

ORANCO INC
Form 10-Q
November 15, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

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

For the transition period from to
Commission File number 000-28181

ORANCO, INC.
(Exact name of registrant as specified in charter)

Nevada	87-0574491
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1981 E. Murray Holladay Rd, Suite 100, Salt Lake City, Utah	84117
(Address of principal executive offices)	(Zip Code)

702-583-7248
Registrant's telephone number, including area code

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Edgar Filing: ORANCO INC - Form 10-Q

Large Accelerated Accelerated Filer ☐
Filer ☐

Non-Accelerated filer Smaller Reporting
☐ Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer=s classes of common stock, as of the last practicable date

Class	Outstanding as of November 1, 2010
Common Stock, \$0.001	4,269,950

INDEX

	Page Number
PART I.	
ITEM 1. Financial Statements (unaudited)	4
Balance Sheets	
September 30, 2010 and December 31, 2009	5
Statements of Operations	
For the three and nine months ended September 30, 2010 and 2009 and the period September 16, 1977 to September 30, 2010	6
Statements of Cash Flows	
For the nine months ended September 30, 2010 and 2009 and the period September 16, 1977 to September 30, 2010	7
Notes to Financial Statements	8
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk	12
ITEM 4T. Controls and Procedures	12
PART II.	
ITEM 6. Exhibits and Reports on 8K	12
Signatures	13

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying balance sheets of Oranco, Inc. (a development stage company) at September 30, 2010 and December 31, 2009, and the related statement of operations for the three and nine months and the statement of cash flows for the nine months, ended September 30, 2010 and 2009 and the period June 16, 1977 to September 30, 2010 have been prepared by the Company's management in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Operating results for the quarter ended September 30, 2010, are not necessarily indicative of the results that can be expected for the year ending December 31, 2010.

ORANCO, INC.
 (Development Stage Company)
 BALANCE SHEETS
 September 30, 2010 and December 31, 2009

	Sept 30, 2010	Dec 31, 2009
ASSETS		
CURRENT ASSETS		
Cash	\$ 31,681	\$ 88,719
Notes and interest receivable	240,129	200,000
Total Current Assets	\$ 271,810	\$ 288,719
 LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 1,194
Total Current Liabilities	-	1,194
 STOCKHOLDERS' EQUITY		
Common stock		
100,000,000 shares authorized, at \$0.001 par value; 4,269,950 shares issued and outstanding	4,270	4,270
Capital in excess of par value	349,898	349,898
Deficit accumulated during the development stage	(82,358)	(66,643)
Total Stockholders' Equity	271,810	287,525

The accompanying notes are an integral part of these financial statements

ORANCO, INC.
(Development Stage Company)
STATEMENT OF OPERATIONS

For the Three and Nine Months Ended September 30, 2010, and 2009 and the
Period June 16, 1977 (Date of Inception) to September 30, 2010

	Three Months ended		Nine Months ended		Jun 16, 1977 (inception) to Sept 30, 2010
	Sept 30, 2010	Sept 30, 2009	Sept 30, 2010	Sept 30, 2009	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES					
General and administrative	6,030	3,669	23,305	8,765	249,731
Valuation adjustment - available-for sale-securities	-	-	-	-	30,401
NET LOSS FROM OPERATIONS	(6,030)	(3,669)	(23,305)	(8,765)	(280,132)
Interest and contract income	2,690	2,544	7,590	7,580	197,774
NET LOSS	\$ (3,340)	\$ (1,125)	\$ (15,715)	\$ (1,185)	\$ (82,358)
NET LOSS PER COMMON SHARE					
Basic and diluted	\$ -	\$ -	\$ -	\$ -	
WEIGHTED AVERAGE OUTSTANDING SHARES - stated in 1,000's					
Basic and diluted	4,270	4,270	4,270	4,270	

The accompanying notes are an integral part of these financial statements.

ORANCO, INC.
(Development Stage Company)

STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2010, and 2009 and the
Period June 16, 1977 (Date of Inception) to September 30, 2010

	Sept 30, 2010	Sept 30, 2009	Jun 16, 1977 to Sept 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)	\$ (15,715)	\$ (1,185)	\$ (82,358)
Adjustments to reconcile net loss to net cash provided by operating activities			
Changes in interest receivable	(2,629)	(2,395)	(2,629)
Changes in accounts payable	(1,194)	(1,198)	-
Net Cash Flows from Operating Activities	(19,538)	(4,778)	(84,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for note receivable	(37,500)	-	(237,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock	-	-	354,168
Net Change in Cash	(57,038)	(4,778)	31,681
Cash at Beginning of Period	88,719	89,537	-
Cash at End of Period	\$ 31,681	\$ 84,759	\$ 31,681

The accompanying notes are an integral part of these financial statements.

ORANCO, INC.
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

1. ORGANIZATION

The Company was incorporated under the laws of the state of Nevada on June 16, 1977 with authorized common stock of 100,000 shares at a par value of \$.25. On June 10, 1997 the authorized common stock was increased to 100,000,000 shares with a par value of \$.001.

The Company has been in the business of the development of mineral deposits.

The Company is in the development stage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recorded, when it is more likely than not, that such tax benefits will not be realized.

On September 30, 2010 the Company had a net operating loss available for carryforward of \$82,538. The tax benefit of approximately \$24,760 from the carryforward has been fully offset by a valuation reserve because the use of the future tax benefit is doubtful since the Company has not started full operations. The net operating loss will expire starting in 2023 through 2030.

Financial and Concentrations Risk

The Company does not have any concentration or related financial credit risk except that the Company maintains cash in banks over the insured amounts of \$ 250,000, however they are considered to be in banks of high quality.

ORANCO, INC.
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes antidilutive and then only the basic per share amounts are shown in the report.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Revenue Recognition

Revenue will be recognized on the sale and delivery of a product or the completion of a service provided.

Advertising and Market Development

The company will expense advertising and market development costs as incurred.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

Financial Instruments

The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short term maturities.

Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

ORANCO, INC.
(Development Stage Company)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2010

3. NOTE RECEIVABLE

On July 29, 2008 the Company advanced \$200,000 under a Promissory Note agreement to a third party, with an annual interest rate of 4.75%. This Note has been renewed every six months since it was made, and now has a maturity date of December 31, 2010. On August 23, 2010, the Company advanced \$37,500 under another Promissory Note agreement to a third party, with an annual interest rate of 6%. This Note is also matures on December 31, 2010. Any overdue amount on either of these Notes, will be payable with interest of 12% per annum. Interest has been accrued through September 30, 2010.

4. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Officers-directors have acquired 22% of the outstanding common stock.

5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 15, 2010, which is the date the financial statements were issued.

ITEM 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations

Plan of Operations.

The Company has not engaged in any material operations or had any revenues from operations since inception. The Company's plan of operation for the next 12 months is to continue to seek the acquisition of assets, properties or businesses that may benefit the Company and its stockholders. Management intends to focus its efforts in Europe, Africa, and South America both because management is located in Europe and because management believes that the Company can locate superior acquisition opportunities in these geographical areas. Management anticipates that to achieve any such acquisition, the Company will issue shares of its common stock as the sole consideration for such acquisition.

During the next 12 months, the Company's only foreseeable cash requirements will relate to maintaining the Company in good standing or the payment of expenses associated with reviewing or investigating any potential business venture, which the Company expects to pay from its cash resources. Management believes that these funds are sufficient to cover its cash needs for the next 12 months. If additional funds are required during this period, such funds may be advanced by management or stockholders as loans to the Company. Because the Company has not identified any such venture as of the date of this Report, it is impossible to predict the amount of any such loan. However, any such loan will be on terms no less favorable to the Company than would be available from a commercial lender in an arm's length transaction. As of the date of this Report, the Company is not engaged in any negotiations with any person regarding any venture.

Results of Operations.

Other than restoring and maintaining its good corporate standing in the State of Nevada, obtaining an audit of the Company's financial statements, submitting the Company's common stock for quotation on the NASD OTC Bulletin Board, the filing of a Form 10 Registration, the completion of a private placement, and a loan and funding of a claim by Air Packaging Technologies, Inc. against 3M corporation, the Company has had no material business operations in the two most recent calendar years.

Three and Nine Month Period Ended September 30, 2010 and 2009

The Company did not generate any revenue during the three and nine months ended September 30, 2010 and 2009. It has interest income, both paid and accrued of \$2,690 and 2,544 for the three months ended September 30, 2010 and 2009 respectively and \$7,590 and \$7,580 for the nine months ended September 30, 2010 and 2009 respectively.

General and administrative expenses were \$6,030 for the three months ended September 30, 2010, compared to general and administrative expenses of \$3,669 for the same period in 2009 and \$23,305 for the nine months ended September 30, 2010 compared with \$8,765 for the same period in 2009. The increase in expenses were largely due to increased travel expenses and increases in accounting, legal, other professional costs, and timing issues. As a result of the foregoing, the Company realized a net loss of \$3,340 for the three months ended September 30, 2010 compared to a net loss of \$1,125 for the same period in 2009 and realized net losses of \$15,715 for the nine months ended September 30, 2010 compared to a net loss of \$1,185 for the same period in 2009. The Company's increased net loss is attributable to a lack of business, to increased travel expenses, and ongoing professional costs associated with

preparing the Company's public reports, together with in timing differences from year to year.

Liquidity and Capital Resources

At September 30, 2010, assets consisted of \$31,681 in cash and 240,129 in short term notes receivable, together with accrued interest thereon. As of that date the Company had no outstanding Liabilities

Currently, the Company has no material commitments for capital expenditures. Management anticipates that operating expenses for the next twelve months will be approximately \$20,000 to \$25,000, which it will fund from its cash assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Required by smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our president/chief financial officer, carried out an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15-d-15(e)) as of the end of our last fiscal quarter, September 30, 2010, (the "Evaluation Date"). Based upon that evaluation, our president/chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our president and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal controls over financial reporting that occurred during our last fiscal quarter (ended September 30, 2010) that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART 2 - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 31.1 Rule 13a-14(a)/15d-14(a) Certification.

Exhibit 32.1 Certification by the Chief Executive Officer/Acting Chief Financial Officer
Relating to a Periodic Report Containing Financial Statements.*

(b) Reports on Form 8-K.

There were no reports filed on Form 8-K during the period covered by this report.

* The Exhibit attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

ORANCO, Inc.
[Registrant]

S/ Claudio Gianascio
President & Treasurer

November 14, 2010