, 2003.

(5) - INVESTMENT IN OTHER COMPANIES

Since the Company s inception it has received common shares in various companies as payment for its services rendered. All shares in other companies are held for investment and have been fully impaired.

(6) - LICENSED TECHNOLOGY

The Company believes it owns a Media Player and Peer-to-Peer technology which it acquired during May 2002. Although the Company complied with the terms of the acquisition agreement, the seller returned part of the consideration. The Company is currently determining its course of action pertaining to the transaction. In light of these facts and circumstances, the Company fully impaired the licensed and purchased technology during 2002.

In November 2001, the Company purchased three licenses from a company for a technology that works with interactive databases. The Company intended to apply the technology to streaming stock quoting services in order to provide an interactive data based product to end users. The licensed technology was fully impaired during 2002.

The Company plans to review all of its technology during the second quarter of 2003.

(7) - DUE TO STOCKHOLDERS

Since inception through March 31, 2003, the Company entered into a series of promissory note agreements with BulletProof Business Plans ("BulletProof"), to borrow cash directly or to have BulletProof pay expenses on the Company's behalf. At March 31, 2003 the Company owed BulletProof approximately $48,765.

The Company owes Frank Maresca & Associates $9,500 for consulting services pertaining to due diligence work on a potential acquisition.

In July of 2002, the Company entered into an investment banking agreement with The Camelot Group. Under the agreement, Camelot was to receive a payment of $200,000 in the form of 400,000 shares of Dstage common stock from Dstage shareholders. As a direct result of Camelot defaulting on the investment banking agreement, the Company issued a note payable for $200,000 to Eagle Consulting Group, Inc. The note payable provides for annual interest at 8%, is due on demand and is secured by substantially all assets of the Company. At March 31, 2003, the Company owed $200,000 and accrued interest of $8,000 to Eagle Consulting.

(8) - STOCKHOLDERS' EQUITY

In the quarter ended March 31, 2003, the Company did not issue any shares of its common stock.

During the period January 1, 2002 to March 31, 2002, the Company issued a total of 82,500 restricted common stock for services valued at $144,838. Equity or capital transactions transacted for non-cash consideration are complex and require substantial estimates by management. See Note 2 "Use of Estimates." The Company received no cash for any of the shares it issued in 2002.

The shares issued by the Company in connection with the above transactions are not registered under the Securities Act of 1933 and are subject to restrictions on transferability for a period of one year from the date of issuance.

(9) - INCOME TAXES

There is no current or deferred tax expense or benefit for the period from October 12, 1999 to March 31, 2003 due to net losses from operations by the Company.

Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred income tax assets are recorded to reflect the tax consequences on future years of income tax carry-forward benefits, reduced by benefit amounts for which the Company is uncertain as to the realization. The components of the Company's net deferred tax asset are as follows:

	At March 31, 2003	At December 31, 2002
Net operating loss carryforward	$ 2,834,534	$ 2,784,584
Valuation allowance for deferred tax assets	$ 2,834,534	$ 2,784,584
Net deferred tax asset	$ 0	$ 0

As of December 31, 2002, the Company had realized operating loss carryforwards of $2,784,584. The operating loss carryforward is calculated based on book versus tax computations. The operating loss carryforwards expire through 2022 and may be subject to significant limitation due to change in control rules.

As of March 31, 2003, the Company had operating loss carryforwards of $2,834,584 expiring through 2023.

(10) - RELATED PARTY TRANSACTIONS

On March 19, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to issue Eagle Consulting Group, Inc., a Nevada corporation, the Corporation's common stock as full consideration for its Note until such time as the Corporation has the authority to issue Preferred Stock to Eagle in exchange for the common stock issued in accordance herewith. The company plans to issue the stock during the second quarter of 2003. Eagle is owned by Tamara Atwell, the wife of Robert P. Atwell. Mr. Atwell does not own any shares of Eagle.

On March 28, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to enter into and execute a Definitive Agreement with Eagle Consulting Group, Inc., a Nevada corporation, whereby Eagle will purchase 20% of the Corporation's $.001 par value common stock for cash and additional consideration. In accordance with the terms and conditions to be included in the Definitive Agreement and as contained in a Letter of Intent between the parties, Eagle has advanced $18,364 to the Corporation during the first and second quarter of 2003. In addition to the advance, Eagle will provide securities administrative and general business consulting services to the Corporation and will assist the Corporation in positioning itself to receive additional financing. Management anticipates that the Definitive Agreement will be executed during the second quarter of 2003.

ITEM 2. - MANAGEMENT'S DISCUSSION AND ANALYSIS

The matters discussed in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. These forward-looking statements include but are not limited to statements concerning our business outlook or future economic performance; anticipated profitability, revenues, expenses or other financial items; and statements concerning assumptions made or exceptions as to any future events, conditions, performance or other matters which are "forward-looking statements" as that term is defined under the Federal Securities Laws. All statements, other than historical financial information, may be deemed to be forward-looking statements. The words "believes", "plans", "anticipates", "expects", and similar expressions herein are intended to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties, and other factors, which would cause actual results to differ materially from those stated in such statements. Forward-looking statements include, but are not limited to, those discussed in "Factors That May Affect Future Results," and elsewhere in this report, and the risks discussed in the Company's other SEC filings.

The Company has defined a critical accounting policy as one that is both important to the portrayal of the Company's financial condition and results of operations and requires the management of the Company to make difficult, subjective or complex judgments. Estimates and assumptions about future events and their effects cannot be perceived with certainty. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes.

The Company believes that the following critical accounting policies affect its more significant judgements and estimates used in the preparation of financial statements:

Non-Monetary Transactions - The Company's business model depends on its ability to successfully enter into non-monetary transactions, where the Company's common stock is used to acquire a technology or service, or where a technology or service the Company previously acquired is used to acquire the common stock of another entity. As a result, the Company must continually address issues of valuation regarding its common stock, the technology and services acquired, the value of common stock in other companies received and the value of services and technologies sold, if any. If value estimates are too high upon entering into a transaction, earnings in future periods may suffer from large impairment charges. Conversely, if value estimates are too low upon entering into a transaction, operating results in future periods may not reflect a proper matching of income, if any, and expenses.

Prepaid Expenses and Deferred Compensation - The Company has negotiated contracts to grant common stock in exchange for future (prepaid) services with various other companies and individuals in which fully vested, non-forfeitable common shares were issued. Each contract contains a provision in which the value of unperformed services must be repaid to the Company in cash, therefore providing for substantial performance penalties Where the other companies are independent or have minimal common stock ownership in the Company, those prepaid expenses have been presented in the accompanying balance sheet as an asset. Where the other companies or individuals have significant stock ownership or are functioning as, or similar to, employees, officers or directors, such prepaid services have been presented on the balance sheet as deferred compensation and a reduction to total equity.

It is Company policy to expense those items that have been unused after the contractual period or after one year, if not used. Other prepaid expenses where services are being used are amortized over the life of the contract.

Impairment of Long-Lived Assets

The Company adheres to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). The Company reviews the carrying value of its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through undiscounted net cash flows. Impairment is calculated based on fair value of the asset, generally using net discounted cash flows. Any long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less estimated costs to sell.

OVERVIEW

Dstage.com, Inc., a Delaware corporation (the "Company") was incorporated on October 12, 1999 to provide support, organization and restructuring services to other development stage companies. In the summer of 1999, our founders agreed that culminating trends in venture development, venture funding and intellectual capital creation would result in a precipitous drop in valuations for thousands of technology driven companies worldwide. This shared perspective caused our team to devise a new model for venture creation and growth. Our model attempts to substantially remove cash requirements from the earliest stages of venture formation and replace it with knowledge, expertise, technology and time contributed by various parties, applied directly to prospective startups. By building a universe of service and technology providers across as many disciplines and domains as achievable, using Dstage.com common stock as payment, we plan to offer advice and resources to entrepreneurs looking to launch novel products and ventures worldwide.

Using our common stock as payment, we have attempted to license a critical mass of intellectual property, knowledge, expertise, software, applications, patents, content and a host of other resources needed by development stage enterprises since our inception. We intend to allow certain startup ventures (Concept Sponsors) screened by our network to request access to appropriate resources we hold in exchange for interests in their nascent ventures. To the best of our knowledge, our model is new, risky and unproven. However, we believe it stands to potentially deliver benefits to entrepreneurs, technology providers, professional service providers, early stage investors, and later stage investors in many countries to the degree that the model effectively reduces barriers to developing new ventures and launching new products. We hope that by pursuing this model, Dstage.com will become a leading source for support, creation, and restructuring of development stage companies.

PLAN OF OPERATIONS

BUSINESS MODEL

Our business model is based upon the same primary assumptions we have held since inception:

1) We assume that entrepreneurs, inventors, developers and other parties conceiving new ventures, products and solutions often expend a preponderance of
their early efforts seeking cash investments to fund initial development activities. In most cases, these parties do not hold a comparative advantage in
raising funds, structuring a new venture, developing a comprehensive and compelling business strategy and recruiting vendors that share a common
commitment to the new venture or product.

2) By creating a critical mass of professional service providers across a road range of disciplines and industries, and combining this experience with
access to a library of licensed technologies, applications, code and other intellectual property, we believe a sufficiently large collection of
intellectual capital can be developed. We also believe that once a large enough collection of these resources has been acquired and positioned for direct
placement into development stage ventures, inventors and entrepreneurs pursuing unique concepts (Concept Sponsors) and engaging our approach to venture
formation will stand to gain two key advantages over their competitors. First, we believe our system will decrease the time they will have to expend raising
startup funding, since venture defining resources will be available for immediate use by those conceiving new ventures. According to our model and
assumptions, this should increase the amount of effort Concept Sponsors can spend moving their ventures or products to the next stage of development.
Second, we believe our system stands to increase both the quantity and quality of intellectual inputs during the earliest stages of venture development. Should
this occur, we hope that founders of untested ventures and products engaging our approach will benefit from a reduction in economic risks.

3) We assume that by compensating resource providers (Concept Affiliates) primarily with equity, as opposed to cash, members of our network and other
parties using our approach stand to gain a number of potential benefits. We believe that parties motivated by immediate cash compensation typically hold a

significantly shorter-term view, than parties compensated by equity. Although parties compensated by equity bear the risk that their efforts never yield
positive financial results, they also stand to potentially gain a much higher return on their efforts. Under our model, Dstage.com should act as a community

and central repository for intellectual capital poised for direct placement into what we hope will be promising development stage ventures. We plan that our model will facilitate spreading many of the risks, associated with contributing intellectual capital to development stage companies, across a growing collection of participating startup ventures (Concept Affiliates).

INDUSTRY

THE INTERNET AND VENTURE FORMATION

The process of launching a new venture or product places a number of demands on entrepreneurs, inventors, developers and other parties pursuing new concepts in the earliest stages of venture formation. We believe that historically, many parties with novel concepts have been confronted with both limited available resources and limited access to qualified sources willing to supply cash, experience, technology or other inputs necessary to effectively pursue concept, product and venture development. According to a 1995 White House sponsored study, over 300,000 growing ventures and 50,000 startups in the U.S. are in need of equity funding each year. Still, by many accounts, the past half a decade has experienced an increase in transfers of financial capital from wealthy investors to venture funds and from venture funds to private, technology companies. Although retail investors and venture capital firms have recently been reminded of the substantial risks associated with investing in development stage companies, the relatively high likelihood of losing one's entire investment, we believe the actions of both of these groups provide a unique set of market opportunities. We believe that corresponding actions taken by traditional and emerging private equity sources over the past half-decade have also created a unique set of market opportunities. Our model seeks to benefit from these opportunities by attempting to address the needs and desires of a number of parties comprising the venture development value chain.

In recent years, technology and Internet related ventures had commanded an increasingly dominant share of both private equity capital and initial public offerings. In the wake of the collapse of the prices of publicly traded technology companies, and the simultaneous devaluation of private equity backed technology companies, we believe there is a great deal of uncertainty concerning the future prospects of many technology firms, both public and private. Some observers have suggested the rapid increases in technology investments over the past half decade have resulted in an "oversupply" of technology. As a result, we believe technology vendors, as well as professional service organizations servicing technology vendors, face more difficulty in converting their expertise and intellectual property into revenue than they may have faced two years ago. We believe these challenges may potentially benefit our business model by making certain companies more open to exchanging their expertise and technology for our common stock, as a means of diversifying market risk, broadening their potential sales outlets and continuing to participate in the development of untested solutions without having to risk material amounts of cash.

Prior to the widespread use and availability of the Internet amongst development stage companies, private and public equity concerns and the public at large, we believe the costs associated with exchanging information would have made global pursuit of our model highly unattractive. Even with advances in communications mediums, like the Internet, we believe private venture funds and other sources of private equity are confronted with a cost benefit dilemma which makes funding startup ventures less appealing than participating in larger transactions, either in an early stage of growth or an expansion stage. Our model is designed to reduce the risks of targeting early stage investments, by reducing cash requirements, to help mitigate the cost benefit dilemma.

PRINCIPAL PRODUCTS, SERVICES AND MARKETS

VENTURE FORMATION AND NETWORK ACCESS
Our operations are still in the early stages of development and the services we hope to deliver require significant refinement, effort and resources before we
plan to deliver any meaningful offerings to the markets we hope to serve. We do have a plan identifying the services we hope to offer should such refinement,
efforts and resources be successfully undertaken. We describe the core services we plan to develop as "Venture Formation" and "Network Access." Should such services be successfully developed, we plan to direct these services towards entrepreneurs, inventors and developers trying to launch new products or
ventures ("Concept Sponsors").

To take advantage of the venture formation process that we hope to deliver, our plan proposes that Concept Sponsors will first have to gain access to our
network of resources for development stage companies (our planned network of Concept Affiliates). This plan anticipates granting access to our network only
after 1) Being successfully screened for further consideration through our planned network of "Concept Screeners", 2) Appearing to hold potential synergies
between the Concept Sponsor and our professional resources that are available for direct placement into the proposed concept and 3) Paying a Network Access Fee with shares in the new venture, cash or a combination of both.

Under this plan, prospective Concept Sponsors will have to submit a description of their proposed venture and or product, along with background information on the principals, their perceived market opportunity, how much time and financial capital has been invested to date and what existing commitments of time and other resources they have secured for the near future. We plan that this submission will occur using an online application, aided with an interactive presentation that will be used to insure compliance with our needs through real-time support and education. Once submitted, we expect our planned systems to enable assigning Concept Screeners to review the prospective Concept Sponsors.

The current model also assumes that four (4) Concept Screeners will cast simple yes or no votes indicating whether or not they feel the Concept merits further
consideration for inclusion in our network.

If yes votes prevail, the plan calls for a Concept Administrator to be assigned to compare the needs of the proposed Concept Sponsor with the ability of our
professional resources to meet those needs and create a competitive advantage. If so, we plan to assess a Network Access Fee, payable in shares of the new
venture or a combination of cash and shares in the new venture. We intend to price the Network Access Fee in a manner that will cover our costs for screening and administering new concepts.

During the Concept Administrator's review, resources we hope to hold rights to, generally in the form of professional services and licensed technology, should
be tentatively committed based on the Concept Sponsor's needs. In exchange for these resource commitments, we plan to receive additional interests in the
Concept Sponsor's project.

In addition, the plan calls for the Concept Administrator to assess potential Concept Affiliates that might be willing and able to commit additional resources in exchange for direct interests in the new venture.

Based on this planned assessment, the model calls for a "broadcast" to be sent online to relevant affiliates, and at a higher level, to the network at large.
To support the ongoing progression of venture growth and formation, our plan calls for development of a collaborative application for use by our Concept
Sponsors and Concept Affiliates.

As resources are committed alongside those Dstage plans to commit directly, we believe a higher quality foundation will be established, consisting of many
direct inputs needed to move selected concepts to the next stage of development and increase the likelihood of successful growth thereafter.

NETWORK UTILIZATION AND THE CONCEPT AFFILIATE EXCHANGE

For our model to be successful, we must acquire a large collection of Concept Affiliates across a wide range of disciplines, technology and experience. Should we develop such a network, we believe an opportunity for Concept Affiliates to interact in two ways will extend beyond our focus of assisting venture
formations.

First, we believe many of these anticipated Concept Affiliates may have interests beyond our general intended focus on Information Technology, Life
Sciences and Advanced Materials. As a result, they may still want to utilize the experience, solutions and connections of other members within the network of
Concept Affiliates our plan calls for which would trigger a Network Utilization Fee.

Our model calls for pricing this fee at a small fraction of the value of any merger or transaction between our Concept Affiliates. Second, we believe the
quality of Concept Affiliates we seek to engage, along with their interest and ability to serve development stage companies, will facilitate these independent
mergers and transactions between Concept Affiliates. While this exchange is not central to our mission, we believe such a feature stands to further generate the loyalty and support that we hope to obtain from all of our Concept Affiliates.

REVERSE INCUBATION

We believe that the over funding of early stage Internet companies which did not have sound business models led to the failure of many of these ventures. Part of our strategy involves providing alternatives to certain technology firms, including Internet companies, headed for failure. One alternative for such
companies is to license their technology to us in exchange for shares of our common stock.

However, in cases where the probability of the licensing venture failing, we plan to seek options on core technology components in exchange for additional
shares of our common stock. Another alternative involves failing ventures engaging our services in exchange for a fee, payable in shares of their common
stock, cash or a combination of both.

Using our planned network of Concept Affiliates, we hope that such engagements, if any, will involve us redirecting the core intellectual assets of these
struggling companies to potentially productive markets. Ideally, these services will facilitate the sale or transfer of these ventures to VC firms, competing or
complementary ventures, or other entities wishing to operate the ventures.

PROFESSIONAL SERVICES CONTENT

Our plan also calls for aggregating certain professional services content relevant to development stage companies. We hope to accomplish this by paying
industry experts with stock in the Company. For this ownership consideration, the plan calls for each content provider to supply Dstage with 5 years worth of
intellectual property or content to be updated at least annually. We realize that while the separate economies of the world are melding into one global
economy, most companies will always have regional needs.

Therefore, our plan is that as we recruit industry experts, an eye will be placed on ensuring the pool of experts is not only functionally diverse, but
also geographically diverse. In addition, we intend to license additional content from established third party sources in exchange for shares of our
common stock. We hope this content will aid the decision-making processes of our planned Concept Sponsors, Concept Affiliates and the extended development communities we hope to serve.

DSTAGE INDEXES

We also plan to develop a collection of proprietary indexes which track development stage activities as measured by certain groups of publicly traded
companies. Our planned indexes will be comprised of a Dstage 100, Dstage Bio Index, Dstage IT Index and a Dstage Advanced Index.

The Dstage 100 will feature the top 100 public Dstage companies, as determined by our executive staff. The Dstage Bio Index will be a proprietary ranking of
selected private biotechnology and life sciences firms. The Dstage IT Index will list a proprietary ranking of selected private Information Technology firms,
while the Dstage Advanced Index will include proprietary rankings of selected private advanced products and materials firms.

RESEARCH

We also plan to provide research and advice on many of the technology and development markets that we hope to serve. As with our other offerings, we hope to gain access to this research through licenses acquired in exchange for our common stock.

Should we successfully gain access to such research, we plan for our entire value chain to benefit, including Concept Affiliates, Concept Sponsors and our
extended online community. Our plan calls for senior executives at client companies to utilize this research to make informed business decisions in a

complex and rapidly changing Internet and technology markets.

DISTRIBUTION METHODS-SALES AND MARKETING

To date, we have attempted to build interest in our approach to venture formation by inviting parties, which the Company, our officers, Concept
Affiliates, vendors and other members of our network believe can add value, to join our network. Our planned approach to venture development, along with the risks and demands it places on Concept Affiliates and Concept Sponsors, is not suited for every technology provider, professional services provider or
development stage Company.

Our marketing strategy reflects our belief that the mass of resources we envision developing is of little utility without adequate controls over quality.
Going forward, we hope to incorporate this personalized approach to both network development and business development through the use of indirect, interactive media, which can be used to complement personal descriptions of our business model.

Our primary means of marketing our approach to venture formation, and our network, is planned to be the efforts of our officers, our network of Concept
Affiliates as it grows and word of mouth as Concept Sponsors achieve success. To direct and support this approach, our model calls for specific executives to oversee network development and business development for each major international region we seek to serve. As efforts progress, we envision further
global geographic and industry penetration.

RESULTS OF OPERATIONS

QUARTER ENDED MARCH 31, 2003 COMPARED TO QUARTER ENDED MARCH 31, 2002

REVENUE

	During the three months ended, %			
	2003	2002	CHANGE	Cumulative from inception
Net Revenue	$ 0	$ 0	nil	$ 58,568

We did not generate any revenue for the quarter ended March 31, 2003. The business model we are pursuing anticipates most of our services being paid for with stock and certain services being paid for with cash. The ultimate balance we realize between sales settled with cash and sales settled with stock, if any future sales are realized, will have a material impact on our results of operations, operating cash flow, and the degree to which our earnings, revenues and costs fluctuate from period to period. This is due in part to the complexities of transactions settled in equity. This complexity is increased by our focus on early stage companies, whose securities are privately held, thinly traded, or quoted on mediums that make valuation highly subjective.

To address these complexities, our accounting policies may require us to record services issued in exchange for stock in early stage companies at a nominal value, or no value at all, since the stock issued generally has no readily determinable value. As a result, the extent to which we accept stock in exchange for services and technology we render to privately held, early stage clients will directly impact our future results. In the remaining quarters of 2003, we intend to pursue opportunities to deliver services to such clients in exchange for cash, stock and a combination of stock and cash. It is anticipated that these agreements will typically involve a variety of contracting methodologies, including, but not limited to, performance based compensation for services rendered, fixed sum, guaranteed maximum price, and time and materials. Similarly, it is expected that an hourly rate will be used to track contract progress. Professional services under all types of agreements except those involving contingent consideration are recognized as the services are performed.

Another important consideration regarding the balance between services paid for in cash and services settled in the client's stock is our ability to cover operating expenses we are required to settle in cash. Our primary business focus is not on generating immediate revenue. Instead, our focus is on acquiring equity interests in promising companies we believe will create capital appreciation for our shareholders. Despite this focus, operating activities that result in cash revenue play can plan an important role in our ability to meet cash requirements. This is especially true to the degree that we do not successfully secure external cash financing to satisfy expenses we cannot satisfy using our common stock.

COST OF SERVICES

	During the three months ended, %			
	2003	2002	CHANGE	Cumulative from inception
Cost of Services	$ 0	$ 0	nil	$ 95,700

Our cost of services are comprised principally of consulting services provided by contract individuals to our customers. We provided no services that generated revenue in the three months ended March 31, 2003, and had no costs of services. To the degree that we generate revenue in future periods, consulting services provided by Concept Affiliates and officers during such periods will be matched to revenue associated with such services and recorded as costs of services. In future periods, we expect the complexity of our model, which relies heavily on exchanges of our equity and exchanges of our clients' equities, to result in a lack of predictability and a great deal of volatility with regard to our Cost of Services and, therefore, our gross margin percentage.

SALES AND MARKETING EXPENSES

	During the three months ended,%			
	2003	2002	CHANGE	Cumulative from inception
Sales & Marketing Expenses	$ 0	$ 2,376	(100	$ 53,959

Since inception, sales and marketing expenses have consisted of advertising, promotional materials and public relations expenses. Although the percentage decrease in sales and marketing expenses, from the quarter ended March 31, 2002 compared to the quarter ended March 31, 2003, is a substantial percentage, the total dollar amount of sales and marketing expenses is extremely low in 2002 and there were none in 2003. Of our total sales and marketing expenses incurred in the quarter ended March 31, 2002, 100%, or $2,376, required payment in cash. In the remaining quarters of 2003, we hope to substantially increase our sales and marketing efforts and, therefore expect our sales and marketing expenses to increase. Whereas our sales and marketing activities in 2002 were directed primarily at developing our corporate image and communicating key events, we plan to promote certain professional services we offer in 2003, in addition to expanding the scope of our image development efforts. While some of our anticipated sales and marketing requirements can be satisfied using prepaid services we contracted in exchange for common stock, many will require payment in cash.

RESEARCH AND DEVELOPMENT

	During the three months ended,%			Cumulative from inception
	2003	2002	CHANGE	
Research and Development	$ 0	$ 238	(100	$ 252,550

Since inception, research and development expenses have consisted primarily of costs related to the acquisition, testing, design, development and enhancement of certain technologies we hold rights to and which we intend to use in the future to meet our internal needs or the needs of ventures we may invest these technologies with. While the total dollar amount of sales and marketing expenses was extremely low during 2002 and there were none in 2003, the percentage change in research and development expenses, from the quarter ended March 31, 2002 compared to the quarter ended March 31, 2003, is largely explained by our lack of research and development activity during the first quarter of 2003. In the first quarter of 2002, 100% of our research and development expenses required settlement in cash. Since inception, the majority, $217,040 or 86.18% of our research and development expenses since inception, has related to rights to technologies we acquired in exchange for our common stock. In future quarters, we anticipate entering into similar agreements which may cause our research and development costs to increase substantially.

GENERAL AND ADMINISTRATIVE

	During the three months ended,%			Cumulative from inception
	2003	2002	CHANGE	
General and				

Administrative	$ 46,000	$ 228,693	(80	$ 2,469,266

General and administrative expenses consist primarily of professional services, insurance, telephone, occupancy, travel and compliance related expenses. The decrease in general and administrative expenses for the quarter ended March 31, 2003, compared to the quarter ended March 31, 2002, is primarily due to our limited activity during the first quarter of 2003. Accounting, legal and compliance expenses accounted for 100% of the general and administrative costs expensed in the first quarter of 2003. In the quarter ended March 31, 2002, expensing deferred compensation accounted for approximately 64.58%, or $147,696, of our general and administrative expenses for the quarter. Similarly, prepaid Concept Affiliate services expensed during the quarter accounted for approximately 20.51%, or $46,897, of our general and administrative expenses for the quarter ended March 31, 2002. The remaining 14.91% was composed primarily of compliance related expenses, 5.55% or $12,685, insurance expense, 2.88% or $6,583, telephone expense, 1.11% or $2,544 and all other general and administrative expenses totaling $12,287 or 5.37%. Compliance related expenses include legal, accounting and other charges related to filing our reports with the Securities and Exchange Commission. Of the $228,693 we expensed under the general and administrative caption in the first quarter of 2002, 85.09% or $194,593 were prepaid for using our common stock, $18,656 or 8.16% require settlement in cash, and $15,444 or 6.75% related to other non-cash charges. We plan to utilize more professional services from our officers, directors and Concept Affiliates in the remaining quarters of 2003.

IMPAIRMENT OF LONG-LIVED ASSETS AND IMPAIRMENT OF INVESTMENTS IN OTHER COMPANIES

	During the three months ended,		%	Cumulative from
	2003	2002	CHANGE	inception
Impairment of Assets	$ 0	$ 0	0%	$ 2,402,338
Impairment of Investments in Other Companies	$ 0	$ 0	0%	$ 710,868

Our impairment policy requires management to review assets and investments for impairment on an ongoing basis. In the case of investments in other companies, this analysis combined with our other accounting policies is expected to have a material impact on our results of operations in future periods. Our accounting policies generally may require us to record services performed in exchange for stock in early stage companies at a nominal value, since the stock issued generally has no readily determinable value. However, when we use our stock to effect investments in other companies, the bid price for our stock on the date of issuance is used to value the transaction initially. Subsequently, an impairment of this value may be required to reduce the carrying amount on our books to reflect an impairment in vaue.

Our financial results since inception are indicative of the extent to which impairment of investments and assets can impact our operating results. Since inception, impairment of investments in other companies accounts for $710,868, or approximately 12% of our $5,947,790 net loss, whereas impairment of long-lived assets has accounted for $2,469,266, or approximately 44% of our net loss since inception. Together, these two expense categories account for 53% of our net loss from inception and through the period ended March 31, 2003.

An impairment loss is recorded in the period in which we determine that the carrying amount is not recoverable. This requires the Company to make long-term forecasts of its future revenues and costs related to the assets subject to review. These forecasts may require assumptions about demand for the Company's products and services, future market conditions and technological developments in order to support fair value and avoid impairment. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period.

INCOME TAXES

As of December 31, 2002, the Company had operating loss carryforwards of $2,784,584. The operating loss carryforward is calculated based on book versus tax computations. The operating loss carryforwards expire through 2022 and may be subject to significant limitation due to change in control rules.

As of March 31, 2003, the Company had operating loss carryforwards of $2,834,584.

NET LOSS

	During the three months ended				,%	Cumulative
		2003		2002	CHANGE	from inception
Net Income (loss)	$	50,000	$	231,571	79%	$ (5,947,790)$
Net income (loss)per share	$	(0.00)	$	(0.02)	100%	$(0.66
Weighted averageshares		16,271,601		12,127,281	34%	N/A

We anticipate that impairments will play a major role in our operating results in future periods. Although none of our impairment losses have consumed cash flow since inception, our ability to convert the assets, resources and technology we acquire into gains, and ultimately positive cash flow, will largely determine the viability of our business model. Similarly, to the degree that we have to issue more shares to acquire assets and resources that are later impaired or not readily recovered, such events will be dilutive to our existing shareholders.

LIQUIDITY AND CAPITAL RESOURCES

We must successfully secure external cash financing to satisfy expenses we cannot satisfy using our common stock in the remaining quarters of 2003. In addition, we must successfully generate sufficient cash revenue to meet our operating cash requirements in the remaining quarters of 2003. Unless we are able to secure additional funding, it is likely that we will have insufficient cash to satisfy our cash requirements in the remaining quarters of 2003. As of March 31, 2003, we had negative working capital of $673,690, compared to negative working capital of $46,570 as of March 31, 2002. The change in working capital reflects growth in current liabilities from $118,480 as of March 31, 2002 to $673,690 as of March 31, 2003, combined with a decrease in current assets, from $71,910 as of March 31, 2002 to $0 as of March 31, 2003. The increase in current liabilities in the period is primarily attributable to a $250,000 liability we incurred to the seller in connection with our purchase of the VedaLabs technology along with a $200,000 liability we incurred in connection with an investment banking agreement.

In May of 2002, we reached a definitive agreement with VedaLabs to acquire their Media Player and Peer-to-Peer technology. Under the agreement we issued 3,000,000 shares of our common stock along with a commitment to pay $250,000 in cash within 6 months, pending transfer or sale of the technology. If transfer or sale of the technology did not occur, the Company was to pay VedaLabs in cash or stock. The number of shares was to be determined based on the closing price of the Company's shares and the Company is obligated to register such shares with the Securities and Exchange Commission. The Company's negotiated price for this transaction was $2.00 per share; however, the licensed technology was recorded at $0.30 per share, the bid price for shares issued on the date of the transaction. In accordance with SFAS 142 and SFAS 144, the Company engaged an independent valuation firm to assist in valuing the VedaLabs technology. However, in the absence of funding from the investment banking contract, the Company was unable to pay for completion of the valuation engagement. In light of these events, we have fully impaired the VedaLabs technology. In addition, we are currently in negotiations with VedaLabs to settle our liability of $250,000. Failure to successfully negotiate an extension for settlement, or other remedy, our shareholders will incur substantial dilution should we have to settle the liability based on our current share price.

The decrease in current assets in the first quarter when compared to the first quarter of 2002 is primarily attributable to a full impairment of all assets taken by the Company during the fourth quarter of 2002.

During the first quarter of 2003, our primary source of capital came from advances by Eagle Consulting Group, Inc. Prior to Eagle, our primary source of capital since inception had been the sale of stock to our majority shareholder, BulletProof Business Plans, Inc. ("BulletProof"), for $30,000 in cash, the sale of stock to BulletProof in exchange for expenses paid on our behalf in the amount of $16,691, the conversion of $25,000 in notes payable into common stock by BulletProof, and the forgiveness of $30,000 in notes payable by BulletProof. In 2002 we repaid $11,863 of short-term advances and borrowed an additional $42,575 from BulletProof. During 2002, our former CEO, Frank Maresca, loaned the Company $5,311 in the form of short-term demand advances and expenses paid on our behalf. These loans were made in anticipation of financing to be secured in August 2002 through our investment banking agreement. Our investment banking agreement failed to produced significant cash and as a result, we did not repay the amounts borrowed from Frank Maresca.

To realize the growth in our network of professional service providers and licensed technology our business model calls for, we will require far more cash than that which is required to meet our minimum needs. We did not generate any revenues during the first quarter of 2003.

In order to preserve cash, in the past we have prepaid the services of our officers, directors and Concept Affiliates using our stock. Our ability to continue this model in the future is critical to our success and our ability to continue as an ongoing concern. During the quarter ended March 31, 2003, our common stock bid price was quoted at a low of $0.015 to a high of $0.025. However, our board had approved the issuance of shares to new Concept Affiliates at various negotiated values up to $6.00 per share, although the low bid price would be used to record any such transactions. As a result of the historical difference between negotiated and bid prices per share, our ability to negotiate new Concept Affiliate agreements in future periods will likely be adversely impacted. To the degree that our stock price does not increase, we may have difficulty securing new agreements with service providers, acquiring new technology and executing on our business model.

FACTORS THAT MAY AFFECT FUTURE RESULTS

We operate in a rapidly changing business environment that involves several risks, many of which are beyond our control. Factors that could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to the following.

Dstage.com was incorporated in October of 1999 and has a limited operating history from which to base an evaluation of its business and prospects. Since inception, we have incurred losses and as of March 31, 2003 had an accumulated deficit of $5,947,790.

Our revenues, operating income or net income in the future are unpredictable. As a result of our limited operating history and the nature of the industries in which we compete, we are unable to accurately forecast revenues, operating income or net income. We anticipate continuing to incur significant operating expenses in the future. Our business strategy is designed to utilize professional services paid in our common stock in lieu of cash, which will permit us to operate under lower cash levels than traditional operations. Our current expense levels are based largely on the Company's efforts to develop its business model and pursue initial sales; therefore, current expense levels are not indicative of future expense levels. We can give no assurance that it will achieve profitability or be capable of sustaining profitable operations. Our quarterly results of operations may fluctuate widely. It is anticipated that future quarterly operating results could fluctuate significantly and that period-to-period comparisons of our results may not necessarily be meaningful or indicative of future results. There are many factors that may contribute to these quarterly fluctuations, some of which are beyond our control. Factors include, but are not limited to: (i) Charges for impairment of long-lived assets in future periods; (ii) Market acceptance of our ventures, services, and products; (iii) Economic conditions specific to the industry in which we operate; and (iv) General economic conditions. In the event that we are unable to continue our business model due to a major shift in the economy or some other unforeseen reason, we may have to adjust our business model to a more traditional reliance on cash consideration. This event could have an impact on net operating results by requiring us to obtain various loans to meet obligations. This could result in interest payments and other debt expenses.

A substantial risk facing us is the issue of valuation of common stock in negotiating common stock for service. We anticipate having to negotiate the value of our stock in almost every transaction that we engage in; stock in Dstage.com, private venture equity, interests in licensed technology, and other assets, for which market prices are highly subjective. We will be dependent onthe vagaries of negotiation in many transactions. Negotiations may include subjective assessments of an asset or investment's value; therefore, an initial over-payment could result in an adverse consequence to our value when impairment is determined.

We depend on key contractors and the loss of those contractors may harm us. Our performance is dependent on the continued service and performance of our executive officers. Our success is dependent on its ability to attract and retain high quality personnel.

There may be conflicts of interest within our network. Our network of "Concept Sponsors", "Concept Affiliates", officers and directors may face potential conflicts of interest with each other and with Dstage.com shareholders. Some of the our executive officers and directors also serve as officers or directors of other companies.

We face competition from other investors, which may prevent us from realizing strategic opportunities. We intend to develop an extensive network of resources that will position us to acquire or invest in other companies. We expect to face competition from Internet-related companies, venture capital firms, and large corporations. Some of our competitors may have greater financial resources than we do, which may limit our opportunity to acquire interests that could compliment our business strategy.

We may experience adverse consequences in our efforts to avoid the investment company status. The Investment Company Act of 1940 provides a set of regulations for companies engaged in the business of investing, reinvesting, owning, holding or trading securities. Under the Investment Company Act, a company may be deemed an investment company if it owns investment securities with a value exceeding, 40% of its total assets, subject to certain exclusions and safe harbor provisions.

We could become subject to regulation under the Investment Company Act if enough of our future interests in our affiliates are considered investment securities. Unless an exclusion or safe harbor provision was available to us, we would have to reduce our investment securities as a percentage of total assets. In order to avoid these regulations, we may have to take actions that we would not otherwise choose to take. Regulations applicable to investment companies are inconsistent with our fundamental business strategy of promoting collaboration among our affiliates.

ITEM 3. CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, our management concluded that our disclosure controls and procedures are effective and timely alerting them to material information relating to the Company required to be included in our periodic SEC filings. There were no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies or material weaknesses.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
NONE

ITEM 2. CHANGE IN SECURITIES
NONE

ITEM 3. DEFULTS UPON SENIOR SECURITIES
NONE

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITIES HOLDERS

NONE

ITEM 5. OTHER INFORMATION

On March 19, 2003, the Corporation accepted the resignation of Frank R. Maresca, Jr. from the Corporation's Board of Directors.

On March 19, 2003, the Corporation accepted the resignation of David Baird from the Corporation's Board of Directors.

On March 19, 2003, the Corporation appointed Robert P. Atwell to the Corporation's Board of Directors.

On March 19, 2003, the Corporation appointed Albert Golusin to the Corporation's Board of Directors.

On March 19, 2003, the Corporation accepted the resignation of Eric Schmitz from the Corporation's Board of Directors.

On March 19, 2003, the Corporation accepted the resignation of Rounsevelle W. Schaum as President and Chief Financial Officer of the Corporation.

On March 19, 2003, the Corporation accepted the resignation of Shirlee Gordon as Secretary and Treasurer of the Corporation.

On March 19, 2003, the Corporation accepted the resignation of Tiffany Gordon as Controller of the Corporation.

On March 19, 2003, the Corporation accepted the resignation of Frank R. Maresca, Jr. as Chief Executive Officer of the Corporation.

On March 19, 2003, the Corporation accepted the resignation of Donald J. Marinari as Chairman of the Corporation.

On March 19, 2003, the Corporation appointed Robert P. Atwell President and Chief Executive Officer of the Corporation.

On March 19, 2003, the Corporation appointed Albert Golusin Secretary and Treasurer of the Corporation.

On March 19, 2003, the Corporation appointed Albert Golusin Chief Financial Officer of the Corporation.

On March 19, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to enter into and execute employment agreements between Robert P. Atwell and the Corporation. The agreements are expected to be completed during the second quarter of 2003.

On March 19, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to enter into and execute employment agreements between Albert Golusin and the Corporation. The agreements are expected to be completed during the second quarter of 2003.

On March 19, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to enter into and execute the consulting agreement between The Corporate Solution, Inc., a Nevada corporation, and the Corporation. The agreements are expected to be completed during the second quarter of 2003.

On March 19, 2003, the Corporation's Board of Directors directed the President, Secretary or other officer of the Corporation to enter into and execute the consulting agreement between Jane Olmstead and the Corporation. The agreements are expected to be completed during the second quarter of 2003.

On March 28, 2003, the Board of Directors approved the relocation of our corporate offices to 1000 Ortega Way, Suite C, Placentia, California 92870.

Changes in Registrant's Certifying Accountant

On May 14, 2003, Dstage.com, Inc. ("the Company") sent a letter to Ehrhardt Keefe Steiner & Hottman PC ("EKS&H") via fax indicating the engagement of James C. Marshall, CPA, PC ("Marshall") as the Company's independent public accountants for the fiscal year ending December 31, 2003. The Company had originally notified EKS&H via email on May 9, 2003, that the Company was going to retain new independent public accountants. On May 14, 2003, the Company filed form 8-K with the Securities and Exchange Commission regarding the change of registrant s certifying accountant. The appointment of Marshall was approved by the Company's Board of Directors upon the recommendation of its Audit Committee.

EKS&H's reports on the Company's financial statements for the fiscal year ended December 31, 2002 did not contain an adverse opinion or disclaimer of opinion. The December 31, 2002 report was not qualified or modified as to uncertainty, audit scope or accounting principles. EKS&H was not the principal accountant for the year ended December 31, 2001.

During the fiscal year ended December 31, 2002 and through May 14, 2003, there were no disagreements with EKS&H on any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, which, if not resolved to EKS&H's satisfaction, would have caused them to make reference to the subject matter in connection with their report on the Company's financial statements for such year; and there were no reportable events as defined in Item 304(B) of Regulation S-B.

The Company has provided EKS&H with a copy of the foregoing statements. The Company has authorized EKS&H to respond to the successor auditors without limitation.

During the fiscal years ended December 31, 2002 and through the date of the Board's decision, the Company did not consult Marshall with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, or any other matters reportable events as set forth in Items 304(E)(2)(i) and (ii) of Regulation S-B.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits -
99.1 Certification Pursuant to the 18 U.S.C. section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002

99.2 Certification Pursuant to the 18 U.S.C. section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002

99.3 Certification Pursuant to the 18 U.S.C. section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002

b. Reports on Form 8-K

NONE

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report on Form 10-QSB to be signed on its behalf by the undersigned, thereunto duly authorized.

DSTAGE.COM, INC.
(Registrant)

/S/ ROBERT P. ATWELL
Robert P. Atwell
Chief Executive Officer

/S/ ALBERT GOLUSIN
Albert Golusin
Chief Financial Officer

May 19, 2003

Exhibit 99.1

Certifications

I, Robert P. Atwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q Dstage.com Inc

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 the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 19, 2003

/s/ ROBERT P. ATWELL
Robert P. Atwell
President and Chief Executive Officer

Exhibit 99.2

Certifications

I, Albert Golusin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dstage.com Inc.:

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 the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 19, 2003

/s/ ALBERT GOLUSIN
Albert Golusin
Chief Financial Officer

EXHIBIT 99.3

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of Dstage.com Inc , a Delaware corporation (the "Company"), on Form 10-Q for the quarter ending March 31, 2003 as filed with the Securities and Exchange Commission (the "Report"), we, Robert P. Atwell, Chief Executive Officer of the Company and Albert Golusin, Chief Financial Officer of the Company, respectively certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002 that:

(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 fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ ROBERT P. ATWELL
Robert P. Atwell
President and Chief Executive Officer

May 19, 2003

/s/ ALBERT GOLUSIN
Albert Golusin
Chief Financial Officer

May 19, 2003