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BUY IT CHEAP COM INC /DE
Form 10KSB
September 29, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB

(Mark One)

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

For the fiscal year ended June 30, 2003

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

For the transition period from _____ to _____

Commission file number 000-13337

Buy It Cheap.com, Inc.

(Name of Small Business Issuer in Its Charter)

Delaware

22-2497491

(State or Other Jurisdiction of
Incorporation or Organization)

(IRS Employer
Identification No.)

1800 Bloomsbury Ave., Ocean, N.J.

07712

(Address of Principal Executive Offices)

(Zip Code)

732-922-3609

(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

| Title Of Each Class | Name Of Each Exchange On Which Registered |
|---------------------|---|
| ----- | ----- |
| None | |

Securities registered under Section 12(g) of the Exchange Act:

Common Stock; \$.001 par value per share

(Title of Class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and has been subject to such filing requirements for the past 90 days.

Yes No

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

State issuer's revenues for its most recent fiscal year. \$0

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act).

As of August 28, 2003, the aggregate market value of the Registrant's Common Stock (based on the closing bid price for the Common Stock as reported by the National Quotation Bureau on such date held by non-affiliates of the Registrant) was approximately \$57,000. For the purposes of this report, it has been assumed that all directors and officers of the Registrant are affiliates of the Registrant. However, the statements made herein shall not be construed as an admission for the purpose of determining the affiliate status of any person. As of August 28, 2003, the Registrant had 9,040,582 shares of Common Stock issued and outstanding.

Note. If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 9,040,582 shares of Common Stock, par value \$.001 per share, at August 28, 2003.

DOCUMENTS INCORPORATED BY REFERENCE

None

Notice on Forward-Looking Statements

The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor legislation. This Form 10-KSB, and the Annual Report to Shareholders, Form 10-QSB or Form 8-K of the Company or any other written or oral statements made by or on behalf of the Company may include forward-looking statements which reflect the Company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Report Act of 1995. All forecasts and projections in this Form 10-KSB are "forward-looking statements," and are based on management's current expectations of the Company's near-term results, based on current information available pertaining to the Company, including the risk factors noted below.

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The Company wishes to caution investors that any forward looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to: changing economic and political conditions in the United States and in other countries, changes in governmental spending and budgetary policies, governmental laws and regulations surrounding various matters such as environmental remediation, contract pricing and international trading restrictions, customer product acceptance and continued access to capital markets and foreign currency risks. The Company wishes to caution investors that other factors may, in the future, prove to be important in affecting the Company's results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Investors are further cautioned not to place undue reliance on such forward-looking statements as they speak only to the Company's views as of the date the statement is made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Description of Business

General

Buy It Cheap.com, Inc. (the "Company") was incorporated in Delaware on January 16, 1984 as Cellufone Corporation. From 1984 to 1991 the Company and/or its subsidiaries, were involved in several different businesses, including the reselling of cellular telephone service, radio paging (beeper) service, private pay telephone manufacture and private network switching. The Company subsequently changed its name to Celcor, Inc. Because growth and profitability of these operations fell short of expectations, the Company had either ceased operating or had sold off all its businesses by February, 1991.

Unable to obtain financing to repay debt or fund operations of any kind, the Company, in April 1991, filed for protection under Chapter 11 of the United States Bankruptcy Code. The Company was able to secure limited equity capital from an investor and the Company emerged from bankruptcy in 1992 with virtually no assets or liabilities.

The Company (then known as Celcor, Inc.) had virtually no operations from 1991 to early 1995 when it executed an Agreement and Plan of Merger with Northeast (USA) Corp., a New York corporation, ("Northeast NY"). Through this merger, which became effective August 1, 1996, the Company changed its name from Celcor, Inc. to Northeast (USA) Corp. and was the surviving entity in the merger. The Company consummated the merger in order to bring the business of Northeast NY into the Company. Northeast NY had a joint venture with the Chinese government to manufacture and distribute vitamins and beauty products. While limited production and sales were achieved, lack of funding caused cessation of activities in early 1997. Because the necessary funding for this operation could not be raised and because certain commitments by each

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party had not been met, the Company, in June of 1999, notified the Chinese that it was no longer interested in pursuing the joint venture. The Chinese have responded that they were not against dissolving the joint venture, although no formal liquidation has yet taken place. During the fiscal years ending June 30, 1996 through 1998 the Company, domestically, generated limited revenues from retail sales of a beauty supply line. Lack of funding for promotional activities, and subsequently for fixed overhead costs, caused cessation of this activity during the latter part of fiscal 1998.

In April of 1999, Robert Edwards, the Company's initial founder and former president approached the Company on the possibility of starting an Internet retailing business. Pursuing this proposal, the Company's Board of Directors approved the acquisition of Buy It Cheap.com, Inc., ("BUYC") a development stage company organized under Delaware law by two directors of the Company. BUYC had raised approximately \$100,000 in start-up investment capital. The Company issued 1,400,000 shares of its common stock to shareholders of BUYC upon consummation of the transaction (October 1999). Once the acquisition was consummated, the Company operated a website "Buyitcheap.com" and changed its corporate name to Buy It Cheap.com, Inc. For accounting purposes, the acquisition has been treated as an acquisition of the Company by Buy It Cheap.com, Inc. and as a recapitalization of Buy It Cheap.com, Inc.

The Company believes that there is a market for lower priced specialty merchandise on the Internet as strong competition for items new to the market has left a void in the market for lower cost items. With lower cost and specialty merchandise, the Company won't compete with the vast majority of Internet retailers and will benefit from the greater profit margins that are achievable with this type of merchandise.

Current operating plan

Internet Retailing - Buyitcheap.com

The Company intends to operate a virtual store under the web address of "Buyitcheap.com" and will offer for sale various types of branded merchandise over the Internet. While the website has been partially functional, the Company has not yet promoted it and sales thus far have been negligible. Initial merchandise lines will consist of specially priced items in consumer electronics, luggage and giftware. The Company does not intend to inventory any merchandise, however it may do so in the future. The Company will post merchandise from various vendors on its website, takes orders and collect the funds. The order is routed to the applicable vendor for shipment to the customer. Upon shipment, the Company remits its cost of the item to the vendor. In keeping with the Company's website name, the theme of its merchandise offerings will be to offer merchandise at the lowest possible price. The Company plans to keep overhead low and will seek additional funding to expand the business. The Company has not officially launched its website as raising equity capital for dot com businesses has been less than favorable. The rate at which the Company can secure financing will be a determining factor in how fast the Company will grow. The Company believes that the overall economy is improving allowing for a more favorable business environment in which to launch its website store. At this time, the Company believes the store could open in the Spring of 2004.

Competition

The Internet retailing business is a highly competitive industry. The Company, being a start-up in this business, faces competition from numerous sources, including established Internet retailers with greater financial resources and a longer operating history. However, the Company expects, in

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time, to establish a niche as a retailer of quality branded merchandise obtained from closeouts, surplus goods, odd lots, etc. offered at cheap prices, by which to distinguish itself from other Internet retailers and thus, to effectively compete in this industry. The Company's ability to successfully compete will be dependent upon its future ability to raise substantial additional capital.

Supply of merchandise and Internet Infrastructure

The Company, through existing relationships developed by the Company's management, will display merchandise from various vendors. There is no charge for displaying the merchandise on the Company's website. The Company marks up the price charged to it by the vendor. There being no real risk to the vendor/supplier, the Company believes it will not experience any difficulty in obtaining merchandise for sale on its website.

While the Company owns its own hardware and software to generate its website, it currently relies on an outside organization to maintain this website infrastructure. In the near term future, the Company anticipates that it will perform these functions itself.

Employees

The Company currently has no paid employees. Certain officers and directors of the Company have agreed to temporarily work without pay but have been reimbursed for some out-of-pocket expenditures.

Item 2. Description of Property

The Company leases office space in Clifton, N.J. and maintains its principal office at 1800 Bloomsbury Ave., Ocean, N.J. 07712 at no cost to the Company. As the business expands, the Company will need to procure additional space.

Item 3. Legal Proceedings

From its prior operations in selling beauty products (1995-1997) the Company (then called Northeast (USA) Corp.) is indebted to two suppliers who have filed suit against the Company. These filed claims total approximately \$89,000, of which \$11,000 is disputed by the Company. One of these creditors has obtained a judgement (with interest) against the Company for approximately \$60,000. The Company has attempted to settle these claims with issuance of its common stock and convertible notes. Depending on its financial status, the Company will attempt to settle these claims in the coming months.

Details of these suits are as follows: Supreme Court of the State of New York, County of Queens, filed July 15, 1997, plaintiff Laffon Design-Kree Plast S.P.A., defendant Northeast (USA) Corp. (judgement entered); Supreme Court of the State of New York, County of Queens, filed March 5, 1997, plaintiff R. P. Scherer Corporation, defendant Northeast (USA) Corp. (pending).

If the Company is unable to resolve these claims, it may be unable to proceed with its business plans.

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

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None during the Company's fiscal year ended June 30, 2003.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock is traded on the OTC Bulletin Board, symbol BYCC.

The following table shows the range of high and low bid or last trade quotations for the Company's Common Stock as reported to the Company by Pink Sheets LLC's "OTC Market Report." No review of the daily quotations as provided by the OTC Bulletin Board has been undertaken by the Company. The quotations reflect prices between dealers, without retail mark-ups, mark-downs or commissions and may not necessarily represent actual transactions or be indicative of prices at which the Company's Common Stock was traded.

| Fiscal year | Fiscal quarter ended | Low bid | High bid |
|-------------|----------------------|---------|----------|
| 2002 | September 30, 2001 | \$.10 | \$.10 |
| | December 31, 2001 | .10 | .11 |
| | March 31, 2002 | .06 | .11 |
| | June 30, 2002 | .06 | .06 |
| 2003 | September 30, 2002 | .05 | .06 |
| | December 31, 2002 | .01 | .05 |
| | March 31, 2003 | .01 | .01 |
| | June 30, 2003 | .01 | .03 |

The number of record holders of the Company's Common Stock as of August 31, 2003 was approximately 300, however, the Company believes that there are substantially more beneficial owners of the Common Stock.

Dividend policy

The Company has never paid any dividends on its common stock. The Company anticipates that in the foreseeable future, earnings, if any, will be retained for use in the business or for other corporate purposes, and it is not anticipated that cash dividends will ever be paid on its common stock.

Item 6. Management's Discussion and Analysis or Plan of Operation

The Company entered the Internet retailing business through the formation of an entity separate from the Company by two of its directors. The new entity was able to raise limited start-up capital for an Internet retailing business. The new entity then merged with the Company. For accounting purposes, the combination of the two companies was treated as an acquisition of the Company by this new entity. Subsequent to the completion of this acquisition the Company changed its name to Buy It Cheap.com, Inc. and commenced an Internet retailing operation under the website "Buyitcheap.com." The Company must still arrange settlement of its liabilities and raise substantial new investment capital in order to develop this business.

Financial and operating plan for the next 12 months

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The Company plans to continue building and improving its website over the next several months with a planned "opening" of the store in the Spring of 2004. The Company operates with little overhead. The Company plans to consume operating cash only to the extent that it has available cash on hand, or that it has investor commitments for. This may limit the rate at which the Company will grow. Until there is positive cash flow from its Internet business, or the Company is able to raise a substantial amount of new capital, there will be no paid employees or any significant fixed overhead. The sales transactions, for the most part, will be handled automatically over the Internet requiring little labor or office space requirements. The Company has experienced several delays in getting its web site functional, including economic conditions relating to dot com companies. The objective of the Company will be to establish the viability of its operations in order to attract substantial new investment capital to expand its business in the future.

Item 7. Financial Statements

The financial statements of the Company, the notes thereto, and the Report of the Independent Auditors thereon required by this Item 7 appear in this report on the pages indicated in the following index.

| | Page |
|--|------------|
| Independent Auditors' Report..... | F-1 |
| Balance Sheet at June 30, 2003 and 2002..... | F-2 |
| Statement of Income for the fiscal year ended June 30, 2003 and 2002 and the period July 19, 1999 to June 30, 2003..... | F-3 |
| Statement of Stockholders' Equity for period July 19, 1999 to June 30, 2003..... | F-4 |
| Statement of Cash Flows for the fiscal years ended June 30, 2003 and 2002 and for the period July 19, 1999 to June 30, 2003..... | F-5 |
| Notes to Financial Statements..... | F-6 - F-11 |

Item 8. Changes in and Disagreements With Accountants or Accounting and Financial Disclosure

None

Item 8A. Controls and Procedures

Anthony J. Consi, the Company's Chief Executive Officer and Stephen E. Roman, Jr. the Company's Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures as of June 30, 2003. Based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the ten-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Messrs. Consi and Roman performed their evaluation.

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Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

Directors are elected by the shareholders and serve until their successors are elected and have qualified or until a director's earlier death, resignation or removal. Directors were most recently elected on January 25, 1996 at the special meeting of shareholders held at such time. Robert Edwards became a director in May, 1999 and Anthony Consi became a director on September 26, 2000. Mr. Edwards and Mr. Consi were elected to fill seats left vacant by previous directors' resignations.

On August 16, 2001, Mr. Edwards was elected Chairman of the Board and Mr. Consi was elected President and CEO. The former President, Stephen Roman was elected Vice President, Secretary and CFO. Set forth below are the names and ages of the directors and executive officers of the Company, their positions with the Company, and their business experience, including their principal occupations at present and during the past five years.

| Name | Age | Present Position | Director of the Company since |
|---------------------------|-----|--------------------------------|-------------------------------------|
| Robert Edwards (1) | 83 | Chairman of the Board | 1999 |
| Anthony J. Consi (2) | 81 | President, CEO and Director | 2000 |
| Stephen E. Roman, Jr. (3) | 55 | Director and Vice President | 1994 |
| Jennifer Lo (4) | 50 | Director and Vice President | 1996 |
| Michael Hsu (5) | 63 | Director | 1996 |
| David Chow (6) | 43 | Director | 1993 |
| Chin-Sung (Joe) Chen (7) | 53 | Director | 1996 |

(1) Robert Edwards is the original founder of the Company in 1984. He had not been associated with the Company from 1992 to 1999. Mr. Edwards has been involved in retailing for the past five years with the Rumson China and Glass Shop, Inc., a family owned private corporation.

(2) Mr. Consi has served as President and General Partner of Sunrise Realty Associates and Brinkley Associates, major shopping center operators. He is also Vice President and Director of risk management for Arc Properties, Inc. a retail developer and President of Ol' Americ Associates, Inc., a risk management consulting firm.

(3) Stephen E. Roman, Jr. served as Vice President and Chief Financial Officer of the Company for the period from April, 1984 to June, 1994 and from August 2001 to present. He has also served as Secretary since 1994. From June, 1994 to January, 1996, and from May, 1999 to August 2001, Mr. Roman has served as President of the Company. In January, 1996, Ms. Lo succeeded Mr. Roman as President and Mr. Roman became Vice President and

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Chief Financial Officer. In May, 1999, Ms. Lo resigned as President and was succeeded by Mr. Roman. Mr. Consi succeeded Mr. Roman as President in August 2001. For the last five years, he has served on a part-time basis. Mr. Roman is a certified public accountant and performs similar services for other business entities.

- (4) Jennifer Lo is a trained pharmacist and from February, 1993 until May 1999 served as chairman and president of the Company. Ms. Lo is the sole stockholder of Lyncroft Corp., which owns 100,000 shares of the Company.
- (5) Michael W. Hsu served as Vice President-Finance from June, 1994 to January, 1996 on a part-time basis. He served as Treasurer (part-time) from January, 1996 to May, 1999. He has been a self-employed certified public accountant for the past ten years.
- (6) David Chow is Managing Director of Center Laboratories, Taiwan, and has held this position since 1980. He is also Managing Director of Center Pharmaceutical Co., Ltd., People's Republic of China and has served in this capacity since 1992. Additionally, in 1993 Mr. Chow became Chairman of the Taiwan Pharmaceutical Development Association and in 1995, Director of the GMP Committee of the China Pharmaceutical Industrial Association.
- (7) Chin-Sung (Joe) Chen is presently General Manager of Hyscios Pharmacy International, Co., Ltd., a distributor of pharmaceutical and skin care products based in Taipei, Taiwan, and has served in this capacity since 1994. Prior to his association with Hyscios, Mr. Chen was employed for approximately 16 years by Lederle, where he served in a variety of increasingly responsible positions. From April, 1991 to November, 1993, Mr. Chen was national marketing manager of Lederle, Taiwan.

The Board of Directors does not presently have an audit, compensation or nominating committee. There were no meetings of the Board of Directors during the fiscal year ended June 30, 2003.

No officer or director of the Company is currently involved in any legal proceeding, nor is any officer or director also an officer or director of any other publicly held company.

Section 16 (a) Beneficial Ownership Reporting

Based solely upon a review of Forms 3 and 4 and amendments thereto, as well as Form 5 and amendments thereto, furnished to the Company during the period from July 1, 2001 to the present, the Company believes the following to be accurate and correct:

| Person or entity required to file | Form required | Reason filing required | Date on which filing was required | Status of filing |
|--------------------------------------|------------------|---------------------------|--------------------------------------|---------------------|
|--------------------------------------|------------------|---------------------------|--------------------------------------|---------------------|

None for the 2 year period ended June 30, 2003

Item 10. Executive Compensation

There was no compensation paid or accrued to any officer or director of the Company for the fiscal years ended June 30, 2002 and 2003.

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Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth the number of shares of the Company's \$.001 par value common stock owned by each person who, as of August 28, 2001, owns of record, or is known by the Company to own beneficially, more than 5% of the Company's common stock, as well as the ownership of such shares by each director and executive officer of the Company and the shares beneficially owned by all officers and directors as a group.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|--|---------------------|
| Majestic International Inc. No 3 14th Floor No 535 Cheng-Kuo Third Road Kaohszung, Taiwan ROC | 633,400 | 6.89 |
| Verchi Holdings Limited Room 312, Entrance 3, Bldg. 14 Compound 3, Jingouhe Road Wukesong-Haidian District Beijing, People's Republic of China | 550,000 | 5.98 |
| Anthony J. Consi 52 Buttel Drive Clifton, NJ 07013 | 350,000 | 3.81 |
| Stephen E. Roman, Jr. (officer and director) 25 Hillside Road Shark River Hills, NJ 07753 | 308,153 | 3.35 |
| David Chow (director) 4F No. 20, Lane 34 Sec 2, Pa Te Road, Taipei, Taiwan | 15,000 | - |
| Jennifer Lo (officer and director) 258-01 Pembroke Ave. Great Neck, NY 11021 | 421,405 (1) | 4.59 |
| Michael Hsu (director) 136-21 Roosevelt Ave Flushing, NY 11354 | 0 | 0 |
| Chin-Sung (Joe) Chen (director) 7th Floor No 571 Ming Shui Road Taipei, Taiwan | 420,000 | 4.57 |
| Robert Edwards (director) 256 Clearbrook Court Little Silver, N.J. 07739 | 400,000 (2) | 4.35 (2) |
| Current Executive Officers and Directors as a Group (6 persons) | 1,914,558 | 20.83 |

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- (1) Includes 100,000 shares owned by Lyncroft Corp., a corporation of which Ms. Lo is the sole shareholder and 321,405 owned by Ms. Lo's son, J. Wu who lives with her.
- (2) Excludes 200,000 shares held by Mr. Edwards' wife to which he disclaims beneficial ownership.

The Company is not aware of any arrangements which may result in a change of control of the Company.

Item 12. Certain Relationships and Related Transactions

Mr. Roman, formerly the Company's President, Secretary and Director and currently Vice President, CFO, Secretary and Director and Mr. Edwards, Chairman of the Board and Director, are the founders of Buy It Cheap.com, Inc., a corporation which merged into the Company in October 1999. Mr. Roman and Mr. Edwards received 100,000 and 150,000 shares, respectively, of the Company's stock in the merger for which they have paid a nominal price (see Item 1 - Description of Business).

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits

- 2.1 Agreement and Plan of Merger among Celcor, Inc., Northeast (USA) Corp., and the Stockholders of Northeast (USA) Corp.(5)
- 3.1 Certificate of Incorporation, as amended, of the Company (1) (2) (4)
- 3.1 Amendments to the Certificate of Incorporation dated April, 1987 and October, 1996.
- 3.2 By-laws of the Company (1) (3)
- 4.1 Certificate of Designations, Preferences and Rights of Series C 8% Convertible Preferred Stock of Celcor, Inc.
- 10.1 Promissory Notes between the Company and Buy It Cheap.com, Inc.
- 10.2 Joint Venture Contract between China Northeast Pharmaceutical Company and U.S. Lyncroft Company (translated from the Chinese) creating United Vitatech.
- 10.3 Contract of Shenyang United Vitatech Pharmaceutical Ltd. (translated from the Chinese)
- 10.4 Regulations of Shenyang United Vitatech Pharmaceutical Ltd. (translated from the Chinese)
- 10.5 Agreement dated December 26, 1993 between Mannion Consultants Ltd and Northeast (USA) Corp.
31. Rule 13a-14(a) Certification
32. Rule 13a-14(b) Certification

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Footnotes

- (1) Incorporated by reference to the Company's Registration Statement on Form S-1, No. 294663.
- (2) Incorporated by reference to the Company's Form 10-K for the year ended June 30, 1986. (File No. 000-13337).
- (3) Incorporated by reference to the Company's 1986 Proxy Statement dated November 7, 1986. (File No. 000-13337).
- (4) Incorporated by reference to the Company's Registration Statement on Form S-1, No. 3312084.
- (5) Incorporated by reference to the Company's Form 10-K for the year ended June 30, 1995. (File No. 000-13337)

(b) There were no reports on Form 8-K filed during the fiscal year ended June 30, 2003.

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.

Buy It Cheap.com, Inc.

(Registrant)

By _____
Stephen E. Roman, Jr. - Principal financial officer

Title: Vice President, CFO and Director Date: September 24, 2003

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.

By _____
Robert Edwards

Title: Director Date: September 24, 2003

By _____
Jennifer Lo

Title: Director Date: September 24, 2003

By _____

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Michael Hsu

Title: Director

Date: September 24, 2003

By _____

Anthony J. Consi, President and Director, Principal Executive Officer

Title: Director

Date: September 24, 2003

EXHIBIT 31: Rule 13a-14(a) CERTIFICATION

I, Anthony J. Consi, certify that:

1. I have reviewed this Annual Report on Form 10-KSB of Buy It Cheap. com, Inc.;

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

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

4. The small business issuer'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 small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal controls over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: September 24, 2003

/s/Anthony J. Consi

Anthony J. Consi, Chief Executive Officer

I, Stephen E. Roman, Jr. , certify that:

1. I have reviewed this Annual Report on Form 10-KSB of Buy It Cheap. com, Inc.;

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

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

4. The small business issuer'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 small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal controls over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

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a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: September 24, 2003 /s/ Stephen E. Roman, Jr.

Stephen E. Roman, Jr., Chief Financial Officer

* * * * *

EXHIBIT 32: Rule 13a-14(b) CERTIFICATION

The undersigned officers certify that this report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Buy It Cheap.com, Inc.

A signed original of this written statement required by Section 906 has been provided to Buy It Cheap.com, Inc. and will be retained by Buy It Cheap.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

September 24, 2003

/s/ Anthony J. Consi

Anthony J. Consi
(Chief executive officer)

/s/ Stephen E. Roman, Jr.

Stephen E. Roman, Jr.
(Chief financial officer)

Buy It Cheap.com, Inc.
(A Development Stage Company)

Financial Statements
June 30, 2003 and 2002

Buy It Cheap.com, Inc.
(A Development Stage Company)
Index to the Financial Statements
June 30, 2003 and 2002

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Independent Auditors' Report

To the Board of Directors of
Buy It Cheap.com, Inc.

We have audited the accompanying balance sheets of Buy It Cheap.com, Inc. (A Development Stage Company) as of June 30, 2003 and 2002 and the related statements of operations, stockholders' equity, and cash flows for the years ended June 30, 2003 and 2002, and the period July 19, 1999 (date of inception) to June 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buy It Cheap.com, Inc. (A Development Stage Company) at June 30, 2003 and 2002, and the results of its operations and its cash flows for the years ended June 30, 2003, 2002, and the period July 19, 1999 (date of inception) to June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the notes to the financial statements, the Company has incurred losses, has no current sources of revenue or funds and has a working capital deficit as of June 30, 2003. These conditions raise substantial doubt about the Company's ability

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to continue as a going concern. Management's plans regarding those matters are also described in the notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rosenberg, Rich, Baker, Berman & Company

Rosenberg, Rich, Baker, Berman & Company

Bridgewater, NJ

August 18, 2003

F-1

Buy It Cheap.com, Inc.
(A Development Stage Company)
Balance Sheets

| | June 30, 2003 | 2002 |
|--|------------------|------------|
| | ----- | ----- |
| Assets | | |
| Current Assets | | |
| Cash | \$ 563 | \$ 6,371 |
| Deposits | 1,000 | 1,000 |
| | ----- | ----- |
| Total Current Assets | 1,563 | 7,371 |
| | ----- | ----- |
| Property and equipment, net of accumulated depreciation of \$36,494 and \$29,917, respectively | 1,781 | 8,358 |
| Investment in joint venture | - | 620,535 |
| Reserve against investment in joint venture | - | (620,535) |
| | ----- | ----- |
| Total assets | \$ 3,344 | \$ 15,729 |
| | ===== | ===== |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 153,944 | \$ 154,945 |
| Due to officers and directors | 5,559 | 5,559 |
| Advance from shareholder | 20,000 | - |
| Convertible note payable | 16,198 | 16,198 |
| | ----- | ----- |
| Total Current Liabilities | 195,701 | 176,702 |
| Commitments and Contingencies | - | - |
| Stockholders' Equity | | |

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| | | |
|--|-----------|-----------|
| Preferred stock - \$.001 par value, Authorized 2,000,000 shares Issued and Outstanding - 10,000 shares | 10 | 10 |
| Common stock - \$.001 par Authorized - 20,000,000 shares Issued 9,190,802 and outstanding 9,040,582 | 9,190 | 9,190 |
| Paid in capital | 787,140 | 787,140 |
| Treasury stock, 150,220 common shares at cost | (751,100) | (751,100) |
| Retained deficit, accumulated during the development stage | (237,597) | (206,213) |
| Total Stockholders' Equity | (192,357) | (160,973) |
| Total Liabilities and Stockholders' Equity | \$ 3,344 | \$ 15,729 |

See notes to the financial statements.

F-2

Buy It Cheap.com, Inc.
(A Development Stage Company)
Statements of Operations

| | Year Ended June 30, 2003 | Year Ended June 30, 2002 | Period From July 19, 1999 (Date of Inception) to June 30, 2003 |
|--|-----------------------------|-----------------------------|--|
| Revenues | \$ - | \$ - | \$ - |
| Direct Operating Costs | (2,831) | (2,700) | (23,387) |
| General and Administrative Expenses | (28,553) | (55,074) | (214,210) |
| Net Loss | \$ (31,384) | \$ (57,774) | \$ (237,597) |
| Weighted average number of shares outstanding | 9,040,427 | 8,990,016 | 8,224,582 |
| Loss Per Common Share | \$ - | \$ (0.01) | \$ (0.03) |
| Loss Per Common Share - Assuming dilution | \$ - | \$ (0.01) | \$ (0.03) |

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See notes to the financial statements.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Statement of Stockholders' Equity
June 30, 2003

| | Preferred Stock | | Common Stock | | Paid in | Treasury | Stock | Retained Deficit |
|--|-----------------|--------|--------------|---------|-----------|-----------|--------------|--|
| | Shares | Amount | Shares | Amount | Capital | Shares | Amount | Accumulated During the Development Stage |
| Balance at July 19, 1999 (date of inception) | - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - |
| Issuance of stock in exchange for software | - | - | 210,000 | 210 | 14,790 | - | - | - |
| Issuance of stock for cash | - | - | 1,190,000 | 1,190 | 83,810 | - | - | - |
| Acquisition of Northeast (USA) Corp. | 10,000 | 10 | 7,158,407 | 7,158 | 552,975 | (150,220) | (751,100) | - |
| Issuance of stock for release of accounts payable obligation | - | - | 32,395 | 32 | 16,165 | - | - | - |
| Issuance of stock pursuant to private placement offering | - | - | 150,000 | 150 | 74,850 | - | - | - |
| Net loss for the period July 19, 1999 (date of inception) to June 30, 2000 | - | - | - | - | - | - | - | (69,097) |
| Balance at June 30, 2000 | 10,000 | \$ 10 | 8,740,802 | \$8,740 | \$742,590 | (150,220) | \$ (751,100) | \$ (69,097) |
| Issuance of Stock for Cash | - | - | 50,000 | 50 | 24,950 | - | - | - |
| Net loss for the year ended June 30, 2001 | - | - | - | - | - | - | - | (79,342) |
| Balance at June 30, 2001 | 10,000 | \$ 10 | 8,790,802 | \$8,790 | \$767,540 | (150,220) | \$ (751,100) | \$ (148,439) |
| Issuance of stock | | | | | | | | |

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| | | | | | | | | |
|--|--------|----|--------------|---------|-----------|-----------|-------------|-------------|
| for release of accounts payable obligation | - | - | 400,000 | 400 | 19,600 | - | - | - |
| Net loss for the year ended June 30, 2002 | | | | | | | | (57,774) |
| Balance at June 30, 2002 | 10,000 | \$ | 10 9,190,802 | \$9,190 | \$787,140 | (150,220) | \$(751,100) | \$(206,213) |
| Net loss for the year ended June 30, 2003 | - | - | - | - | - | - | - | (31,384) |
| Balance at June 30, 2003 | 10,000 | \$ | 10 9,190,802 | \$9,190 | \$787,140 | (150,220) | \$(751,100) | \$(237,597) |

See notes to the financial statements.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Statements of Cash Flows

| | Year Ended June 30, 2003 | Year Ended June 30, 2002 | Period From July 19, 1999 (Date of Inception) to June 30, 2003 |
|--|-----------------------------|-----------------------------|--|
| Cash Flows From Operating Activities | | | |
| Net Loss | \$ (31,384) | \$ (57,774) | \$ (237,597) |
| Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities | | | |
| Depreciation and amortization | 6,577 | 11,967 | 36,494 |
| Changes in Assets and Liabilities | | | |
| Decrease (Increase) in other current assets | - | - | (1,000) |
| Increase in accounts payable and accrued expenses | (1,001) | 10,936 | 19,014 |
| Net Cash Used by Operating Activities | (25,808) | (34,871) | (183,089) |
| Cash Flows From Investing Activities | | | |
| Purchases of property and equipment | - | - | (23,275) |
| Decrease in due from officers/directors | - | 28,790 | - |
| Cash acquired | - | - | 1,927 |

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| | | | |
|--|---------|----------|----------|
| Net Cash Provided (Used) by Investing Activities | - | 28,790 | (21,348) |
| | | | |
| Cash Flows From Financing Activities | | | |
| Proceeds from sale of common stock | - | - | 185,000 |
| Proceeds from shareholder advance | 20,000 | - | 20,000 |
| | | | |
| Net Cash Provided by Financing Activities | 20,000 | - | 205,000 |
| | | | |
| Net (Decrease) Increase in Cash | (5,808) | (6,081) | 563 |
| Cash at beginning of period | 6,371 | 12,452 | - |
| | | | |
| Cash at end of period | \$ 563 | \$ 6,371 | \$ 563 |
| | | | |

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|---|------|-----------|--------------|
| Liabilities assumed in the acquisition of Northeast (USA) Corp. for common stock | \$ - | \$ - | \$ (190,957) |
| | | | |
| Accounts payable satisfied by issuance of common stock and convertible note payable | \$ - | \$ 20,000 | \$ 32,395 |
| | | | |
| Software costs financed by issuance of common stock | \$ - | \$ - | \$ 15,000 |
| | | | |

See notes to the financial statements.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Buy It Cheap.com, Inc. (the "Company") is a Delaware corporation. On November 3, 1999, Northeast (USA) Corp. purchased all of the common stock of Buy It Cheap.com (a developmental stage company). For accounting purposes, the acquisition has been treated as an acquisition of Northeast (USA) Corp. by Buy It Cheap.com and as a recapitalization of Buy It Cheap.com. The Company will operate in the internet retailing industry. Since there have been no significant revenues generated from internet retailing, the Company is considered a Developmental Stage Company for financial reporting purposes.

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the

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satisfaction of liabilities in the normal course of business. The Company has incurred losses, has no current source of revenues or funds and has a working capital deficit as of June 30, 2003. The Company's continued existence is dependent upon its ability to secure adequate financing. The Company plans to raise additional capital in the future; however there are no assurances that such plan will be successful. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Joint Venture

Northeast (USA) Corp., in 1992, formed a joint venture agreement with the Northeast General Pharmaceutical Factory (NEGPF) a government owned pharmaceutical concern in Shenyang, China, whereby both companies established a joint venture company in China. Northeast (USA) Corp. and NEGPF were to have contributed certain assets to the joint venture. Northeast (USA) Corp. was to have contributed \$2.1 million in cash and \$1.15 million in technology for a total capital contribution of \$3.25 million. NEGPF was to have contributed \$750,000 in cash and a land-use right valued at \$1.75 million for a total contribution of \$2.5 million. Based upon the amount of contribution, Northeast (USA) Corp. owned 56.52% of the joint venture and NEGPF owned 43.48%. To date, Northeast (USA) Corp. has contributed \$1 million of cash and has contributed the technology. NEGPF has contributed \$750,000 of cash but has not contributed the land-use right. The joint venture had only limited start-up operations and operations effectively ceased in 1997 due to lack of funding. Northeast (USA) Corp. has communicated with NEGPF that it no longer has any interest in the joint venture. As such the Company had reserved \$620,535 against the investment the joint venture. During the year ended June 30, 2003, the Company determined the investment in joint venture to be permanently impaired and wrote off the asset and the associated reserve. This transaction did not have a material effect on the financial statements.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs charged to expense were \$0 for the year ended June 30, 2003, \$1,360 for the year ended June 30, 2002, and \$6,216 for the period July 19, 1999 (date of inception) to June 30, 2003.

Depreciation and Amortization

The cost of property and equipment is depreciated for financial reporting purposes on a straight-line basis over the estimated useful lives of the assets: 5 years for machinery and equipment and 3 years for software. Repairs and maintenance expenditures which do not extend the useful lives of the related assets are expensed as incurred.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of assets and

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liabilities for financial and income tax reporting. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future federal and state income taxes.

Use of Estimates

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

NEW ACCOUNTING PRONOUNCEMENTS

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 supercedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, and provides guidance on classification and accounting for such assets when held for sale or abandonment. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The adoption of SFAS No. 144 did not have a significant impact on the Company's results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. This statement rescinds SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that statement, SFAS No. 44, Accounting for Intangible Assets of Motor Carriers, and SFAS No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This statement amends SFAS No. 13, Accounting for Leases, to eliminate inconsistencies between the required accounting for sales-leaseback transactions and the require accounting for certain lease modifications that have economic effects that are similar to sales-leaseback transactions. Also, this statement amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Provisions of SFAS No. 145 related to the rescissions of SFAS No. 4 were effective for the Company on November 1, 2002 and provisions affecting SFAS No. 13 were effective for transactions occurring after May 15, 2002. The adoption of SFAS No. 145 did not have a significant impact on the Company's results of operations or financial position.

In June 2003, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement covers restructuring type activities beginning with plans initiated after December 31, 2002. Activities covered by this standard that are entered into after that date will be recorded in accordance with the provisions of SFAS No. 146. The adoption of SFAS No. 146 did not have a significant impact on the Company's results of operations or financial position.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

NEW ACCOUNTING PRONOUNCEMENTS, Continued

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, which provides alternative methods of transition for a voluntary change to fair value based method of accounting for stock-based employee compensation as prescribed in SFAS 123, Accounting for Stock-Based Compensation. Additionally, SFAS No. 148 required more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. The provisions of this Statement are effective for fiscal years ending after December 15, 2002, with early application permitted in certain circumstances. The Company has adopted the disclosure provisions.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others. FIN 45 requires a company, at the time it issues a guarantee, to recognize an initial liability for the fair value of obligations assumed under the guarantees and elaborates on existing disclosure requirements related to guarantees and warranties. The initial recognition requirements are effective for the Company during the third quarter ending March 31, 2003. The adoption of FIN 45 did not have a significant impact on the Company's results of operations or financial position.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The adoption of FIN 46 did not have a significant impact on the Company's results of operations or financial position.

DUE TO/FROM OFFICERS AND DIRECTORS

Amounts due to/from Officers and Directors represent unsecured, non-interest bearing loans, having no repayment terms.

ADVANCE FROM SHAREHOLDER

Advance from shareholder represents an unsecured, non interest bearing advance, having no specific repayment terms.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

PROPERTY AND EQUIPMENT

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Property and equipment at cost, less accumulated depreciation and amortization, consists of the following:

| | June 30, | |
|--|----------|----------|
| | 2003 | 2002 |
| Equipment | \$ 5,935 | \$ 5,935 |
| Software | 32,340 | 32,340 |
| | ----- | ----- |
| Subtotal | 38,275 | 38,275 |
| Less accumulated depreciation and amortization | 36,494 | 29,917 |
| | ----- | ----- |
| Total | \$ 1,781 | \$ 8,358 |
| | ===== | ===== |

Depreciation expense charged to operations was \$6,577 for the year ended June 30, 2003 and \$11,967 for the year ended June 30, 2002, and \$36,494 for the period July 19, 1999 (date of inception) to June 30, 2003.

OPERATING LEASE COMMITMENTS

The Company leases office space on a month to month basis. Rent expense was \$1,500 for the year ended June 30, 2003 and \$1,800 for the year ended June 30, 2002, and \$3,750 for the period July 19, 1999 (date of inception) to June 30, 2003.

INCOME TAXES

The Company's deferred tax asset is comprised of the following temporary differences:

| | June 30, | |
|---|------------|-------------|
| | 2003 | 2002 |
| Net operating losses | \$ 658,575 | \$ 627,191 |
| Differences between basis of reporting for book and tax | - | 620,500 |
| | ----- | ----- |
| Total | \$ 658,575 | \$1,247,691 |
| | ===== | ===== |

The reconciliation of reported income tax expense to the amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income is as follows:

| | June 30, | |
|--|----------|-------|
| | 2003 | 2002 |
| Tax (benefit) at the U.S. Federal Statutory rate | (34%) | (34%) |
| Valuation allowance - change | 34% | 34% |
| State income tax - net of federal tax benefit | - | - |
| | ----- | ----- |
| Provision for income taxes | - | - |

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Buy It Cheap.com, Inc.
 (A Development Stage Company)
 Notes to the Financial Statements

INCOME TAXES, Continued

Deferred taxes are recognized for temporary differences between the bases of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to the reserve against investment in Joint Venture (expensed for financial statement purposes but not deductible for income tax purposes).

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary difference results from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes.

Those amounts have been presented in the Company's financial statements as follows:

| | June 30, | |
|--|------------|------------|
| | 2003 | 2002 |
| | ----- | ----- |
| Deferred tax asset, noncurrent | \$ 224,000 | \$ 214,000 |
| Total valuation allowance recognized for deferred tax assets | (224,000) | (214,000) |
| | ----- | ----- |
| Net deferred tax assets | \$ - | \$ - |
| | ===== | ===== |

The Company has available net operating loss carry forwards which may be used to reduce Federal and State taxable income and tax liabilities in future years as follows:

| | FEDERAL | STATE |
|-------------------|---------|------------|
| | ----- | ----- |
| Available Through | | |
| 2004 | \$ | \$ 191,664 |
| 2005 | | 181,950 |
| 2006 | | 50,064 |
| 2007 | | 69,097 |
| 2008 | | 79,342 |
| 2009 | | 57,774 |
| 2010 | | 31,384 |
| 2017 | 191,664 | |
| 2018 | 181,950 | |
| 2019 | 50,064 | |
| 2020 | 69,097 | |

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| | | |
|------|------------|------------|
| 2021 | 79,342 | |
| 2022 | 57,774 | |
| 2023 | 31,384 | |
| | ----- | ----- |
| | \$ 661,275 | \$ 661,275 |
| | ===== | ===== |

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

LOSS PER SHARE

In accordance with Financial Accounting Standards Board Statement No. 128, "Earnings Per Share", basic earnings per share amounts are computed based on the weighted average number of shares outstanding. The number of shares used in the computations were 9,040,427 for the year ended June 30, 2003, 8,990,016 for the year ended June 30, 2002, and 8,224,582 for the period from July 19, 1999 (date of inception) to June 30, 2003.

The effect of assuming the conversion of the Series C convertible preferred stock as a common stock equivalent would be antidilutive, and was therefore not considered in the computation of diluted earnings per share.

The following is a reconciliation of net loss to net loss per share - basic and diluted.

| | For the Year Ended June 30, 2003 | For the Year Ended June 30, 2002 | For the Period July 19, 1999 (date of inception) to June 30, 2003 |
|--|--|--|--|
| Net Loss | \$ (31,384) | \$ (57,774) | \$ (237,597) |
| Less: Dividends on Preferred Stock net of tax benefit | (2,400) | (2,400) | (9,600) |
| Loss Applicable to common shareholders - basic | (33,784) | (60,174) | (247,197) |
| Loss Applicable to Common Shareholders - Assuming dilution | \$ (33,784) | \$ (60,174) | \$ (247,197) |
| Weighted Average Shares Outstanding | 9,040,427 | 8,990,016 | 8,224,582 |

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, due to/from officers, accounts payable and

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accrued expenses and the convertible note payable approximates fair value because of the short maturity of these instruments.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

PREFERRED STOCK

In May 1994, Northeast (USA) Corp. issued 275,000 shares of its newly designated Series C convertible stock, \$.001 par value, for an aggregate amount of \$825,000 to a group of private investors. Except for \$30,000 (representing 10,000 shares) of the preferred stock, all had been converted according to their terms prior to July 1, 1998. The Company has the right to redeem the shares at \$4.50 per share. The shares carry a stated dividend rate of 8% per annum. Dividends are cumulative and are payable quarterly. No cash dividends have ever been paid. Some former preferred shareholders (prior to or simultaneous with their conversion) have accepted shares of the Company's common stock in lieu of cash dividends. Those that did not accept shares of common stock for dividends and those that did not convert their preferred shares are owed a total of \$111,190 of dividend arrearages at June 30, 2003 and \$108,790 of dividend arrearages at June 30, 2002.

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Buy It Cheap.com, Inc.
(A Development Stage Company)
Notes to the Financial Statements

CONVERTIBLE NOTE PAYABLE

During the period ended June 30, 2000 the Company entered into an agreement with one of its creditors whereby the amount of the creditor's claim (\$32,395) was settled through the issuance of 32,395 of the Company's common shares and a convertible note for \$16,198. The note is non-interest bearing and was due on December 31, 2002. The note may be converted at the creditor's option, into 32,395 shares of the Company's common stock prior to that date. The Company is in default on this note payable.

COMMITMENTS AND CONTINGENCIES

The Company is indebted to two suppliers who have filed suit against the Company. These filed claims total approximately \$89,000, of which \$11,000 is disputed by the Company. One of these creditors has obtained a judgement (with interest) against the Company for approximately \$60,000. The Company has attempted to settle these claims with issuance of its common stock and convertible notes. Depending on its financial status, the Company will attempt to settle these claims in the coming months.

If the Company is unable to resolve these claims, it may be unable to proceed with its business.