

Zolon Corp
Form 10-Q
August 19, 2010

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE
ACT

For the transition period from _____ to _____

Commission File Number 33-42498

ZOLON CORPORATION

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

65-0254624
(IRS Employer
Identification No.)

2650 Biscayne Boulevard, Miami, Florida 33137
(Address of principal executive offices)

(305) 937-2000
(Registrant's telephone number, including area code)

Indicate by checkmark 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting
company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 126.2 of the Exchange Act). Yes No

The number of shares of common stock outstanding as of August 11, 2010 was 33,150,250.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ZOLON CORPORATION
CONSOLIDATED BALANCE SHEETS

	June 30, 2010	December 31, 2009
Assets:		
Current assets:		
Cash	\$ 128,032	\$ 1,286
Accounts receivable	5,342,668	
Other current assets	5,077	
Total current assets	5,475,777	1,286
Fixed assets:		
Furniture & fixtures, net	-	25,540
Total fixed assets	-	25,540
Other assets:		
Goodwill	3,282,675	-
Unbilled revenue	133,347	
Total other assets	3,416,022	-
Total assets	\$ 8,891,799	\$ 26,826
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 97,466	
Accrued payroll	30,403	
Other	8,703	10,000
Current notes payable	3,217,832	22,007
Accounts receivable factoring	3,373,697	
Total current liabilities	6,728,101	32,007
Total liabilities	6,728,101	32,007
Stockholder's equity (deficit)		
Common stock	3,182,211	3,150,211
Treasury stock	200,000	200,000
Additional paid in capital	(329,793)	(2,216,793)
Accumulated deficit	(888,720)	(1,138,599)
Total stockholders' equity(deficit)	2,163,698	(5,181)
Total liabilities and stockholders' equity (deficit)	\$ 8,891,799	\$ 26,826

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ZOLON CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenue	\$ 4,324,814	\$ 12,475	\$ 4,336,539	\$ 111,409
Cost of revenue	3,648,096		3,648,096	58,604
Gross margin	676,718	12,475	688,443	52,805
Operating expenses				
Selling, general & administrative	199,862	40,736	218,967	53,602
			-	
Total operating expenses	199,862	40,736	218,967	53,602
Income from operations	\$ 476,856	\$ (28,261)	\$ 469,476	\$ (797)
Interest expenses	226,978			
Net income	249,878	(28,261)	469,476	(797)
Net income (loss) per common share-basic & diluted	0.0071	nil	0.0134	nil
Weighted common shares outstanding -basic and diluted	35,150,211	2,800,324,194	35,150,211	2,790,324,194

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ZOLON CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS (DEFICIT)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount				
Balance at March 31, 2010	3,150,211	\$3,150,211	\$(2,216,793)	\$(1,138,599)	\$200,000	\$(5,181)
Common shares issuance pursuant to acquisitions	32,000,000	\$32,000	\$1,887,000		\$-	\$1,919,000
Net Income				\$ 249,879		\$249,879
Balance at June 30, 2010	35,150,211	3,182,211	(32,793)	(888,720)	200,000	2,163,698

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ZOLON CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ 249,878	\$ (797)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		\$ 2,320
(Increase) decrease in:		
Accounts receivable	\$ (5,342,668)	
Other current assets	\$ (5,077)	
Security deposit		\$ 4,420
Increase (Decrease) in:		
Accounts payable	\$ 97,466	\$ (1,715)
Accrued compensation	30,403	\$ (9,917)
Notes payable and other current liabilities	\$ 6,568,225	
Net cash (used) in operating activities	\$ 1,598,227	\$ (5,689)
Cash flows from investing activities: Change in other assets, (Goodwill)	\$ (3,416,022)	
Disposition of fixed assets, net	25,541	
Net cash provided (used) in investing activities	\$ (3,390,481)	
Cash flows from financing activities:		
Proceeds from share issuance	\$ 1,919,000	\$ 5,000
Proceeds from debt issuance	\$	