

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

TS&B HOLDINGS INC
Form 10QSB
February 11, 2005

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

FORM 10-QSB

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarter Ended December 31, 2004

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 333-29903

TS&B Holdings, Inc.

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

Utah

30-0123229

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

7658 Municipal Drive, Orlando, Florida 32819

(Address of principal executive offices)

Registrant's telephone no., including area code: (407) 649-8325

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Class	Outstanding as of December 31, 2004
Common Stock, \$.001 par value	205,370,575

TS&B HOLDINGS, INC.

TABLE OF CONTENTS

Page

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

Item 1. Business	3
Item 2. Properties	11
Item 3. Legal Proceedings	11
Item 4. Submission of Matters to a Vote of Security Holders	11
Item 5. Market for Registrant's Common Equity and Related Stockholders Matters	12
Item 6. Selected Financial Data	12
Item 7. Management's Discussion and Analysis of Financial Condition and Result of Operations.	13
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	18
Item 8. Financial Statements and Supplementary Data	18
Signatures	37

Item 1. Business

Overview

On January 5, 2004 the Company shareholders approved the proposal to allow the Company to adopt business development company (BDC) status under the Investment Company Act of 1940 (1940 Act). A BDC is a specialized type of Investment Company under the 1940 Act. A BDC may primarily be engaged in the business of furnishing capital and managerial expertise to companies that do not have ready access to capital through conventional financial channels; such companies are termed eligible portfolio companies . The Company as a BDC, may invest in other securities, however such investments may not exceed 30% of the Company s total asset value at the time of such investment. The Company filed its BDC election with the SEC (Form N-54A) on January 13, 2004.

TS&B Holdings, Inc. provides equity and long-term debt financing to small and medium-sized private companies in a variety of industries throughout the United States. Our investment objective is to achieve long-term capital appreciation in the value of our investments and to provide current income primarily from interest, dividends and fees paid by our portfolio companies.

Portfolio Investments

The Company has investments in 8 controlled (portfolio) companies as of December 31, 2004.

1. Cummings Financial Services, Inc.

Cummings Financial Services, Inc. is a licensed mortgage broker licensed in the State of Florida. Glenn Cummings has been in the mortgage brokerage business since 1993 as a mortgage loan originator with Household Finance Corporation. In 1996 Mr. Cummings became licensed as an independent mortgage broker. In 1999 Mr. Cummings signed a net branch agreement with Stockton, Turner, LLC. Under the branch agreement, Mr. Cummings operated as Stockton, Turner, Cummings, Inc. In 2001 Glenn & Alicia Cummings formed Cummings Financial Services, Inc. and became a correspondent lender. In May 2004, TS & B Holdings, Inc. acquired a 51% interest in Cummings Financial Services, Inc.

2. Home Savings Plan, Inc.

Home Savings Plan, Inc. is a Florida corporation which sells to Cummings Financial Services, Inc. mortgage customers a bi-weekly payment plan for mortgage payments. Home Savings, Plan, Inc. is 51% owned by the Company.

3. Buehler Earth & Waterworks, LLC

Buehler Earth and Waterworks specializes in site development and infrastructure construction including, but not limited to, clearing, earthwork, utility construction, storm drainage, curbs, sidewalks; roadwork including sub-base, base and asphalt placement.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

Buehler Earth and Waterworks mission is to provide a full line of site construction and related services to the land/site development industry (public/private) utilizing a team approach to deliver the highest in quality work seeking expeditious performance without compromising either cost efficiency or good safety practices.

Buehler Earth and Waterworks, LLC is a Florida Limited Liability Corporation which the Company has a 51% interest.

Buehler Earth and Waterworks, LLC owns 100% of BEW Landscape and Irrigation, LLC a Florida Limited Liability Corporation. BEW Landscape and Irrigation provides plants and irrigation services on a wholesale and retail basis to various customers throughout Florida.

Buehler Earth & Waterworks, LLC owns 75% of Advance Pool Technologies, Inc. a Florida corporation. Advanced Pool Technologies is a commercial pool qualifier licensed in Florida.

-3-

4. Sports Nation, Inc.

Sports Nation, Inc. is involved in all aspects of the sports memorabilia merchandising industry. Sports Nation's management has over 50 years of combined experience in product development, licensing, mass merchandise, retail, and direct marketing & sales. Through years of specializing in sourcing and selling the finest caliber sports memorabilia and collectible products, Sports Nation has forged numerous strategic relationships with companies and individuals in sports marketing, including agents and athletes, manufacturers, authenticators, and retailers.

Sports Nation, Inc. is a Nevada Corporation, which is owned 100% by the Company.

5. TSB Financial Services, Inc.

TSB Financial Services, Inc. obtains financing for various commercial real estate transactions through strategic relationships with outside funding sources. TSB Financial Services, Inc. serves customers nationally from its headquarters in Orlando, Florida.

TSB Financial Services, Inc. is a Florida Corporation, which is owned 100% by the Company.

6. Wellstone Acquisition Corporation

Wellstone Acquisition Corporation is a non-reporting Securities & Exchange Commission registrant. This Company had no business activity for the six months ending December 31, 2004 and year ended June 30, 2004.

Wellstone Acquisition Corporation is a Delaware corporation that is owned 66% by the Company.

7. TS&B Gaming and Entertainment Corporation

TS&B Gaming and Entertainment Corporation was formed on March 18, 2004 to invest in gaming, entertainment and other such ventures. TS&B Gaming and Entertainment had no business activity through December 31, 2004.

TS&B Gaming & Entertainment Corporation is a Florida corporation that is 100% owned by the Company.

8. TS&B Ventures, Inc.

TS&B Ventures, Inc. was formed on April 16, 2004 to seek private investment into the Company's various portfolio companies. TS&B Ventures, Inc. had no business activity through December 31, 2004. TS&B Ventures, Inc. is a Florida corporation that is 100% owned by the Company.

-4-

Other Investments

The Company has investments in two other companies as of December 31, 2004.

1. Gulf Coast Records, LLC

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

Gulf Coast Records, LLC is an independent record label. Currently, Gulf Coast is developing recording artist Glenn Cummings. Gulf Coast Records has recently released Glenn Cummings debut album entitled *BIG*.

The Gulf Coast Records team includes, H.L. Voelker who acted as production consultant on Glenn's album, and Lisa Berg of Berg & Associates directs Glenn's press and publicity.

On June 30, 2004 Gulf Coast Records formed Hare Scramble, LLC. Hare Scramble, LLC is a Florida Limited Liability Corporation involved in music publishing and is 100% owned by Gulf Coast Records, LLC.

2. KMA Capital Partners, Ltd.

KMA Capital Partners, Ltd. provides business consulting and financial services to the Company and to small and mid-cap companies. KMA Capital Partners, Ltd. is a Florida Limited Partnership which the Company has a 25% limited partnership interest.

Valuation of Investments

The most significant estimate inherent in the preparation of the Company's consolidated financial statements is the valuation of its investment and the related unrealized appreciation or depreciation.

Upon the Company's conversion to a business development company, the Company employed independent business valuation experts to value selected portfolio companies, which had significant activity in its first two quarters as a business development company. The Board of Directors determined all other portfolio companies and investments at fair market value under a good faith standard.

Investments in Private Companies

The Company provides privately negotiated long-term debt and equity investment capital. The Company provides capital in the form of debt with or without equity features, such as warrants or options, offered referred to as mezzanine financing. In certain situations the Company may choose to take a controlling equity position in a company. The Company's private financing is generally used to fund growth, buyouts, and acquisitions and bridge financing.

As of December 31, 2004 the Company's portfolio consisted 71.01% of equity securities and 28.99% of investments or advances to controlled companies. The Company's private finance portfolio currently includes investments in a wide variety of industries including, mortgage brokerage, commercial site construction, wholesale and retail plant sales, a record company, publishing company and financial services and sports memorabilia.

The Company funds new investments using cash through the issuance of common stock. The Company intends to reinvest accrued interest, dividends and management fees into its various investments. When the Company acquires a controlling interest in a company, the Company may have the opportunity to acquire the company's equity with its common stock. The issuance of its stock as consideration may provide the Company with the benefit of raising equity without having to access the public markets in an underwritten offering, including the added benefit of the elimination of any underwriting commission.

As a business development company, the Company is required to provide significant managerial assistance available to the companies in its investment portfolio. In addition to the interest and dividends received from the Company's private finance investments, the Company will often generate additional fee income for the structuring, due diligence, transaction and management services and guarantees we provide to its portfolio companies.

-5-

Governmental Regulation

Business Development Company

A business development company is defined and regulated by the 1940 Act. Although the 1940 Act exempts a business development company from registration under the Act, it contains significant limitations on the operations of a business development company.

A business development company must be organized in the United States for the purpose of investing in or lending to primarily private companies and making managerial assistance available to them. A business development company may use capital provided by public shareholders and from other sources to invest in long-term, private investments in businesses. A business development company provides

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

shareholders the ability to retain the liquidity of a publicly traded stock, while sharing in the possible benefits, if any, of investing in primarily privately owned companies. To qualify as a business development company, a company must:

- o Have registered a class of its equity securities or have filed a registration statement with the Securities and Exchange Commission pursuant to Section 12 of the Securities and Exchange Act of 1934
- o Operate for the purpose of investing in securities of certain types of portfolio companies, namely emerging companies and businesses suffering or just recovering from financial distress
- o Extend significant managerial assistance to such portfolio companies and
- o Have a majority of disinterested directors (as defined in the 1940 Act).

Generally, a business development company must be primarily engaged in the business of furnishing capital and providing managerial expertise to companies that do not have ready access to capital through conventional financial channels. An eligible portfolio company is generally a domestic company that is not an investment company (other than a small business investment company wholly owned by a business development company), and that:

- o Does not have a class of securities registered on an exchange or included in the Federal Reserve Board's over-the-counter margin list; or
- o Is actively controlled by a business development company and has an affiliate of a business development company on its board of directors; or
- o Meets such other criteria as may be established by the Securities and Exchange Commission

Control under the 1940 Act is presumed to exist where a business development Company beneficially owns more than 25% of the outstanding voting securities of the portfolio company.

The 1940 Act prohibits or restricts companies subject to the 1940 Act from investing in certain types of companies such as brokerage firms, insurance companies, investment banking firms and investment companies.

-6-

As a business development company, the Company may not acquire any asset other than qualifying assets unless, at the time the Company makes the acquisition, the value of its qualifying assets represent at least 70% of the value of its total assets. The principal categories of qualifying assets relevant to our business are:

- o Securities purchased in transactions not involving any public offering, the issuer of which is an eligible portfolio company;
- o Securities received in exchange for or distributed with respect to securities described in the bullet above or pursuant to the exercise of options, warrants or rights relating to such securities; and
- o Securities of bankrupt or insolvent companies that were eligible at the time of the business development company's initial acquisition of their securities but are no longer eligible, provided that the business development company has maintained a substantial portion of its initial investment in those companies.
- o Cash, cash items, government securities or high quality debt securities (within the meaning of the 1940 Act), maturing in one year or less from the time of investment

A business development company is permitted to invest in the securities of public companies and other investments that are not qualifying assets, but those kinds of investments may not exceed 30% of the business development company's total asset value at the time of the investment.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

As a business development company, the Company is entitled to issue senior securities in the form of stock or senior securities representing indebtedness, including debt securities and preferred stock, as long as each class of senior security has asset coverage of at least 200% immediately after each such issuance.

The Company is also prohibited under the 1940 Act from knowingly participating in certain transactions with its affiliates without the prior approval of its board of directors who are not interested persons and, in some cases, prior approval by the Securities and Exchange Commission.

A business development company must make significant managerial assistance available to the issuers of eligible portfolio securities in which it invests. Making available significant managerial assistance means among other things, any arrangement whereby the business development company, through its directors, officers or employees, offers to provide and, if accepted does provide, significant guidance and counsel concerning the management, operation or business objectives and policies of a portfolio company.

The Company may be periodically examined by the Securities and Exchange Commission for compliance with the 1940 Act. As of the date of this filing the Company has not been examined by the Securities and Exchange Commission and has not been notified of a pending examination.

As with other companies regulated by the 1940 Act, a business development company must adhere to certain substantive regulatory requirements. A majority of its directors must be persons who are not interested persons, as that term is defined in the 1940 Act. Additionally, the Company is required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a business development company, the Company is prohibited from protecting any director or officer against any liability to the Company or our shareholders arising from willful malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

The Company maintains a Code of Ethics that establishes procedures for personal investment and restricts certain transactions by its personnel. The Company's Code of Ethics generally does not permit investment by its employees in securities that may be purchased or held by the Company. The Code of Ethics is filed as an exhibit to this 10Q, which will be on file at the SEC

The Company may not change the nature of its business so as to cease to be, or withdraw our election as, a business development company unless authorized by vote of a majority of the outstanding voting securities, as defined in the 1940 Act, of its shares. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (i) 67% or more of such company's shares present at a meeting if more than 50% of the outstanding shares of such company are present and represented by proxy or (ii) more than 50% of the outstanding shares of such company. Since the Company elected to become a business development company election, it has not made any substantial change in the nature of its business.

-7-

Regulated Investment Company

The Company has not elected to be taxed as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986.

Compliance with the Sarbanes-Oxley Act of 2002 and NYSE Corporate Governance Regulations.

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act imposes a wide variety of new regulatory requirements on publicly held companies and their insiders. Many of these requirements will affect us. For example:

- o The Company's chief executive officer and chief financial officer must now certify the accuracy of the financial statements contained in our periodic reports;
- o The Company's periodic reports must disclose conclusions about the effectiveness of its disclosure controls and procedures;
- o The Company's periodic reports must disclose whether there were significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and
- o The Company may not make any loan to any director or executive officer and may not materially modify any existing loans.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

The Sarbanes-Oxley Act has required the Company to review its current policies and procedures to determine whether it complies with the Sarbanes-Oxley Act and the new regulations promulgated thereunder. The Company will continue to monitor its compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance.

Employees

As of December 31, 2004 the Company had six employees.

Risk Factors and Other Considerations

Investing in the Company's common stock involves a high degree of risk. Careful consideration should be given to the risks described below and all other information contained in this Quarterly Report, including our financial statements and the related notes and the schedules as exhibits to this Quarterly Report.

Limited Operating History as a Business Development Company Which May Impair Your Ability to Assess Our Prospects.

Prior to January 2004 the Company had not operated as a business development company under the Investment Company Act of 1940. As a result the Company has limited operating results under this regulatory framework that can demonstrate either its effect on our business or management's ability to manage the Company under these frameworks. In addition, the Company's management has no prior experience managing a business development company. The Company cannot assure that management will be able to operate successfully as a business development company.

-8-

Because there is generally no established market for which to value its investments, the Company's board of directors' determination of the value of our investments may differ materially from the values that a ready market or third party would attribute to these investments.

Under the 1940 Act the Company is required to carry its portfolio investments at market value, or, if there is no readily available market value, at fair value as determined by the board. The Company is not permitted to maintain a general reserve for anticipated loan losses. Instead, the Company is required by the 1940 Act to specifically value each individual investment and to record any unrealized depreciation for any asset that has decreased in value. Because, there is typically no public market for the loans and equity securities of the companies in which it invests, the Company's board will determine the fair value of these loans and equity securities pursuant to its valuation policy. These determinations of fair value may necessarily be somewhat subjective. Accordingly, these values may differ materially from the values that would be determined by a party or placed on the portfolio if there existed a market for our loans and equity securities.

Investing in Private Companies Involves a High Degree of Risk.

The Company's portfolio consists of primarily long-term loans to and investments in private companies. Investments in private businesses involve a high degree of business and financial risk, which can result in substantial losses and accordingly should be considered speculative. There is generally no publicly available information about the companies in which the Company invests, and the Company relies significantly on the due diligence of its employees and agents to obtain information in connection with its investment decisions. If the Company is unable to uncover all material information about these companies, it may not make a fully informed investment decision and the Company may lose money on its investments.

In addition, some smaller businesses have narrower product lines and market shares than their competition, and may be more vulnerable to customer preferences, market conditions or economic downturns, which may adversely affect the return on, or the recover of, the Company's investment in such business.

If the Industry Sectors in which the Company's Portfolio is Concentrated Experience Adverse Economic or Business Conditions, Our Operating Results may be Negatively Impacted.

The Company's customer base is primarily in the Manufacturing and Distribution; Product Marketing and Sales; Construction; Financial Services; and Sports, Entertainment & Gaming; and Management Services industry sectors. These customers can experience adverse business conditions or risks related to their industries. Accordingly, if the Company's customers suffer due to these adverse business conditions or risks or due to economic slowdowns or downturns in these industry sectors the Company will be more vulnerable to losses in its portfolio and our operating results may be negatively impacted.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

Some of these companies may be unable to obtain financing from public capital markets or from traditional credit sources, such as commercial banks. Accordingly, advances made to these types of customers may entail a higher degree of risk than advances made to customers who are able to utilize traditional credit sources. These conditions may also make it difficult for us to obtain repayment of our loans.

Economic downturns or recessions may impair the Company's customers' ability to repay our loans, harm our operating result.

Many of the companies in which the Company has made or will make investments may be susceptible to economic slowdowns or recessions. An economic slowdown may affect the ability of a company to engage in a liquidity event. The Company's non-performing assets are likely to increase and the value of its portfolio is likely to decrease during these periods. These conditions could lead to financial losses in its portfolio and a decrease in its revenues, net income and assets.

The Company's business of making private equity investments and positioning them for liquidity events also may be affected by current and future market conditions. The absence of an active senior leading environment may slow the amount of private equity investment activity generally. As a result, the pace of the Company's investment activity may slow. In addition, significant changes in the capital markets could have an effect on the valuations of private companies and on the potential for liquidity events involving such companies. This could affect the amount and timing of gains realized on its investments.

-9-

The Company's Borrowers May Default on Their Payments, Which May Have an Effect on Financial Performance. Some of these companies may be unable to obtain financing from public capital markets or from traditional credit sources, such as commercial banks. Accordingly, advances made to these types of customers may entail a higher degree of risk than advances made to customers who are able to utilize traditional credit sources. These conditions may also make it difficult for the Company to obtain repayment of its loans. Numerous factors may affect a borrower's ability to repay its loan; including the failure to meet its business plan, a downturn in its industry, or negative economic conditions. Deterioration in a borrower's financial condition and prospects may be accompanied by determination in any related collateral.

If the Company Fails to Manage Its Growth, its Financial Results Could be Adversely Affected.

The Company has expanded its operations and strategic relationships at a rapid pace. The Company's growth has placed and continues to place significant strain on its management systems and resources. The Company must continue to refine and expand its marketing capabilities, its management of the investing process, access to financing resources and technology. As the Company grows, it must continue to hire, train, supervise and manage new employees. The Company may not develop sufficient lending and administrative personnel and management and operating systems to manage its expansion effectively. If the Company is unable to manage its growth, operations could be adversely affected and our financial results could be adversely affected.

The Company's Private Finance Investments May Not Produce Current Returns or Capital Gains.

The Company's private finance investments are typically structured as debt securities with a relatively high fixed rate or interest and with equity features such as conversion rights, warrants or other options. As a result, the Company's private finance investments are generally structured to generate interest income from the time they are made and may also produce a realized gain from an accompanying equity feature. The Company cannot be sure that its portfolio will generate a current return or capital gain.

The Company Operates in a Competitive Market for Investment Opportunities

The Company competes for investments with a large number of private equity funds and mezzanine funds, investment banks and other equity and non-equity based investment funds, and other sources of financing, including traditional financial services companies such as commercial banks. Some of its competitors have greater resources than the Company. Increased competition would make it more difficult for the Company to purchase or originate investments at attractive prices. As a result of this competition, sometimes the Company may be precluded from making otherwise attractive investments.

Investing in the Company's Stock Is Highly Speculative and an Investor Could Lose Some or All of the Amount Invested

The value of the Company's common stock may decline and may be affected by numerous market conditions, which could result in the loss of some or the entire amount invested in its shares. The securities markets frequently experience extreme price and volume fluctuations, which affect market prices for securities of companies generally, and very small capitalization companies in particular. The price of its common stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include the following:

- o Price and volume fluctuations in the overall stock market from time to time;

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

- o Significant volatility in the market price and trading volume of securities of business development companies or other financial service companies;
- o Changes in the regulatory policies or tax guidance with respect to business development companies;
- o Actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the experience of securities analysts;

-10-

The Company's Business Depends on Key Personnel

The Company depends on the continued service of its executive officers and other key management personnel. If the Company were to lose any of these officers or other management personnel, such a loss could result in inefficiencies in the Company's operations and the loss of business opportunities. The Company does not maintain any key man life insurance on any of its officers or employees.

Changes in the Law or Regulations That Govern the Company Could Have a Material Impact on its Operations

The Company is regulated by the Securities and Exchange Commission. In addition, changes in the laws or regulations that govern business development companies may significantly affect its business. Any changes in the law or regulations that govern its business could have a material impact on operations. The Company is subject to federal, state and local laws and regulations and is subject to judicial and administrative decisions that affect its operations. If these laws, regulations or decisions change, or if the Company expands its business into jurisdictions that have adopted more stringent requirements than those in which it currently conduct business, the Company may incur significant expenses in order to comply or might restrict operations.

Item 2. Properties

The Company's principal offices are located at 7658 Municipal Drive, Orlando, Florida. The office is equipped with an integrated network of computers for word processing, financial analysis, accounting and loan services. The Company believes its office space is suitable for its needs for the foreseeable future.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of its property is subject and, to the best of its knowledge, no such actions against the Company are contemplated or threatened.

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

Not applicable.

-11-

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

TS&B Holdings, Inc. common stock, par value, \$.001 per share (Common Stock) is traded on the Over the Counter NADAQ Electronic Bulletin Board (OTC) under the symbol TSBI.OB. The following table sets forth, for the period indicated, the range of high and low closing prices reported by the OTC. Such quotations represent prices between dealers and may not include markups, markdowns, or commissions and may not necessarily represent actual transactions.

		<u>HIGH</u>	<u>LOW</u>
	2004 Quarter Ended		
March 31st		.05	.01
June 30th		.01	.01
September 30th		.10	.07
December 31st		.07	.001
	2003 Quarter Ended		
March 31st		.03	.01
June 30th		.02	.01
September 30th		.02	.01
December 31st		.03	.01

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

		<u>HIGH</u>	<u>LOW</u>
	2002 Quarter Ended		
March 31st		1.00	.14
June 30th		.25	.02
September 30th		.13	.02
December 31st		.09	.01

As of December 31, 2004 the authorized capital of the company is 2,000,000,000 shares of common voting stock par value \$.001 per share. The Company also has authorized 10,000,000 shares and has issued and outstanding 3,725,000 shares of Class A, no par, preferred stock. The Class A preferred stock has conversion rights to the Company's common voting stock of 4-1. As of the date of this report no preferred shares have been converted to common stock. The Company has authorized but not issued and additional 10,000,000 shares of Class B, no par, preferred stock. The Company has authorized and issued and additional 10,000,000 shares of convertible Class C, .001 per share preferred stock. The Class C preferred stock has conversion rights to the Company's common voting stock of 1-1. The Company has authorized but not issued an additional 10,000,000 shares of Class D, no par, preferred stock.

Item 6. Selected Financial Data

The selected financial data should be read in conjunction with the Company's Management's Discussion and Analysis of Financial Condition and Result of Operations and the Financial Statements and notes thereto. As discussed in Note A to the Financial Statements, the Company converted to a Business Development Company effective January 5, 2004. The results of operations for the year ended June 30, 2004 are divided into two periods, the Post Conversion as a Business Development Company period and Pre-Conversion prior to becoming a Business Development Company period. Different accounting principles are used in the preparation of financial statements of a business development company under the Investment Company Act of 1940 and, as a result, the financial results for periods prior to January 1, 2004 are not comparable to the period commencing on January 1, 2004 and are not expected to be representative of its financial results in the future.

	<u>Year Ended June 30, 2004</u>	<u>Year Ended June 30, 2003</u>	<u>Six Month Ended December 31, 2004</u>	<u>Six Month Ended December 31, 2003</u>
Total Assets	\$ 3,574,738	\$ 238,758	\$ 4,033,212	\$ 253,339
Total Liabilities	\$ 989,645	\$ 472,422	\$ 1,242,268	\$ 507,218
Total Stockholders Equity (Deficit)	\$ 2,585,093	\$ (233,664)	\$ 2,790,944	\$ (253,879)
Revenue	\$ 884,680	\$ 46,200	\$ 612,482	\$ 11,675
Net Unrealized Appreciation (Depreciation)	\$ 1,644,589	\$ - 0 -	\$ (7,071)	\$ - 0 -
Operating Income (Loss)	\$ 177,054	\$ (1,588,423)	\$ (658,892)	\$ (333,807)

-12-

Item 7. Management's Discussion and Analysis of Financial Condition and Result of Operations.

The following information should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q. *Forward Looking Statements* This Form 10-Q including the Management's Discussion and Analysis of Financial Condition and Results of Operation contains forward-looking statements that involve substantial risk and uncertainties. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about the Company's industry, beliefs, and assumptions. Such forward-looking statements involve risks and uncertainties that could cause risks or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include without limitation statements relating to the Company's plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as anticipates, expects, intends, plans, believes, seeks, and estimates and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements including without limitation:

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

- o The state of securities markets in which the securities of the Company's portfolio company trade or could be traded.
- o Liquidity within the national financial markets.
- o Economic downturns or recessions may impair the Company's customers' ability to repay our loans and increase our non-performing assets.
- o A contraction of available credit and/or inability to access the equity markets could impair our lending and investment activities.
- o The risks associated with the possible disruption in the Company's operations due to terrorism and,
- o The risks and uncertainties described under the caption "Risk Factors and Other Considerations" contained in Part I, Item I, which is incorporated herein by reference.

Although the assumptions on which these forward looking statements are based are reasonable, any of those assumptions also could be incorrect. In light of these and other uncertainties, the inclusion of a projection or forward-looking statements in this Quarterly Report should be regarded as a representation of the Company that its plans and objectives will be achieved. Undue reliance should not be placed on these forward-looking statements, which apply only as of the date of this Quarterly Report.

Overview

TS&B Holdings, Inc. is a financial service company providing financing and advisory services to small and medium-sized companies throughout the United States. Effective January 5, 2004 the Company shareholders approved the proposal to allow the Company to convert to a business development company ("BDC") under the Investment Company Act of 1940 ("1940 Act").

The Company's investments in portfolio companies typically range from \$100,000 to \$1,000,000. The Company invests either directly in the equity of a company through equity shares or through a debt instrument. The Company's debt instruments usual do not have a maturity of not more than five years. Interest is either currently paid or deferred.

Investment opportunities are identified for the Company by the management team. Investment proposals may, however, come to the Company from many sources, and may include unsolicited proposals from the public and from referrals from banks, lawyers, accountants and other members of the financial community. The management team brings an extensive network of investment referral relationships.

-13-

Critical Accounting Policies and Estimates

The Company prepared its financial statements in accordance with accounting principles generally accepted in the United States of America for investment companies. For a summary of all of its significant accounting policies, including the critical accounting policies, see Note A to the consolidated financial statements in Item 8.

The increasing complexity of the business environment and applicable authoritative accounting guidance requires the Company to closely monitor its accounting policies. The Company has identified three critical accounting policies that require significant judgment. The following summary of the Company's critical accounting policies is intended to enhance your ability to assess its financial condition and results of operation and the potential volatility due to changes in estimates.

Valuation of Investments

At December 31, 2004 49.18% of the Company's total assets represented investments recorded at fair value. Value as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is determined in good faith by the board of directors. Since there is typically no readily ascertainable market value for the investments in its portfolio, the Company values substantially all of its investments at fair value as determined in good faith by the board of directors pursuant to a valuation policy and consistent valuation process. Because of the inherent uncertainty in determining the fair value of investments that do not have a readily ascertainable market value, the fair value of its investments determined in good faith by the board of directors may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

Initially, the fair value of each such portfolio investment is based upon original cost. There is no single standard for determining fair value in good faith. As a result, determining fair value requires the judgment be applied to the specific facts and circumstances of each portfolio investment. The Board of Directors considers fair value to be the amount which the Company may reasonable expect to receive for portfolio securities when sold on the valuation date. The Company analyzes and values each individual investment on a quarterly basis, and records unrealized depreciation for an investment that it believes has become impaired, including where collection of a loan or realization of an equity security is doubtful. Conversely, the Company will record unrealized appreciation if it believes that the underlying portfolio company has appreciated in value and, therefore, the Company's equity security has also appreciated in value. Without a readily ascertainable market value and because of the inherent uncertainty of valuation the fair value of the Company's investments determined in good faith by the Board of Directors may differ significantly from the values that would have been used had a ready market existed for the investments, and the favorable or unfavorable differences could be material.

In the valuation process, the Company uses financial information received monthly, quarterly, and annually from the portfolio companies, which include both audited, and unaudited financial information supplied by portfolio companies management. This information is used to determine financial condition, performance and valuation of the portfolio investments. Valuation should be reduced if a company's performance and potential have significantly deteriorated. If the factors, which led to the reduction in valuation, are overcome, the valuation may be restated.

Another key factor used in valuation the equity investments is recent arms-length equity transactions entered into by the investment company that the Company utilizes to form a basis for its underlying value. Many times the terms of these equity transactions may not be identical to those of the Company and the impact on these variations as it relates to market value may be impossible to quantify.

Any changes in estimated fair value are recorded in our statements of operations as Net increase (decrease) in unrealized (depreciation) appreciation.

-14-

Valuation of Equity Securities

With respect to private equity securities, each investment is valued using industry valuation benchmarks and then the value is assigned a discount reflecting the illiquid nature of the investment, as well as the Company's minority non-control positions. When an external event such as a purchase transaction, public offering, or subsequent equity sale occurs, the pricing indicated by the external event will be used to corroborate the Company's private equity valuation. Securities that are traded in the over-the-counter market or on a stock exchange will generally be valued at the prevailing bid price on the valuation date. However, restricted and unrestricted publicly traded securities may be valued at discounts from the public market value due to restrictions on sale, the size of its investment or market liquidity concerns.

Valuation of Loans and Debt Securities

As a general rule, the Company does not value its loans or debt securities above cost, but loans and debt securities will be subject to fair value write-down when the asset is considered impaired.

Financial Condition

The Company's total consolidated assets increased by \$482,899 or 13.6% to \$4,033,212 from the prior quarter and \$458,474 or 12.8% for the prior six months. The increase in total assets can be attributed to continuing loans to the Company's portfolio companies.

The Company's financial condition is dependent on the success of its portfolio holdings. It has invested a substantial portion of its assets in small and medium-sized companies. These businesses tend to be thinly capitalized, small companies that may lack experienced management. The following summarizes the Company's investment portfolio as of December 31, 2004, the Company's first year as a business development corporation

	December 31, 2004
Investment at Cost	\$ 346,082
Unrealized (depreciation) appreciation, net	1,637,518
Investment at fair value	<u>\$ 1,983,600</u>

The increase in unrealized appreciation is primarily attributable to due to the increased in value placed on the Company's portfolio investments.

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

During 2004, the Company valued its equity and investment holdings in accordance with the established valuation policies (see Valuation of Investments and Equity Holdings) above.

The cash and cash equivalents approximated 1.99% of net assets as of December 31, 2004.

-15-

Results of Operations

The results of operations for the six months and quarter ended December 31, 2004 reflect the Company's results as a business development company under the Investment Company Act of 1940. The results of operations prior to January 1, 2004 reflect the Company's results of operations prior to operating as a business development company under the Investment Company Act of 1940. The principal differences between these two reporting periods relate to accounting for investments and income taxes. See Note A to our Consolidated Financial Statements. In addition, certain prior year items have been reclassified to conform to the current year presentation as a business development company.

Dividends and Interest

Dividends and interest income on investments for the six months ended December 31, 2004 and 2003 was \$31,315 and \$37,500 respectively. Dividends and interest income on investments for the quarter ended December 31, 2004 and 2003 was \$17,622 and \$18,750 respectively. The decrease in interest and dividends was primarily due to the sources of income shifting from a transactional base business to the Company receiving interest income from its portfolio companies.

Management Fees

Management fees for the six months ended December 31, 2004 and 2003 were \$90,000 and \$0 respectively. Management fees for the quarter ended December 31, 2004 and 2003 were \$45,000 and \$0 respectively. The management fees were primarily due to services rendered to Buehler Earth and Waterworks, LLC, Gulf Coast Records, LLC, and Cummings Financial Services, Inc.

Operating Expenses

Total operating expenses for the six months ended December 31, 2004 and 2003 was \$1,112,838 and \$382,982. A significant component of total operating expenses was general and administrative expenses of \$908,556 for the six months ended December 31, 2004 and \$31,320 for the six months ended December 31, 2003. The increase in general and administrative expenses is primarily due to the expenses of the Company's portfolio companies. A second component of total operating expenses is professional fees of \$170,463 for the six months ended December 31, 2004 and \$351,662 for the six months ended December 31, 2003.

Total operating expenses for the quarter ended December 31, 2004 and 2003 was \$478,195 and \$289,644. A significant component of total operating expenses was general and administrative expenses of \$402,186 for the quarter ended December 31, 2004 and \$13,512 for the quarter ended December 31, 2003. The increase in general and administrative expenses is primarily due to the expenses of the Company's portfolio companies. A second component of total operating expenses is professional fees of \$58,655 for the quarter ended December 31, 2004 and \$276,132 for the quarter ended December 31, 2003.

-16-

Liquidity and Capital Resources

At December 31, 2004 and June 30, 2004, the Company had \$80,355 and \$470,940 respectively in cash and cash equivalents. The Company's objective is to have sufficient cash on hand to cover current funding requirements and operations.

The Company expects its cash on hand and cash generated from operations to be adequate to meet our cash needs at our current level of operations, including the next twelve months. The Company generally funds new originations using cash on hand and equity financing and outside investments.

Private Portfolio Company Investments

The following is a list of the private companies in which the Company had an investment in and the cost and fair market value of such securities at December 31, 2004:

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

<u>Name of Company</u>	<u>Cost</u>	<u>FMV</u>
Cummings Financial Services, Inc.	\$ 219,136	\$ 780,000
Buehler Earth & Waterworks, LLC	101,235	255,000
Sports Nation, Inc.	25,000	46,000
Gulf Coast Records, LLC	--	575,000
Home Savings Plan, Inc.	--	1,000
TSB Financial Services, Inc.	--	250,000
Wellstone Acquisition Corporation	632	75,000
KMA Capital Partners, Ltd.	--	--
TS & B Gaming & Entertainment Corporation	79	1,000
TS & B Ventures, Inc.	--	600
	<hr/>	<hr/>
Total	\$ 346,082	\$ 1,983,600
	<hr/>	<hr/>

Recent Developments

On September 30, 2004 TS & B Gaming & Entertainment Corporation entered into a Letter of Intent with the majority holder of JJ Whispers Group, Inc. to acquire a 51% equity interest for \$275,300. The Letter of Intent is null and void if TS & B Gaming & Entertainment does not invest the \$275,300 by January 28, 2005. The Company having completed its due diligence regarding the investment into JJ Whispers Group, Inc. has determined that it is not in the best interests of the Company to complete the proposed transaction. TS&B Gaming & Entertainment Corporation and John Brown of JJ Whispers executed a mutual termination of its Investment Agreement of September 30, 2004.

-17-

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's investment activities contain elements of risk. The portion of the Company's investment portfolio consisting of equity or equity-linked debt securities in private companies is subject to valuation risk. Because there is typically no public market for the equity and equity-linked debt securities in which it invests, the valuation of the equity interest in the portfolio is stated at fair value and determined in good faith by the Board of Directors on a quarterly basis in accordance with the Company's investment valuation policy.

In the absence of a readily ascertainable market value, the estimated value of the Company's portfolio may differ significantly from the value that would be placed on the portfolio if a ready market for the investments existed. Any changes in valuation are recorded in the Company's consolidated statement of operations as Net unrealized appreciation (depreciation) on investment.

At times a portion of the Company's portfolio may include marketable securities traded in the over-the-counter market. In addition, there may be a portion of the Company's portfolio for which no regular trading market exists. In order to realize the full value of a security, the market must trade in an orderly fashion or a willing purchaser must be available when a sale is to be made. Should an economic or other event occur that would not allow the markets to trade in an orderly fashion the Company may not be able to realize the fair value of its marketable investments or other investments in a timely manner.

As of December 31, 2004, the Company did not have any off-balance sheet investments or hedging investments.

Impact of Inflation

The Company does not believe that its business is materially affected by inflation, other than the impact inflation may have on the securities markets, the valuations of business enterprises and the relationship of such valuation to underlying earnings all of which will influence the value of the Company's investments.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders
TS&B Holdings, Inc. and Subsidiaries
Orlando, Florida

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

We have reviewed the accompanying consolidated balance sheet of TS&B Holdings Inc. and Subsidiaries as of December 31, 2004, and the related consolidated statements of operations, stockholders' equity, cash flows and investments for the three-month period then ended. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

BY: /S/ Baumann Raymondo & Company PA

Baumann Raymondo & Company PA
Tampa, Florida
February 3, 2005

-18-

TS & B HOLDINGS INC. & SUBSIDIARIES CONSOLIDATED BALANCE SHEET JUNE 30, 2004 AND DECEMBER 31, 2004

	<u>6/30/2004</u>	<u>12/31/2004</u>
ASSETS		
Cash	\$ 470,940	\$ 80,355
Investments, at fair value	1,832,600	1,983,600
Accounts receivable, net of allowance of \$80,000	--	252,848
Inventory	53,300	55,300
Other assets	49,039	136,696
Fixed assets, net of accumulated depreciation	308,071	305,864
Goodwill	489,000	489,000
Notes receivable, net of allowance of \$80,000 and \$5,643	329,548	697,309
Deferred income taxes	27,200	27,200
Security deposit	15,040	5,040
TOTAL ASSETS	<u>\$ 3,574,738</u>	<u>\$ 4,033,212</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$ 187,005	\$ 289,245
Notes payables	687,131	802,632
Deferred income taxes	102,524	130,788
Capital leases payable	12,985	19,603
TOTAL LIABILITIES	<u>989,645</u>	<u>1,242,268</u>
STOCKHOLDERS' EQUITY		
Class A - Preferred stock, no par value, 10,000,000 shares authorized, 3,725,000 issued and outstanding	--	--
Class B - Preferred stock, no par value, 10,000,000 shares authorized, none issued and outstanding	--	--

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

	<u>6/30/2004</u>	<u>12/31/2004</u>
Class C - Convertible preferred stock, \$.001 par value 10,000,000 shares authorized, issued and outstanding	--	10,000
Class D - Preferred stock, no par value, 10,000,000 shares authorized, none issued and outstanding	--	--
Common stock, \$.001 par value, 2,000,000,000 shares authorized 12,132,967 and 205,370,575 issued and outstanding	12,133	205,371
Additional paid-in capital	15,979,993	16,517,237
Stock subscription receivable	(4,700)	(4,760)
Accumulated deficit	(13,347,464)	(14,006,356)
Minority interest	(54,869)	69,452
TOTAL STOCKHOLDERS' EQUITY	<u>2,585,093</u>	<u>2,790,944</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 3,574,738</u>	<u>\$ 4,033,212</u>

-19-

TS&B HOLDINGS INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003 AND 2004

	<u>12/31/2003</u>	<u>12/31/2004</u>
REVENUES	\$ 11,675	\$ 612,482
	<u>11,675</u>	<u>612,482</u>
COST OF GOODS SOLD	<u>--</u>	<u>196,053</u>
OPERATING EXPENSES		
Depreciation and amortization	--	33,819
Professional fees	351,662	170,463
General and administrative	31,320	908,556
	<u>382,982</u>	<u>1,112,838</u>
NET OPERATING LOSS	<u>(371,307)</u>	<u>(696,409)</u>
NET UNREALIZED DEPRECIATION ON INVESTMENTS	<u>--</u>	<u>(7,071)</u>
OTHER INCOME (EXPENSE)		
Interest Income	37,500	31,315
Interest Expense	--	(87,526)
Other	--	(15,089)
	<u>37,500</u>	<u>(71,300)</u>
(LOSS) BEFORE INCOME TAX	<u>(333,807)</u>	<u>(774,780)</u>
DEFERRED INCOME TAX EXPENSE	<u>--</u>	<u>(45,264)</u>
LOSS BEFORE MINORITY INTEREST	<u>(333,807)</u>	<u>(820,044)</u>
MINORITY INTEREST	<u>--</u>	<u>(161,152)</u>

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

	12/31/2003	12/31/2004
NET (LOSS)	(333,807)	(658,892)
NET (LOSS) PER SHARE BASIC AND FULLY DILUTED	\$ NIL	\$ (0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	1,424,615	51,949,244

-20-

TS & B HOLDINGS INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2004

	12/31/2003	12/31/2004
REVENUES	\$ 5,995	\$ 423,067
	5,995	423,067
COST OF GOODS SOLD	--	131,414
OPERATING EXPENSES		
Depreciation and amortization	--	17,354
Professional fees	276,132	58,655
General and administrative	13,512	402,186
	289,644	478,195
NET OPERATING LOSS	(283,649)	(186,542)
NET UNREALIZED DEPRECIATION ON INVESTMENTS	--	(78,071)
OTHER INCOME (EXPENSE)		
Interest Income	18,750	17,622
Interest Expense	--	(43,202)
Other	--	--
	18,750	(25,580)
(LOSS) BEFORE INCOME TAX	(264,899)	(290,193)
DEFERRED INCOME TAX EXPENSE	--	(26,544)
LOSS BEFORE MINORITY INTEREST	(264,899)	(316,737)
MINORITY INTEREST	--	(44,583)
NET (LOSS)	(264,899)	(272,154)
NET (LOSS) PER SHARE BASIC AND FULLY DILUTED	\$ NIL	\$ NIL
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	1,424,615	89,040,413

TS & B HOLDINGS INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDING DECEMBER 31, 2003 and 2004

	<u>12/31/2003</u>	<u>12/31/2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET (LOSS)	\$ (333,807)	\$ (658,892)
RECONCILIATION OF NET INCOME (LOSS) TO CASH FLOWS(USED IN)PROVIDED BY OPERATING ACTIVITIES		
Deferred income tax	--	45,264
Stock issued for services	313,592	88,947
Unrealized depreciation on investments	--	7,071
Minority interest	--	(161,152)
Depreciation and amortization	--	28,645
Decrease (Increase) in receivable	--	(254,847)
(Increase) in inventory	(5,549)	--
(Increase) in stock subscriptionreceivable	(37,500)	--
(Increase) in other assets	(9,011)	14,002
Increase in accounts payable and accrued expenses	34,795	59,809
	<u>(37,480)</u>	<u>(831,153)</u>
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in notes receivable	--	(571,731)
Purchase of property and equipment	--	(26,438)
Purchase of investments	--	(161,674)
	<u>--</u>	<u>(759,843)</u>
CASH FLOWS (USED) IN PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	--	845,150
Payment of note payable to related parties	--	(65,000)
Payment of notes payable	--	(222,917)
Issuance of common stock	--	634,474
Issuance of preferred stock	--	10,000
Distributions	--	(1,296)
	<u>--</u>	<u>1,200,411</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(37,480)	(390,585)
CASH, BEGINNING OF THE PERIOD	38,076	470,940
	<u>\$ 596</u>	<u>\$ 80,355</u>
CASH, END OF THE PERIOD		

TS & B HOLDINGS INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS (DEFICIT) EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004

<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional paid-in capital</u>	<u>Stock Subscription receivable</u>	<u>Accumulated Income (Deficit)</u>	<u>Minority Interest</u>	<u>Total</u>
<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>					

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

	Preferred Stock		Common Stock		Additional paid-in	Stock Subscription	Accumulated Income	Minority	
BALANCE JUNE 30, 2004	--	\$ --	12,132,967	\$ 12,133	\$ 15,979,993	\$ (4,700)	\$ (13,347,464)	\$ (54,869)	2,585,093
STOCK ISSUED FOR PROFESSIONAL SERVICES	10,000,000	10,000	9,737,500	9,738	79,209	--	--	--	98,947
STOCK ISSUED FOR CASH	0	0	183,500,108	183,500	458,035	(60)	--	--	641,475
MINORITY INTEREST IN CONNECTION WITH INVESTMENTS	--	--			--	--	--	285,473	285,473
NET LOSS	--	--	--	--	--	--	(658,892)	(161,152)	(820,044)
BALANCE DECEMBER 31, 2004	10,000,000	\$ 10,000	205,370,575	\$ 205,371	\$ 16,517,237	\$ (4,760)	\$ (14,006,356)	\$ 69,452	\$ 2,790,944

-23-

TS & B HOLDINGS INC. & SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
DECEMBER 31, 2004

Portfolio Company	Industry	Title of Securities Held	Percentage of Class Held	Cost	Fair Value
Sports Nation, Inc.	Sports Memorabilia	Common Stock	100%	\$ 25,000	\$ 46,000
TS&B Gaming &Ent Corporation	Gaming Hotels	Common Stock	100%	79	1,000
TSB Financial Services	Financial Services	Common Stock	100%	--	250,000
TSB Ventures, Inc.	Financial Services	Common Stock	100%	--	600
Wellstone Acquisition Corp	Financial Services	Common Stock	66.67%	632	75,000
Buehler Earth & Waterworks, LLC	Construction	Member Units	51%	--	255,000
Gulf Coast Records, LLC	Music	Member Units	49%	101,235	575,000
Cummings Financail Services, Inc.	Mortgage Broker	Common Stock	51%	219,136	780,000
Home Savings, Plan, Inc.	Financial Servies	Common Stock	51%	--	1,000

Portfolio Company	Industry	Title of Securities Held	Percentage of Class Held	Cost	Fair Value
KMA Capital Partners, LLC	Financial Services	Limited Partner Units	25%	--	--
Total				\$ 346,082	\$ 1,983,600

-24-

TS&B HOLDINGS, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Activities

TS&B Holdings, Inc. & Subsidiaries (the Company) was incorporated in the state of Utah in 1980.

On January 5, 2004 the Company's shareholders consented to the proposal to allow the Company to adopt business development company (BDC) status under the Investment Company Act of 1940 (1940 Act). A BDC is a specialized type of Investment Company under the 1940 Act. A BDC may primarily be engaged in the business of furnishing capital and managerial expertise to companies that do not have ready access to capital through conventional financial channels; such companies are termed eligible portfolio companies. The Company as a BDC, may invest in other securities, however such investments may not exceed 30% of the Company's total asset value at the time of such investment. The Company filed its BDC election with the SEC (Form N-54A) on January 13, 2004.

TS&B Holdings, Inc. provides equity and long-term debt financing to small and medium-sized private companies in a variety of industries throughout the United States. The Company's investment object is to achieve long-term capital appreciation in the value of its investments and to provide current income primarily from interest, dividends and fees paid by its portfolio companies.

Basis of Presentation

The accompanying financial statements include the Company and its wholly owned subsidiaries TSB Financial Services, Sports Nation, Inc., TS & B Gaming & Entertainment Corporation, and TS&B Ventures, Inc. The financial statements also include the Company's 66 2/3% interest in Wellstone Acquisition Corporation and 51% interest in Cummings Financial Services, Inc., Buehler Earth & Waterworks, LLC and Home Savings Plan, Inc. All inter-company accounts and transactions have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue using the accrual method of accounting. The accrual method provides for a better matching of revenues and expenses.

The Company also accrues interest income on loans made to various portfolio companies. The Company accrues the interest on such loans until the portfolio company has the necessary cash flow to repay such interest. If the Company's analysis of the portfolio's company's performance indicates that the portfolio company may not have the ability to pay the interest and principal on a loan, the Company will make an allowance provision on that entity and in effect cease recognizing interest income on that loan until all principal has been paid. However, the Company will make exceptions to this policy if the investment is well secured and in the process of collection.

For certain investment transactions the Company provides management services and recognizes an agreed upon fixed monthly fee and expenses.

-25-

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred.

Inventory

Inventory consists principally of sports memorabilia, palm trees and plants. Such inventory is carried at the lower of cost or market.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 these estimates.

Deferred Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Net (Loss) Per Common Share

Net (Loss) per common share is computed using the weighted average of shares outstanding during the periods presented in accordance with *Statement of Financial Accounting Standards No. 128, Earnings Per Share*.

Cash and Cash Equivalents

For the propose of the statement of cash flows, cash and cash equivalents includes time deposits with original maturities of three months or less.

Segments

The Company operates as one segment as defined by the Statement of Financial Accounting Standards No. 131 *Disclosures about Segments of an Enterprise and Related Information*.

-26-

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are stated at cost. The cost of equipment is charged against income over their estimated useful lives, using the straight-line method of depreciation. Repairs and maintenance which are considered betterments and do not extend the useful life of equipment are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation is removed from the accounts and the resulting profit and loss are reflected in income.

Goodwill and Other Intangibles

The Company records Goodwill in accordance with *Statement of Financial Accounting Standards No.142, Goodwill and Other Intangible Assets*. Intangible assets such as goodwill are not amortized; instead the Company will review the goodwill not less than annually to see if it has been impaired. If an impairment has incurred, it will be recorded as an expense in that period.

NOTE B INVESTMENTS

Valuation of Investments

The most significant estimate inherent in the preparation of the Company's consolidated financial statements is the valuation of its investment and the related unrealized appreciation or depreciation.

Upon conversion to a BDC, the Company engaged independent business valuation experts to value selected portfolio companies, which had significant activity in the Company's first year as a BDC. The Board of Directors states all other portfolio companies and investments at fair market value as determined under a good faith standard.

The Company has investments in 8 controlled (portfolio) corporations as of December 31, 2004.

Cummings Financial Services, Inc.

Cummings Financial Services, Inc. is a mortgage broker licensed in the State of Florida and located in Brandon, Florida. Glenn Cummings has been in the mortgage brokerage business since 1993 as a mortgage loan originator with Household Finance Corporation. In 1996 Mr. Cummings became licensed as an independent mortgage broker. In 1999 Mr. Cummings signed a net branch agreement with Stockton, Turner, LLC. Under the branch agreement, Mr. Cummings operated as Stockton, Turner, Cummings, Inc. In 2001 Glenn & Alicia Cummings formed Cummings Financial Services, Inc. and became a correspondent lender. In May 2004, the Company acquired a 51% interest in Cummings Financial Services, Inc.

The Company receives an ongoing monthly management fee in the amount of \$5,000 from Cummings Financial Services, Inc.

-27-

NOTE B INVESTMENTS (CONTINUED)

Home Savings Plan, Inc.

Home Savings Plan, Inc. is a company which sells to Cummings Financial Services, Inc mortgage customers a bi-weekly payment plan for mortgage payments. The company was incorporated in 2001. Home Savings Plan, Inc. is located in Brandon, Florida.

Home Mortgage Savings, Plan is owned 51% by the Company.

Buehler Earth & Waterworks, LLC.

Buehler Earth & Waterworks LLC. specializes in site development and infrastructure construction including, but not limited to, clearing, earthwork, utility construction, storm drainage, curbs, sidewalks, roadwork including sub-base, base and asphalt placement.

Buehler Earth & Waterworks LLC. mission is to provide a full line of site construction and related services to the land/site development industry (public/private) utilizing a team approach to deliver the highest in quality work seeking expeditious performance without compromising either cost efficiency or good safety practices.

Buehler Earth & Waterworks, LLC. has a 100% interest in BEW Landscape & Irrigation, LLC. BEW Landscape & Irrigation, LLC. provides plants and irrigation to wholesale and retail distribution outlets.

Buehler Earth & Waterworks, LLC has a 75% interest in Advance Pool Technologies, Inc. Advanced Pools Technologies, Inc. is a Florida licensed commercial pool designer and qualifier.

Buehler Earth & Waterworks, LLC is a Florida Limited Partnership which the Company has a 51% interest. In addition, the Company receives an ongoing monthly management fee in the amount of \$5,000.

Sports Nation, Inc.

Sports Nation, Inc. is involved in all aspects of the sports memorabilia merchandising industry. Sports Nation's management has over 50 years of combined experience in product development, licensing, mass merchandise, retail, and direct marketing & sales. Through years of specializing in sourcing and selling the finest caliber sports memorabilia and collectible products, Sports Nation has forged numerous strategic relationships

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

with companies and individuals in sports marketing, including agents and athletes, manufacturers, authenticators, and retailers.

Sports Nation Inc is a Nevada Corporation, which is owned 100% by the Company.

-28-

NOTE B INVESTMENTS (CONTINUED)

TSB Financial Services, Inc.

TSB Financial Services, Inc. also obtains financing for various commercial real estate transactions through strategic relationships with outside funding sources. TSB Financial Services, Inc. serves customers nationally from its headquarters in Orlando, Florida.

TSB Financial Services, Inc. is a Florida Corporation, which is owned 100% by the Company.

TS&B Gaming & Entertainment Corporation

TS&B Gaming & Entertainment Corporation was formed on March 18, 2004 to invest in gaming, hotels and other ventures. TS&B Gaming & Entertainment Corporation has had minimal business activity through December 31, 2004.

TS&B Gaming & Entertainment Corporation is a Florida corporation that is 100% owned by the Company.

TS & B Ventures, Inc.

TS & B Ventures, Inc. was formed in April, 2004 to raise money from the private equity market. TS&B Ventures, Inc. has had minimal business activity through December 31, 2004.

TS & B Ventures, Inc. is a Florida corporation that is 100% owned by the Company.

Wellstone Acquisition Corporation

Wellstone Acquisition Corporation is a non-reporting Securities and Exchange Commission registrant. Wellstone Acquisition had no business activity for the six month period ending December 31, 2004.

Wellstone Acquisition Corporation is a Delaware corporation that is owned 66 2/3% by the Company.

Other Investments

The Company has investments in two other companies as of December 31, 2004.

Gulf Coast Records, LLC

Gulf Coast Records, LLC is an independent record label for recording artist Glenn Cummings. Glenn Cummings has released his debut CD BIG and his first hit single by the same title.

-29-

NOTE B INVESTMENTS (CONTINUED)

Gulf Coast Records, LLC is a Florida Limited Partnership which the Company has a 49% limited partnership interest. In addition, the Company receives an ongoing monthly management fee in the amount of \$5,000.

KMA Capital Partners, Ltd.

KMA Capital Partners, Ltd. provides business consulting and financial services to small and mid-cap companies.

KMA Capital Partners, Ltd. is a Florida Limited Partnership in which the Company has a 25% interest.

NOTE B INVESTMENTS (CONTINUED)

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

NOTE C FIXED ASSETS

Major categories of property and equipment, including their useful lives are as follows at September 30, 2004:

	Cost	Useful Life
Automobile&Trucks	\$ 158,982	5 - 7 Years
Machinery&Equipment	139,786	7 - 10 Years
Office&Computer Equipment	87,516	5 - 7 Years
Furniture&Fixtures	9,381	5 - 7 Years
Signage	234	5 - 7 Years
Intangible Assets	358	5 - 40 Years
	<hr/>	
	\$ 396,257	
Less Accumulated Depreciation&Amortization	90,394	
	<hr/>	
Net	\$ 305,864	

Depreciation expense for the six months and three months ended December 31, 2004 was \$33,651 and \$17,204 respectively.

NOTE D STOCK ISSUED FOR SERVICES

During the six months ended December 31, 2004 and December 31, 2003 the Company issued shares of the Company's common stock and preferred stock for various professional consulting services. A summary of these activities is as follows:

	2004		2003	
	Shares	Amount	Shares	Amount
Professional consulting services	9,737,500	\$ 88,947	25,687,000	\$ 313,592
Total	9,737,500	\$ 88,947	25,687,000	\$ 313,592

The value assigned to the above shares is based on the stocks' traded market price on or about the date the shares were issued. For the six months ended December 31, 2004 and 2003, the above amounts are included in professional fees.

-30-

NOTE E STOCK SUBSCRIPTION RECEIVABLE

In June 2001, the Ammonia Hold entered into an acquisition agreement with Transatlantic Surety and Bond Co., Ltd. (Surety & Bond), a United Kingdom corporation, for purchase of 30% of its outstanding stock. Terms of the agreement provided for the following, among others:

A purchase price of \$1,250,000, payable in the form of a convertible, callable, secured, subordinated debenture (see below);

Surety & Bond shall, on a best efforts basis, raise debt funds, and acquire operating companies, as defined;

Granted stock purchase options to the Company for a three year period as follows:

3,000,000 shares at \$1.50 per share and 3,000,000 shares at \$3.50 per share

The subordinated debenture noted above was from a company affiliated with TSB Holdings, Inc. and bore interest at 6.0%. A portion of the acquired shares were held in escrow pending Surety & Bond performing on the debenture terms. Principal was payable at as follows:

Date	Amount
------	--------

NOTE E STOCK SUBSCRIPTION RECEIVABLE

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

June 2002	\$	312,500
June 2003		312,500
June 2004		625,000
	\$	1,250,000

In addition, Surety & Bond had the option after June 2004 to covert the debenture into stock of the affiliated company at the then existing market price.

The option expired on June 30, 2004 and all interest owed on the stock subscription receivable was reversed in 2004.

NOTE F INCOME TAXES

For the period ended December 31, 2004 and 2003, the following temporary differences give rise to the above deferred tax benefits:

	2004	2003
Unrealized security gains	\$ 1,637,518	\$ --
Net operating loss carryovers	--	29,800
Total	\$ 1,637,518	\$ 29,800

At December 31, 2004 and 2003 deferred tax assets consist of the following:

-31-

NOTE F INCOME TAXES (CONTINUED)

	2004	2003
Deferred tax assets	\$ 27,200	\$ 5,115,000
Less valuation allowance	--	(5,115,000)
	\$ 27,200	\$ --

At December 31, 2004 the Company has approximately \$3,932,035 of tax net operating losses available for carryforward through 2023.

NOTE G COMMITMENTS

The Company and its wholly owed subsidiaries and consolidated entities lease office and operating facilities under short-term operating leases.

Rent expense for the six months ended December 31, 2004 and 2003 was \$33,555 and \$13,760 respectively. Rent expense for the quarter ended December 31, 2004 and 2003 was \$21,241 and \$4,267 respectively.

NOTE H- CAPITAL LEASES PAYABLE

The Company has capital lease obligations as follows at December 31, 2004:

The terms of the lease require a minimum monthly payment of \$571.38, which includes applicable taxes for sixty month starting May 2002 and bears imputed interest rate of 15.175% collateralized by an eight-station computer system

\$ 5,093

The terms of this lease requires a minimum monthly payment of \$213.43, which includes

NOTE H- CAPITAL LEASES PAYABLE

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

applicable taxes, for thirty-six months starting in April, 2002 and bears an imputed interest rate of 19.5% 1,698

The terms of the lease require a minimum monthly payment of \$294.25, which includes applicable taxes for thirty-six months starting in October 2003 and bears an imputed interest rate of 19.4% 6,193

The future minimum payments under capital leases for each of the next five years are as follows:

December 31, 2005	\$ 9,136
December 31, 2006	3,197
December 31, 2007 and thereafter	651

-32-

NOTE I - NOTES PAYABLE

Notes payable as of December 31, 2004 consisted of the following:

12% secured interest only note payable to an individual with interest of \$2,500 payable monthly \$ 250,000
Note is payable in full on August 10, 2005

6% unsecured note payable to an individual payable in 180 monthly payments of \$1,589.43. Final installment is due on January 31, 2019 181,290

11% secured note payable to an individual payable in 12 quarterly installments of \$16,666.67 Final installment is due June 1, 2007. Collateralized by Company's 51% interest in Cummings Financial Services, Inc. 130,442

8% convertible debentures to Javelin Advisory Group, Inc. due no later than August, 2005 convertible to 50% of the closing bid price of the common stock on the date the Company issues such conversion notice 125,500

6% unsecured interest only notes payable to an individual. Interest accrues each month on note 20,683

8% convertible debenture to Yanzu, Inc. due June 28, 2005 convertible into the common shares of the Company at \$.0025 per share 10,000

0% notes payable to equipment company payable in 6 monthly installments of \$6,497, due on October 2, 2005. Collateralized by equipment 64,419

8% convertible debenture to Sprout Investments, LLC due convertible into common shares of the Company at \$.0020 per share 6,000

18% secured notes payable to WFS Financial payable in 60 monthly payments of \$397.90. Final installment is due on April 15, 2008. Collateralized by a 2000 Ford F-350 Truck 14,298

Total \$ 802,632
Less Current Portion 511,855

\$ 290,777

-33-

At December 31, 2004, the future maturities of notes payable are as follows:

December 31,	Amount
2005	\$ 511,855
2006	66,076

NOTE I - NOTES PAYABLE

Edgar Filing: TS&B HOLDINGS INC - Form 10QSB

December 31,	Amount
2007	44,078
2008	14,211
2009	12,282
2010 and thereafter	154,130
	\$ 802,632

The Company paid \$38,070 and \$19,813 of interest expense for the six months and quarter ended December 31, 2004.

NOTE J STOCKHOLDERS EQUITY

As of December 31, 2004 the authorized capital of the company is 2,000,000,000 shares of common voting stock par value \$.001 per share.

The Company also has authorized 10,000,000 shares and has issued and outstanding 3,725,000 shares of Class A, no par, preferred stock. The Class A preferred stock has conversion rights to the Company's common voting stock of 4-1.

The Company has authorized but not issued an additional 10,000,000 shares of Class B, no par, preferred stock.

The Company has authorized and issued an additional 10,000,000 shares of convertible Class C, .001 per share, preferred stock. The Class C preferred stock has conversion rights to the Company's common voting stock of 1-1. If at any time or time to time, there is a capital reorganization of the common stock (reverse split, forward split, etc.) the number of Class C preferred stock authorized, issued and outstanding, and the number of shares of common stock into which such Class C preferred is convertible, shall not be affected by any such capital reorganization. In addition, the holder of shares of Class C preferred shall not be entitled to vote such shares (except as otherwise expressly provided herein or as required by law, voting together with the common stock as a single class), but shall be entitled to notice of any stockholders' meeting in accordance with the Company's bylaws. In lieu of voting rights, the holders of Class C preferred, voting as a class, shall be entitled to elect two of the Board of Directors at each meeting.

The Company has authorized but not issued an additional 10,000,000 shares of Class D, no par, preferred stock.

As of the date of this report no preferred shares have been converted to common stock.

NOTE K CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist principally of cash.

The Company maintains its cash accounts with financial institutions located in Florida. Federal Deposit Insurance Corporation (FDIC) guarantees the Company's deposits in financial institutions up to \$100,000 per account.

-34-

NOTE K CONCENTRATION OF CREDIT RISK (CONTINUED)

The Company's deposits with financial institutions that exceeded federally insured guarantees amounted to \$0 and \$0 as of December 31, 2004 and 2003, respectively. Historically, the Company has not experienced any losses on its deposits in excess of federally insured guarantees.

NOTE L SUBSEQUENT EVENTS

On September 30, 2004 TS & B Gaming & Entertainment Corporation entered into a Letter of Intent with the majority holder of JJ Whispers Group, Inc. to acquire a 51% equity interest for \$275,300. The Company having completed its due diligence regarding the investment into JJ Whispers Group, Inc. has determined that it is not in the best interests of the Company to complete the proposed transaction. TS&B Holdings, Inc. and John Brown of JJ Whispers executed a mutual termination of its Investment Agreement of September 30, 2004.

-35-

PART III

Item 9. Control & Procedures

Evaluation of Disclosure Control and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported with the time periods specified in applicable SEC rules and forms were effective.

Changes in Internal Control Over Financial Reporting

There have been no significant changes in our internal control or in other factors that could significantly affect those controls subsequent to our evaluation, including corrective actions with regard to significant deficiencies and material weaknesses.

Item 10. Exhibits and Reports on Form 8-K

Exhibit No.	Description
-------------	-------------

- | | |
|------|---|
| 31.1 | Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 |
| 32.1 | Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 906, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002 |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 |

Company Financial Statements December 31, 2004

-36-

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TS&B HOLDINGS, INC.

By: /s/ James V. Sadrianna

James V. Sadrianna
Chief Financial Officer
Dated: February 11, 2005

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

TS&B HOLDINGS, INC.

By: /s/ JAMES E. JENKINS

JAMES E. JENKINS
President, CEO and Director
Dated: February 11, 2005

TS&B HOLDINGS, INC.

By: /s/ James V. Sadrianna

James V. Sadrianna
Chief Financial Officer and Director
Dated: February 11, 2005

-37-