

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 quarter ended: March 31, 2002

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No.000-31355

GALAXY SPECIALTIES, INC.

(Exact name of registrant as specified in its charter)

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

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

(Address and telephone number of principal executive offices and principal place of business)

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 April 26, 2002, the Registrant had a total of 17,000,000 shares of common stock issued and outstanding.

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 nine month periods ended March 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 three and nine month periods ended March 31, 2002, are not necessarily indicative of results to be expected for any subsequent period.

Financial Statements  
 March 31, 2002

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

ASSETS

|                | March 31,<br>2002 | June 30,<br>2001 |
|----------------|-------------------|------------------|
|                | -----             |                  |
|                | (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<br>shares authorized; 17,000,000 shares<br>issued and outstanding | 17,000   | 17,000   |
| Deficit Accumulated During the Development Stage   | (45,000) | (45,000) |
|  | -----    |          |
| Total Stockholders' Equity (deficit)   | (28,000) | (28,000) |
|  | -----    |          |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY   | \$ -     | \$ -     |
|  | =====    |          |

<TABLE>  
 <CAPTION>

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

|                             | From          |               |              |              |               |
|-----------------------------|---------------|---------------|--------------|--------------|---------------|
|                             | For the three | For the three | For the nine | For the nine | Inception on  |
|                             | months ended  | months ended  | months ended | months ended | March 7, 1986 |
|                             | March 31,     | March 31,     | March 31,    | March 31,    | to March 31,  |
|                             | 2002          | 2001          | 2002         | 2001         | 2002          |
| <S>                         | <C>           | <C>           | <C>          | <C>          | <C>           |
| REVENUES                    | \$ -          | \$ -          | \$ -         | \$ -         | \$ -          |
| EXPENSES                    |               |               |              |              |               |
| Depreciation & Amortization | -             | -             | -            | -            | 17,000        |
| General & Administrative    | -             | -             | -            | -            | 28,000        |
| TOTAL EXPENSES              | -             | -             | -            | -            | 45,000        |
| NET INCOME (LOSS)           | \$ -          | \$ -          | \$ -         | \$ -         | \$ (45,000)   |
| NET LOSS PER SHARE          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -          |
| WEIGHTED AVERAGE SHARES     |               |               |              |              |               |
| OUTSTANDING                 | 17,000,000    | 17,000,000    | 17,000,000   | 17,000,000   | 17,000,000    |

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

|  | From         |              |             |
|--|--------------|--------------|-------------|
|  | Inception on |              |             |
|  | For the nine | For the nine | Through     |
|  | months ended | months ended | March 31,   |
|  | March 31,    | March 31,    | March 31,   |
|  | 2002         | 2001         | 2002        |
| Cash Flows from Operating Activities             |              |              |             |
| Net Loss   | \$ -         | \$ -         | \$ (45,000) |
| Less Non-cash Items:                             |              |              |             |
| 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<br>End of Period | \$ - | \$ - | \$ - |
| =====   |      |      |      |

Supplemental Cash Flow Information:

Stock issued for marketing rights \$ - \$ - \$ 17,000

Cash Paid For:

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

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

GENERAL

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Galaxy Specialties, Inc. (the Company) has elected to omit substantially all footnotes to the financial statements for the nine months ended March 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, 2001.

UNAUDITED INFORMATION

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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.

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 and in the industries which we may participate; competition within a chosen market and failure by Galaxy Specialties to successfully develop business relationships.

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 nine month periods ended March 31, 2002 and the year ended

June 30, 2001, 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.

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## 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

## 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 4/30/02

/s/ M. Jeanne Ball

By: \_\_\_\_\_  
M. Jeanne Ball, President and Director