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TDT DEVELOPMENT INC
Form 10QSB
April 22, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended _____.

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from November 1, 2001 to December 31, 2001

Commission File Number: 333-54822

TDT DEVELOPMENT, INC.

(Name of Small Business Issuer in its charter)

NEVADA

22-3762835

(State or other jurisdiction of
incorporation or organization)

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

140 De O., Montreal, Quebec, Canada

H2P 1H2

(Address of principal executive offices)

(Zip Code)

(514) 383-6824

Issuer's telephone number

1844 SW 16th Terrace, Miami, Florida 33145

(Former name, former address and former fiscal year, if changed
since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter 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: At April 18, 2002, the issuer had outstanding 8,381,000 shares of Common Stock.

Transitional Small Business Disclosure Format: Yes No

TDT DEVELOPMENT, INC.
DECEMBER 31, 2001
TRANSITION REPORT ON FORM 10-QSB

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

To the extent that the information presented in this Transition Report on Form-QSB for the transition period ended December 31, 2001 discusses financial projections, information or expectations about our products or markets, or otherwise makes statements about future events, such statements are forward-looking. We are making these forward-looking statements in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These risks and uncertainties are described, among other places in this Transition Report, in "Management's Discussion and Analysis or Plan of Operation."

In addition, we disclaim any obligations to update any forward-looking statements to reflect events or circumstances after the date of this Transition Report. When considering such forward-looking statements, you should keep in mind the risks referenced above and the other cautionary statements in this Transition Report.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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TDT Development, Inc.
and Subsidiary

Consolidated Balance Sheets

| | December 31, 2001 ----- (Unaudited) ----- | October 31, 2001 ----- |
|---|---|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 16,108 | \$ 33,884 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,150 and \$1,358 | 31,523 | 38,038 |
| Inventory | 47,642 | 55,739 |
| | ----- | ----- |
| Total current assets | 95,273 | 127,661 |
| | ----- | ----- |
| Fixed assets: | | |
| Office furniture, net of accumulated depreciation of \$1,463 and \$1,321, respectively | 2,755 | 2,896 |
| Computers and equipment, net of accumulated depreciation of \$4,462 and \$4,026, respectively | 8,637 | 9,073 |
| | ----- | ----- |
| Total fixed assets | 11,392 | 11,969 |
| | ----- | ----- |
| Other assets: | | |
| Security deposits | 160 | 160 |
| | ----- | ----- |
| Total assets | \$ 106,825 | \$ 139,790 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Bank overdraft | \$ -- | \$ 4,307 |
| Revolving Credit Line | 5,724 | 5,284 |
| Accounts payable | 1,151 | 1,151 |
| Loans Payable | 15,104 | 14,301 |
| Accrued expenses payable | 12,583 | 23,752 |
| | ----- | ----- |
| Total liabilities | 34,562 | 48,795 |
| | ----- | ----- |

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Shareholders' equity:

| | | |
|---|------------|------------|
| Common stock, 50,000,000 shares authorized; 8,381,000 shares issued and outstanding; par value \$.0001 | 838 | 838 |
| Preferred stock, 5,000,000 shares authorized; -0- shares issued and outstanding; par value \$.0001 | -- | -- |
| Additional paid in capital | 305,707 | 305,707 |
| Retained earnings (deficit) | (234,282) | (215,550) |
| | ----- | ----- |
| Total shareholders' equity | 72,263 | 90,995 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 106,825 | \$ 139,790 |
| | ===== | ===== |

See accompanying Notes to Consolidated Financial Statements.

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TDT Development, Inc.
and Subsidiary

Consolidated Statements of Operations
(Unaudited)

| | Two-Month Periods Ended December 31 | |
|-------------------------------------|--|-----------|
| | 2001 | 2000 |
| | ----- (Unaudited) ----- | |
| Revenues: | | |
| Net sales | \$ 18,877 | \$ 29,601 |
| Cost of sales | 8,501 | 13,004 |
| | ----- | ----- |
| Gross profit | 10,376 | 16,597 |
| Commissions | -- | 6,977 |
| | ----- | ----- |
| Total Revenue | 10,376 | 23,574 |
| | ----- | ----- |
| Operating Expenses: | | |
| General and administrative expenses | 13,693 | 23,976 |
| Selling expenses | 14,773 | 21,006 |
| | ----- | ----- |
| Total expenses | 28,466 | 44,982 |
| | ----- | ----- |
| Other Income and Expenses: | | |
| Miscellaneous income | -- | 110 |
| Interest income | 46 | -- |
| Interest expense | (688) | (2,173) |

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| | | |
|--|--------------|-------------|
| Total other income and expenses | (642) | (2,063) |
| Net income (loss) | \$ (18,732) | \$ (23,471) |
| Net income (loss) per share: | | |
| Basic | \$ (0.01) | \$ (0.01) |
| Diluted | | |
| Weighted average common shares used in calculation of net income (loss) per share | 8,381,000 | 6,455,754 |

See accompanying Notes to Consolidated Financial Statements.

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TDT Development, Inc.
and Subsidiary

Consolidated Statements of Cash Flows
(Unaudited)

| | Two-Month Periods Ended December 31, | |
|--|---|-------------|
| | 2001 | 2000 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities: | | |
| Net loss | \$ (18,732) | \$ (23,471) |
| Adjustments to reconcile net loss to cash used by operating activities: | | |
| Depreciation | 577 | 523 |
| | (18,155) | (22,948) |
| (Increase) decrease in accounts receivable | 6,515 | (27,706) |
| (Increase) decrease in inventory | 8,097 | 1,378 |
| (Decrease) in operating accounts payable | -- | (6,469) |
| Increase in accrued interest payable | -- | 1,823 |
| Increase (decrease) in accrued expenses | (11,169) | 17,685 |
| Cash used by operating activities | (14,712) | (36,237) |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | -- | (3,063) |

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| | | |
|---|-----------|------------|
| Cash flows from financing activities: | | |
| Proceeds from stockholders' loans | 803 | -- |
| Proceeds of private placement offering | -- | 206,100 |
| Revolving credit line borrowings | 440 | 5,027 |
| Proceeds (repayment) of promissory note payable | -- | 40,000 |
| Proceeds (repayment) of bank overdraft | (4,307) | (1,468) |
| | ----- | ----- |
| Cash provided by financing activities | (3,064) | 249,659 |
| | ----- | ----- |
| Increase (decrease) in cash | (17,776) | 210,359 |
| Cash, beginning of period | 33,884 | -- |
| | ----- | ----- |
| Cash, end of period | \$ 16,108 | \$ 210,359 |
| | ===== | ===== |
| Supplemental cash flow disclosures: | | |
| Cash paid for interest | \$ -- | \$ 351 |
| | ===== | ===== |
| Cash paid for taxes | \$ -- | \$ -- |
| | ===== | ===== |
| Non-cash investing and financing activities: | | |
| Conversion of notes payable to common stock | \$ -- | \$ 70,000 |
| | ===== | ===== |

See accompanying Notes to Consolidated Financial Statements.

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TDT Development, Inc.
and Subsidiary

Notes to Consolidated Financial Statements
(Unaudited)

1. Consolidated Financial Statements

The accompanying financial statements include the accounts of TDT Development, Inc. and its wholly owned subsidiaries Terre di Toscana, Inc and Terres Toscanes, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Effective March 1, 2002, the Board of Directors of TDT Development, Inc. (the "Company") approved a change of the Company's fiscal year from October 31 to December 31. The two-month transition period of November 1, 2001 through December 31, 2001 ("transition period") precedes the start of the new fiscal year. The unaudited financial information for the two months ended December 31, 2000 ("prior period") is presented for comparative purposes and includes any adjustments (consisting of normal, recurring adjustments) which are, in the opinion of management, necessary for fair presentation.

The unaudited financial statements included herein have been prepared in accordance with the instructions to Form 10-QT and the Rule 10-01 of Regulation S-X, and do not include all the information and footnotes required by U.S. generally accepted accounting principles. However the financial statements do include all adjustments of a normal recurring nature, which, in the opinion of management, are necessary to present fairly the results of operations of the Company for the interim periods presented. The balance sheet data for October

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31, 2001 are derived from the audited financial statements that are included in the Company's Annual Report on Form 10-K for the year ended October 31, 2001, which should be read in connection with these financial statements.

The accounting policies followed in the presentation of the interim financial results are the same as those followed on an annual basis. Those policies are presented in Note 3, "Significant Accounting Policies in the consolidated financial statements included in the Company's annual report on Form 10-K.

The interim financial results as of the two months ended December 31, 2001 are not necessarily indicative of the results that will be obtained for the year ending December 31, 2002.

2. Supplemental Cash Flow Information

| | December 31 2001 ----- | December 31 2000 ----- |
|--|------------------------------|------------------------------|
| Cash paid during the two Month periods for: | | |
| Interest | \$ 248 ===== | \$ 2,173 ===== |
| Income taxes | \$ -- ===== | \$ -- ===== |
| Non-cash financing transaction: | | |
| Conversion of notes payable to common stock | \$ -- ===== | \$70,000 ===== |

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

You should read the following discussion and analysis in conjunction with the audited financial statements (and notes thereto) and other financial information of our company appearing elsewhere in this report.

We have focused primarily on capital issues and on expanding our business during the transition period.

Total revenues for the transition period ended December 31, 2001 were \$10,376. Total revenues for the same period in 2000 were \$23,574.

Selling and general and administrative expenses for the transition period ended December 31, 2001 were \$13,693. Selling and general and administrative expenses for the same period in 2000 were \$23,976.

LIQUIDITY AND CAPITAL RESOURCES

For the transition period ended December 31, 2001, we had net cash used in operating activities of \$14,712. For the same period in 2000, we had net cash used in operating activities of \$36,237.

Cash used in investment activities for the transition period ended December 31, 2001 was \$0. Cash used in investment activities for the same

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period in 2000 was \$3,063.

Cash provided by financing activities for the transition period ended December 31, 2001 totaled (\$3,064). Cash provided by financing activities for the same period in 2000 totaled \$249,659.

At the end of the transition period, we had cash in the amount of \$16,108 as compared to \$33,884 at the beginning of the transition period.

We believe that our current cash will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for at least the next twelve months. If cash generated from operations is insufficient to satisfy liquidity requirements, we may seek to sell additional equity or debt securities or to obtain a credit facility. If we issue debt securities, fixed obligations will increase and we may have to comply with covenants that might inhibit our operations. Moreover, such financing may not be available in amounts or on terms acceptable to us, if at all.

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PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

None.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the transition period ended December 31, 2001. One report on Form 8-K was filed during the quarter ending March 31, 2002 regarding the Company changing its year-end from October 31 to December 31, effective March 1, 2002.

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TDT DEVELOPMENT, INC.
(Registrant)

Date: April 22, 2002

By: /s/ Pietro Bortolatti

Pietro Bortolatti, CEO, CFO, President,
and Chairman of the Board

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