

UNITED STATES  
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 December 31, 2002

OR

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

Commission File No. 0-31355

GALAXY SPECIALTIES, INC.

(Exact name of registrant as specified in its charter)

Nevada 81-0438093  
(State of incorporation) (I.R.S. Employer Identification No.)

#149, 369 East 900 South  
Salt Lake City, Utah 84111  
(801) 323-2395

(Address and telephone number of principal executive offices)

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

As of January 30, 2003, the Registrant had a total of 18,050,000 shares of  
common stock issued and outstanding.

Transitional small business disclosure format: Yes  No

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

The financial information set forth below with respect to our statements of operations for the three and six month periods ended December 31, 2002 and 2001 are unaudited. This financial information, in the opinion of management, includes all adjustments consisting of normal recurring entries necessary for the fair presentation of such data. The results of operations for the six month period ended December 31, 2002, are not necessarily indicative of results to be expected for any subsequent period.

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Galaxy Specialties, Inc.  
Financial Statements  
December 31, 2002

Galaxy Specialties, Inc.  
(A Development Stage Company)  
Balance Sheets

ASSETS

|                | December 31,<br>2002 | June 30,<br>2002 |   |
|----------------|----------------------|------------------|---|
|                | -----                |                  |   |
|                | (Unaudited)          |                  |   |
| CURRENT ASSETS | \$ -                 | \$ -             | - |
|                | -----                |                  |   |
| TOTAL ASSETS   | \$ -                 | \$ -             | - |
|                | =====                |                  |   |

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

|                                  |           |           |  |
|----------------------------------|-----------|-----------|--|
| Accounts Payable - Related party | \$ 28,000 | \$ 28,000 |  |
|                                  | -----     |           |  |
| Total Liabilities                | 28,000    | 28,000    |  |
|                                  | -----     |           |  |

STOCKHOLDERS' EQUITY

|   |          |        |          |
|---|----------|--------|----------|
| Common Stock, \$.001 par value; 20,000,000 shares authorized; 18,050,000 and 17,000,000 shares issued and outstanding, respectively | 18,050   | 17,000 |          |
| Additional Paid-in Capital  | 19,950   |        | -        |
| Deficit Accumulated During the Development Stage  | (66,000) |        | (45,000) |
|   | -----    |        |          |
| Total Stockholders' Equity (deficit)  | (28,000) |        | (28,000) |
|   | -----    |        |          |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY  | \$ -     | \$ -   | -        |
|   | =====    |        |          |

Galaxy Specialties, Inc.  
(A Development Stage Company)  
Statement of Operations  
(Unaudited)

|                                     | From          |               |              |              |               |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------|
|                                     | For the three | For the three | For the six  | For the six  | inception on  |
|                                     | months ended  | months ended  | months ended | months ended | March 7, 1986 |
|                                     | Dec. 31,      | Dec. 31,      | Dec. 31,     | Dec. 31,     | to Dec. 31,   |
|                                     | 2002          | 2001          | 2002         | 2001         | 2002          |
| <S>                                 | <C>           | <C>           | <C>          | <C>          | <C>           |
| REVENUES                            | \$ -          | \$ -          | \$ -         | \$ -         | \$ -          |
| EXPENSES                            |               |               |              |              |               |
| Depreciation & Amortization         | -             | -             | -            | -            | 17,000        |
| General & Administrative            | -             | -             | 21,000       | -            | 49,000        |
| TOTAL EXPENSES                      | -             | -             | 21,000       | -            | 66,000        |
| NET INCOME (LOSS)                   | \$ -          | \$ -          | \$ (21,000)  | \$ -         | \$ (66,000)   |
| NET LOSS PER SHARE                  | \$ -          | \$ -          | \$ -         | \$ -         | \$ -          |
| WEIGHTED AVERAGE SHARES OUTSTANDING | 18,050,000    | 17,000,000    | 17,962,500   | 17,000,000   | 17,043,308    |

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Galaxy Specialties, Inc.  
(A Development Stage Company)  
Statement of Cash Flows  
(Unaudited)

|  | From Inception on        |              |                   |
|--|--------------------------|--------------|-------------------|
|  | For the six months ended | December 31, | Through           |
|  | December 31,             | 2001         | December 31, 2002 |
|  | 2002                     |              |                   |
| <S>  | <C>                      | <C>          | <C>               |
| Cash Flows from Operating Activities             |                          |              |                   |
| Net Loss   | \$ (21,000)              | \$ -         | \$ (66,000)       |
| Less Non-cash Items:                             |                          |              |                   |
| Stock issued for services                        | 21,000                   | -            | 21,000            |
| Depreciation & Amortization                      | -                        | -            | 17,000            |
| Increase in Accounts Payable                     | -                        | -            | 28,000            |
| Net Cash Provided (Used) by Operating Activities | -                        | -            | -                 |
| Cash Flows from Investing Activities             | -                        | -            | -                 |
| Net Cash Provided (Used) by Investing Activities | -                        | -            | -                 |
| Cash Flows from Financing Activities             | -                        | -            | -                 |

|  |    |   |      |
|--|----|---|------|
| Net Cash Provided (Used) by Financing Activities | -  | - | -    |
| -----  |    |   |      |
| Increase (Decrease) in Cash                      | -  | - | -    |
| Cash and Cash Equivalents at Beginning of Period | -  | - | -    |
| -----  |    |   |      |
| Cash and Cash Equivalents at End of Period       | \$ | - | \$ - |
| =====  |    |   |      |

Supplemental Cash Flow Information:

|                                   |    |        |    |   |    |        |
|-----------------------------------|----|--------|----|---|----|--------|
| Stock issued for marketing rights | \$ | -      | \$ | - | \$ | 17,000 |
| Stock issued for services         | \$ | 21,000 | \$ | - | \$ | 21,000 |

Cash Paid For:

|              |    |   |    |   |    |   |
|--------------|----|---|----|---|----|---|
| Interest     | \$ | - | \$ | - | \$ | - |
| Income Taxes | \$ | - | \$ | - | \$ | - |

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Galaxy Specialties, Inc.  
(A Development Stage Company)  
Notes to the Financial Statements  
December 31, 2002

GENERAL

Galaxy Specialties, Inc. (the Company) has elected to omit substantially all footnotes to the financial statements for the six months ended December 31, 2002 since there have been no material changes (other than indicated in other footnotes) to the information previously reported by the Company in their Annual Report filed on the Form 10-KSB for the twelve months ended June 30, 2002.

UNAUDITED INFORMATION

The information furnished herein was taken from the books and records of the Company without audit. However, such information reflects all adjustments which are, in the opinion of management, necessary to properly reflect the results of the interim period presented. The information presented is not necessarily indicative of the results from operations expected for the full fiscal year.

COMMON STOCK

During July, 2002 the Company issued 1,050,000 shares of authorized, but previously unissued common stock, for services rendered valued at \$21,000 (or \$.02 per share).

In this report references to "Galaxy Specialties," "we," "us," and "our" refer to Galaxy Specialties, Inc.

FORWARD LOOKING STATEMENTS

This Form 10-QSB contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose any statements contained in this Form 10-QSB that are not statements

of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include, but are not limited to, economic conditions generally, failure by management to successfully develop business relationships, and competition within the merger and acquisitions market.

## ITEM 2: PLAN OF OPERATION

We are a development stage company with no assets and recurring losses from inception and we are dependent upon financing to continue operations. For the three and six month periods ended December 31, 2002 and the year ended June 30, 2002, we had no cash on hand and total current liabilities of \$28,000. The \$28,000 note payable is related to accounting and legal fees incurred during the 2000 fiscal year which were paid on our behalf by a related party.

We have no material commitments for the next twelve months. We believe that our current cash needs for at least the next twelve months can be met by loans from our directors, officers and shareholders, based on understandings we have with these persons. However, these understandings are not formal agreements and therefore these persons are not obligated to provide funds. We may repay any loans, costs of services and advancements with cash, if available, or we may convert them into common stock. In the event we acquire a business opportunity, then it may be necessary to raise additional capital, which may be accomplished by selling our common stock.

Our management intends to actively pursue business opportunities during the next twelve months. Based on current economic and regulatory conditions, management believes that it is possible, if not probable, for a company like ours, without many assets or liabilities, to negotiate a merger or acquisition with a viable private company. The opportunity arises principally because of the high legal and accounting fees and the length of time associated with the registration process of "going public." However, should any of these conditions change, it is very possible that there would be little or no economic value for anyone taking over control of Galaxy Specialties.

We have not made a formal study of the economic potential of any business and as of the date of this filing, we have not identified any assets or business opportunities for acquisition. Potential investors must recognize that because of our limited capital available for investigation and management's limited experience in business analysis we may not discover or adequately evaluate adverse facts about the business opportunity to be acquired. All risks inherent in new and inexperienced enterprises are inherent in our business. Also, we intend to concentrate our acquisition efforts on properties or businesses that we believe to be undervalued or that we believe may realize a substantial benefit from being publicly owned. Investors should expect that any acquisition candidate may have little or no operating history, or a history of losses or low profitability.

It is emphasized that our management may effect transactions having a potentially adverse impact upon our shareholders pursuant to the authority and discretion of our management to complete acquisitions without submitting any proposal to the stockholders for their consideration.

Should a merger or acquisition prove unsuccessful, it is possible that we may decide not to pursue further acquisition activities and management may abandon its activities and our shares would become worthless.

## ITEM 3: CONTROLS AND PROCEDURES

Our Board formalized our disclosure controls and procedures by creating documents which outline the steps and procedures we must take to ensure that material information regarding our company and its operations is provided to the public in a timely manner. On January 30, 2003, our President evaluated

the effectiveness of these disclosure controls and procedures and determined that there were no significant deficiencies in these procedures.

The President did not identify any deficiencies or material weaknesses in our internal controls, nor did she identify fraud that involved our management who had a significant role in our internal controls. Also, she did not find any deficiencies or weaknesses which would require changes to be made or corrective actions to be taken related to our internal controls.

## PART II: OTHER INFORMATION

### ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

#### (a) Part II Exhibits.

- 3.1 Articles of Incorporation (Incorporated by reference to exhibit 3.1 of Form 10-SB, filed August 21, 2000)
- 3.2 Bylaws of Galaxy Specialties (Incorporated by reference to exhibit 3.3 of Form 10-SB, filed August 21, 2000)

#### (b) Reports on Form 8-K.

None

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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 who is duly authorized.

Galaxy Specialties, Inc.

Date 01/30/03

/s/ M. Jeanne Ball  
By: \_\_\_\_\_  
M. Jeanne Ball  
President, Principal Financial Officer,  
and Director

## PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, M. Jeanne Ball, certify that:

- 1. I have reviewed this quarterly report on Form 10-QSB of Galaxy Specialties, Inc.;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly

report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

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

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

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

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

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

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

b) any fraud, whether or not material, that involves management or other employees who have a significant role

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in the registrant's internal controls; and

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

01/30/03 /s/ M. Jeanne Ball

Date: \_\_\_\_\_  
M. Jeanne Ball, Principal Executive Officer

#### PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, M. Jeanne Ball, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Galaxy Specialties, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

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

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

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

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

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

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

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

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

01/30/03            /s/ M. Jeanne Ball  
Date: \_\_\_\_\_  
M. Jeanne Ball, Principal Financial Officer

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