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NOVA COMMUNICATIONS LTD
Form 10QSB
May 23, 2003

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

FORM 10-QSB

- Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended March 31, 2003
- / Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For transition period from _____ to _____.

Commission File Number: 2-98014-D

NOVA COMMUNICATIONS LTD.
(Exact name of small business issuer as specified in its charter)

Nevada	95-4756822
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

370 Amapola Ave., Suite 202, TORRANCE, CA 90501
(Address of principal executive offices)

Issuer's telephone number including area code: (310) 642-0200

Check whether the Issuer (1) has 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 (2) has been subject to such filing requirements for the past 90 Days:

Yes / / No/ /

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common stock: \$.001 par value 218,958,180 shares outstanding at March 31, 2003.

Documents incorporated by reference: No reports on Form 8K were filed during the period covered by this report

Total sequentially numbered pages in this document: 31

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NOVA COMMUNICATIONS LTD.

PART I. FINANCIAL INFORMATION

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(b) Statements of Operations and Comprehensive Loss for the Three Months Ended March 2003 and 2002 (unaudited).

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Item 1 Financial Statements

NOVA COMMUNICATIONS LTD.

Consolidated Balance Sheets

March 31
2003
(Unaudited)

ASSETS

Current assets:

Cash	\$ 143,688	\$
Accounts receivables, less allowance for uncollectible accounts of \$40,464 in 2003 and \$38,015 in 2002	51,545	
Notes receivable	29,873	
Prepaid expenses and deposits	61,123	
Available-for-sale investments	32,625	

Total current assets	318,854	---
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Equipment, net

184,290

Other assets:

Goodwill, less accumulated amortization of \$41,875 in 2003 and \$37,688 in 2002	75,375	
Deposits	3,063	

Total other assets	78,438	---
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\$ 581,582	\$
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See accompanying notes.

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NOVA COMMUNICATIONS LTD.

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Consolidated Balance Sheets (continued)

	March 31 2003 (Unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		

Current liabilities:		
Accounts payable	\$ 336,282	\$
Payable to related parties	10,109	
Accrued payroll and payroll related liabilities	241,465	
Customer deposits	109,121	
Income taxes payable	-	
Other accrued liabilities	105,712	
Other accrued liabilities to related parties	-	
Long-term obligations, due within one year	146,155	
	-----	-----
Total current liabilities	948,844	
Long-term obligations	859,400	
Notes payable to related parties	-	
Commitments		
Net capital deficiency:		
Preferred stock; no par value; authorized 10,000,000 shares	-	
Common stock; \$.001 par value; authorized 500,000,000 shares; outstanding 218,958,180, shares in 2003 and 46,958,180 shares in 2002	218,958	
Additional paid-in capital	14,928,039	
Retained deficit	(15,908,527)	
Unrealized holding loss from available-for-sale investments	(465,132)	
	-----	-----
Net capital deficiency	(1,226,662)	
	-----	-----
	\$ 581,582	\$
	=====	=====

See accompanying notes.

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NOVA COMMUNICATIONS LTD.

Statements of Operations and Comprehensive Loss

For The Three Months
Ended March
(Unaudited)

2003 2002

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Revenues	\$ 1,644,557	\$ 2,099,529
Cost of revenues	1,354,109	1,816,172
	-----	-----
Gross margin	290,448	283,357
Operating expenses:		
Selling	77,330	93,240
Operating	114,644	33,532
General and administrative	473,345	198,822
	-----	-----
Total operating expenses	665,319	325,594
	-----	-----
Loss from operations	(374,871)	(42,237)
Other income (expenses):		
Loan fees	-	-
Interest, net	(25,256)	(28,569)
	-----	-----
Total other income (expenses)	(25,256)	(28,569)
	-----	-----
Loss before provision (benefit) for income taxes	(400,127)	(70,806)
Provision (benefit) for income taxes	(-)	(-)
	-----	-----
Net loss of continuing operations	(400,127)	(70,806)
Net loss of discontinued operations	-	(470,801)
Net loss	\$ (400,127)	\$ (541,607)
	=====	=====
Net loss per common share:		
Continuing operations	\$ (.0081)	\$ (.0023)
	=====	=====
Discontinued operations	\$ -	\$ (.0150)
	=====	=====

See accompanying notes.

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NOVA COMMUNICATIONS LTD.

Statements of Operations and Comprehensive Loss

For The Three Months
Ended March
(Unaudited)

2003 2002

----- -----

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Net loss	\$ (400,127)	\$ (541,607)
Unrealized holding gain (loss) on available-for-sale investments	----- -	----- -
Comprehensive loss	\$ (400,127) =====	\$ (541,607) =====
Comprehensive loss per common share	\$ (.0081) =====	\$ (0173) =====

See accompanying notes.

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NOVA COMMUNICATIONS LTD.
Notes To Financial Statements

1. Business and summary of significant accounting policies

Business: Nova Communications Ltd. (the "Company" or "Nova") is incorporated under the laws of the State of Nevada. The Company invests in and provides managerial assistance to developing companies. Basis of consolidation: The consolidated financial statements include the accounts of Nova and it's 100% owned subsidiary Kadfield, Inc. ("Kadfield"). All intercompany accounts and transactions have been eliminated.

Interim reporting: The Company's year-end for accounting and tax

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purposes is December 31. In the opinion of management of the Company, the accompanying consolidated financial statements as of June 30, 2002 and for the six months then ended contain all adjustments, consisting of only normal recurring adjustments, except as noted elsewhere in the notes to the consolidated financial statements, necessary to present fairly its financial position, results of its operations and cash flows. The consolidated results of operations for the six months ended June 30, 2002 are not necessarily indicative of the results to be expected for the full year.

Cash and cash concentrations: For purposes of the statement of cash flows, the Company and its subsidiaries consider cash equivalents to be highly liquid instruments if, when purchased, their original due dates were within three months. The Company and its subsidiary place their cash in financial institutions. At various times throughout the year, cash held in these accounts has exceeded Federal Deposit Insurance Corporation limits. Neither the Company nor its subsidiary has experienced any losses as a result of these cash concentrations.

Investments: Investments are accounted for under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires that all applicable investments be classified as trading securities, available-for-sale securities, or hold-to-maturity securities. The statement further requires that hold-to-maturity securities be reported at amortized cost and available-for-sale securities be reported at fair market value, with unrealized gains and losses excluded from earnings but reported in a separate component of shareholders' equity (net of the effects of income taxes) until they are disposed of or sold. At the time of disposal or sale, any gains or losses, calculated by the specific identification method, are recognized as a component of operating results.

Equipment: Equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets, which range from five to fifteen years. Computer software obtained or developed for internal use is capitalized in accordance with Statement of Position 98-1, "Accounting for the Cost of Computer Software Developed for Internal Use". Amortization is computed using the straight-line method over seven years.

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NOVA COMMUNICATIONS LTD. Notes To Financial Statements

1. Business and summary of significant accounting policies (continued)

Goodwill: Goodwill represents the excess purchase price over the estimated fair value of the net assets of its subsidiary. Amortization is computed using the straight-line method over seven years.

Impairment of long-lived assets: The Company and its subsidiary assess the recoverability of long-lived assets by determining whether the depreciation and amortization of the asset's balance over its remaining life can be recovered through projected undiscounted future cash flows. The amount of impairment, if any, is measured based on fair value and charged to operations in the period in which the impairment is determined by management.

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Revenue recognition: Revenue from Nova's managerial assistance services is recognized when services are rendered. Revenue from Kadfield's computer and electronic equipment sales is recognized when equipment is shipped to customers.

Stock based compensation: The Company and its subsidiary account for stock based compensation under Statement of Financial Accounting Standards No. 123 ("SFAS 123"). SFAS 123 defines a fair value based method of accounting for stock based compensation. However, SFAS 123 allows an entity to continue to measure compensation cost related to stock and stock options issued to employees using the intrinsic method of accounting prescribed by Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees". Entities electing to remain with the accounting method of APB 25 must make pro forma disclosures of net income and earnings per share, as if the fair value method of accounting defined in SFAS 123 had been applied. The Company has elected to account for its stock based compensation to employees under APB 25.

Advertising: The Company and its subsidiary expense the cost of advertising as incurred as selling expenses. Advertising expenses were approximately \$77,329 for the first quarter of 2003 (\$93,240 for 2002).

Reporting comprehensive income: The Company and its subsidiary report and display comprehensive income and its components as separate amounts in the consolidated financial statements. Comprehensive income includes all changes in equity during a period that results from recognized transactions and other economic events other than transactions with owners.

Income taxes: Income taxes are provided on the liability method whereby deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases and reported amounts of assets and liabilities. Deferred tax assets and liabilities are computed using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

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NOVA COMMUNICATIONS LTD. Notes To Financial Statements

1. Business and summary of significant accounting policies (continued)

The Company and its subsidiary provide a valuation allowance for certain deferred tax assets, if it is more likely than not that the Company or its subsidiaries will not realize tax assets through future operations

Segment Reporting: The Company and its subsidiary report information about operating segments and related disclosures about products and services, geographic areas and major customers under Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosures about Segments of an Enterprise and Related Information". Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance.

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Net loss per common share: Net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The weighted average number of common stock shares outstanding was 49,342,623 for the first quarter of 2003 (31,430,050 for 2002). Preferred stock is not considered to be a common stock equivalent. Common stock to be issued is not considered to be a common stock equivalent as the effect on net loss per common share would be anti-dilutive.

Significant risks and uncertainties: The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Management of the Company has made certain estimates and assumptions regarding the collectibility of notes receivable and estimated fair value of investments. Such estimates and assumptions primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

2. Operations

The Company has experienced recurring losses from operations and as of March 31, 2003 had a working capital deficit of \$629,990 (\$917,540 at December 31, 2002) and a net capital deficiency of \$1,226,622 (\$2,128,732 at December 31, 2002). In addition Kadfield is in default on various long-term obligations.

During 2002, the Company divested of its investment in Communications 2000, Inc., dba TEC-networks. The Company is also currently in negotiations to acquire the operations of a division of a publicly traded telecommunications company and a privately held personal watercraft manufacturer.

The Company believes the above actions and along with other plans will allow them to continue operations and ultimately achieve profitability. Until then, the Company

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NOVA COMMUNICATIONS LTD. Notes To Financial Statements

2. Operations (continued)

is dependent upon its ability to obtain additional capital and debt financing. The consolidated financial statements do not reflect adjustments relating to the recorded asset amounts, or the amounts of liabilities that would be necessary should the Company not be able to continue in existence.

3. Investments

All of the Company's investments are considered by Management to be available-for-sale investments. The following is a summary of investment securities:

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	March 31 2003	December 31 2002
	-----	-----
Corporate securities:		
Amortized cost	\$ 497,757	\$ 497,757
Gross unrealized losses	(465,132)	(465,132)
	-----	-----
Estimated fair value	\$ 32,625	\$ 32,625
	=====	=====

The Company's available-for-sale investments consist of the following Corporate Securities:

Gulf Coast Hotels, Inc. ("Gulf Coast"): The Company is a minority partner in Gulf Coast that was formed to purchase the rights to approximately 1.4 acres in Biloxi, Mississippi and to develop a high-rise condominium hotel on that site. Gulf Coast has been unable to raise the approximately \$1,000,000 necessary to complete the down payment. The seller has provided extensions to Gulf Coast, however the agreement is in default. Management of Nova has determined that its investment in Gulf Coast had no value based upon the uncertainty of the outcome of Gulf Coast's default.

Legal Club: The Company owns 337,500 shares of common stock of Legal Club, a publicly traded, nationwide membership organization providing access to attorney services at discounted rates. The value of the Company's investment in Legal Club was determined based upon the closing bid price of their common stock on December 31, 2002.

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NOVA COMMUNICATIONS LTD.
Notes To Financial Statements

5. Equipment

Equipment consisted of the following:

	March 31 2003	December 31 2002
	-----	-----
Office furniture and equipment	\$ 99,583	\$ 100,834
Computer software	261,750	261,750
	-----	-----
	361,333	362,584
Less accumulated depreciation	(177,043)	(168,183)
	-----	-----
Equipment, net	\$ 184,290	\$ 194,401
	=====	=====

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6. Long-term obligations

Long-term obligations consisted of the following:

	March 31 2003 -----	December 31 2002 -----
Note payable and accrued interest payable to PFK Development Group, secured by 337,500 shares of Legal Club stock and Nova has pledged 35% of its cash receipts from collections of its notes receivable, borrowings bear interest at 10% per annum, borrowings and accrued interest are due December 2004.	\$ 753,927	\$ 736,427
Capitalized lease obligations	251,628 -----	245,377 -----
Less principal due within one year	1,005,555 (146,155) -----	991,804 (118,586) -----
Long-term obligations	\$ 859,400 =====	\$ 863,218 =====

Aggregate minimum future lease payments under capitalized leases are as follows for the years ending subsequent to December 31, 2002:

Years ending December 31:		
2003	\$	162,465
2004		68,985
2005		51,566
2006		6,240 -----
Total minimum lease payment		289,256
Less amount representing interest		(43,879) -----
Present value of minimum future lease payments	\$	245,377 =====

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NOVA COMMUNICATIONS LTD.
Notes To Financial Statements

7. Notes payable to related parties

Notes payable to related parties is due to Palaut Management, Inc. in exchange for management consulting services. The note is unsecured, non-interest bearing, and due June 2004. Close family members of a stockholder of Nova control Palaut Management, Inc. This debt was exchanged for common shares of the Company as of March 31, 2003. (See note 8 below.)

8. Common stock

On April 10, 2003 to be effective March 31, 2003, the Company entered into an Agreement To Convert Debt with Palaut Management, Inc. Under the terms of this agreement the Company will issue to Palaut Management, Inc. one hundred million (100,000,000) shares of the Company's common stock. in exchange for its related party note payable of \$625,000, accrued management fee payable of \$297,197 and accrued related party payable of \$20,000. The value of these shares to be issued was in excess on the closing bid price (\$700,000) of the Company's shares as quoted on the NASD OTC Bulletin Board as of the effective date of the agreement.

On April 10, 2003 to be effective January 1, 2003, the Company entered into an Employment Agreement with Kenneth D. Owen to serve as its President and Chief Executive Officer for a period of twelve months at the base compensation of \$180,000 per annum. The Company acknowledged that Mr. Owen had acted as President and Chief Executive Officer of the Company for the past twenty-four (24) months without an employment agreement and without any compensation. In consideration of such past uncompensated services, the Company agreed to issue to Mr. Owen seventy-two million (72,000,000) shares of the Company's common stock. This number of shares to be issued was based on the closing bid price of the Company's shares as quoted on the NASD OTC Bulletin Board as of the effective date of the agreement.

In March 2002, the Board of Directors authorized the issuance of 143,313 shares of common stock of the Company to an in exchange for long-term obligations. Management of the Company valued the shares issued at \$.175 per share, the closing bid price of the Company's common stock at the date of issuance. Management of the Company estimated the value of the Company's shares granted after considering the historical trend of the trading prices for its common stock and the limited volume of shares being traded.

In June 2002, the Board of Directors authorized the issuance of 400,000 shares of common stock of the Company to PFK Development Group as loan fees to extend the due date of a note payable to them from December 2003 to December 2004. Management of the Company valued the shares issued at \$.175 per share, the closing bid price of the Company's common stock at the date of issuance, and recorded loan fees expense of \$70,000. Management of the Company estimated the value of the Company's shares granted after considering the historical trend of the trading prices for its common stock and the limited volume of shares being traded.

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NOVA COMMUNICATIONS LTD.
Notes To Financial Statements

8. Common stock (continued)

During 2002, the Board of Directors authorized the issuance of an aggregate of 14,986,410 shares of common stock of the Company in exchange professional services. The weighted average issuance price of the shares was \$.04 per share. Management of the Company valued the shares issued at the closing bid price of the Company's common stock at the date of issuance. Management of the Company estimated the value of the Company's shares granted after considering the historical trend of the trading prices for its common stock and the limited volume of shares being traded. The Company recorded professional fees aggregating

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\$622,848 during the year ended December 31, 2002 as a result of these grants.

9. Income taxes

The components of the provision for income taxes are as follows:

	March 31 2003	December31 2002
	-----	-----
State of California	\$ -	\$ -
	-----	-----
Currently provision (benefit)	\$ -	\$ -
	=====	=====

Deferred income taxes consisted of the following:

	December31 2002 ----
Deferred tax assets	
Net operating loss carryover	\$3,828,800
Unrealized losses on investments	158,100
Allowance for uncollectible accounts	12,900

	\$3,999,800
Valuation allowance for deferred tax assets	(3,999,800)
Net deferred income taxes	\$ -
	=====

The Company has approximately \$11,261,000 in Federal and State of California net operating losses, which, if not utilized, expire through 2022.

The utilization of the net operating loss carryforwards could be limited due to restrictions imposed under Federal and state laws upon a change in ownership. The amount of the limitation, if any, has not been determined at this time. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of the Company's continued losses and uncertainties surrounding the realization of the net operating loss

9. Income taxes (continued)

carryforwards, management has determined that the realization of deferred tax assets is uncertain. Accordingly, a valuation allowance equal to the net deferred tax asset amount has been recorded as of March 31, 2003 and December 31, 2002.

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10. Other related party transactions

The Company has entered into an agreement with a company for management consulting services. The management company is controlled by close family members of a stockholder of Nova. The agreement expires in June 2003 with renewal provisions. Under the terms of the agreement, the Company is obligated to pay the management company \$205,000 per year.

12. Segment information

The Company considers its operations to be in two segments, each of which are strategic businesses that are managed separately because each business sells or provides distinct products and services. The segments are as follows: managerial assistance to developing companies and sale of computer and electronic equipment.

Financial information by business segment is as follows:

	Managerial assistance	Computer and electronic equipment	Total segments

Three Months Ended March 31, 2003			

Revenues	\$ 7,724	\$ 1,636,833	\$ 1,644,557
Income (loss) from operations	(427,932)	31,993	(395,939)
Identifiable assets	80,793	425,414	506,207
Capital expenditures	-	-	-
Depreciation and amortization	354	9,756	10,110

	Managerial assistance	Computer and electronic equipment	Total segments

Three Months Ended March 31, 2002			

Revenues	\$ 60,000	\$ 2,039,529	\$ 2,099,529
Loss from operations	(21,170)	(45,448)	(66,618)
Identifiable assets	559,650	543,507	1,103,157
Capital expenditures	-	-	-
Depreciation and amortization	1,263	10,626	11,889

12. Segment information (continued)

Reconciliation of the segment information to the consolidated balances for loss from operations, total assets, and depreciation and amortization are as follows:

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	For The Three Months Ended March 31	
	2003	2002
	-----	-----
Segment loss from operations	\$ (395,939)	\$ (66,618)
Amortization of goodwill	(4,188)	(4,188)
	-----	-----
Consolidated loss from operations	\$ (400,127)	\$ (70,806)
	=====	=====
	March 31	March 31
	2003	2002
	-----	-----
Segment identifiable assets	\$ 506,207	\$ 1,103,157
Goodwill, net	75,375	92,125
	-----	-----
Consolidated total assets	\$ 581,582	\$ 1,195,282
	=====	=====

	For The Three Months Ended March 31	
	2003	2002
	-----	-----
Segment depreciation and amortization	\$ 10,110	\$ 11,889
Amortization of goodwill	4,188	4,188
	-----	-----
Consolidated depreciation and amortization	\$ 14,298	\$ 16,077
	=====	=====

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Item 2 Management's Discussion And Analysis Of Financial Condition
And Results Of Operations

Management's discussion and analysis should be read in conjunction with the financial statements and the notes thereto.

RESULTS OF OPERATIONS

These results include the operations of the Company and its consolidated subsidiaries for the three months ended March 31, 2003 and March 31, 2002.

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Net loss from continuing operations, comprehensive loss, net loss from continuing operations per common share and comprehensive loss per common share

Net loss from continuing operations for the three months ended March 31, 2003 was \$(400,127), a loss increase of (\$329,321) compared with a loss of \$(70,806) for the same three months of 2002. As a result, net loss from continuing operations per share for the three months ended March 31, 2003 was \$(.0081), a loss increase of (\$.0058) per share compared with a loss of \$(.0023) for the same three months of 2002.

Comprehensive loss for the three months ended March 31, 2003 was \$(400,127), a loss decrease of \$141,480 compared with a loss of \$(541,607) for the same three months of 2002. As a result, comprehensive loss per share for the three months ended March 31, 2003 was \$(.0081), a loss decrease of \$.0092 per share compared with a loss of \$(.0173) for the same three months of 2002.

Revenues, cost of revenues and gross margin

Net revenues for the three months ended March 31, 2003 were \$1,644,557, a decrease of (\$454,972) compared with \$2,099,529 for the same three months of 2002. Cost of revenues for the three months ended March 31, 2003 was \$1,354,109, or 82.34% of net revenues. Gross margin for the three months ended March 31, 2003 was \$290,448, an increase of \$7,091 compared with \$283,357 for the same three months of 2001.

Operating expenses

Operating expenses for the three months ended March 31, 2003 were \$665,319, an increase of \$339,725 compared with \$325,594 for the same three months of 2002. In 2003, operating expenses included \$405,000 in executive salary under an employment agreement with the Company's President of which \$360,000 was in recognition of prior years service. Without this item, other operating expenses for the 1st quarter decreased (\$65,275) from 2002 to 2003, as a result of cost reduction efforts.

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Other income (expenses)

Net interest expense for the three months ended March 31, 2003 was \$25,256, a decrease of (\$3,313) compared with \$28,569 for the same three months of 2002.

OPERATING STRATEGIES AND COST REDUCTIONS

The Company and its subsidiaries have been hampered in their operations during 2003 and 2002 by a shortage of working capital. As of March 31, 2003, 172,000 000 shares of the Company's common stock were exchanged for \$1,302,197 indebtedness. These shares will be issued to parties related to the Company. Despite engaging the services of several investment bankers and professional

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fundraisers during 2002, no funds have been raised from the sale of shares during 2003 to outside parties (\$92,000 during 2002). The Company's growth and strategic operating plans for TEC-networks were predicated upon raising \$2,000,000 to \$4,000,000 in working capital during 2002 and 2001. Without adequate working capital, TEC-networks was not able to expand its sales presence as planned. It was also not able to sponsor levels of advertising programs necessary to create a significant number of leads for its existing sales force.

On July 22, 2002 the Board of Directors met and approved the sale of the Company's 46.68% interest in Communications 2000, Inc., which transaction was effective on July 1, 2002. The financial statements for the three months ended March 31, 2002 include the accounts of Communications 2000, Inc. as Net Loss of Discontinued Operations of \$(470,801).

Kadfield, Inc., operating as BuyMicro, was successful in increasing its lines of credit with its suppliers during 2002. It also has focused a portion of its business in large systems that are financed under capital lease arrangements for its customers.

The Company and its principal subsidiary, Kadfield, Inc , continue to suffer from a working capital shortage. The effort to raise additional working capital continues. Although Kadfield, Inc. is operating profitably, additional capital is required to enable it to attain its business plan. New product lines are being added to its business plan and an active effort is underway to acquire additional lines and or other business that will be synergistic with Kadfield's plan.

The Company is also currently in negotiations to acquire the operations of a division of a publicly traded telecommunications company and a privately held personal watercraft manufacturer. The Company believes the above actions, events and other factors will allow them to continue operations and ultimately achieve profitability. Until then, the Company is dependent upon its ability to obtain additional capital and debt financing.

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PART II. OTHER INFORMATION

Item 5	Other Information None
Item 6	Exhibits And Reports On Form 8-K
(a)	Exhibits

Exhibit Number	Description of Document
-----	-----
2	Articles and Agreement of Merger Between Nova Communications Ltd. and First Colonial Ventures, Ltd. - July 21, 1999

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- 3(3)(i)(1) First Colonial Ventures, Ltd. Articles of Incorporation - March 25, 1985 (Incorporated by reference)
- 3(3)(i)(2) First Colonial Ventures, Ltd. Amendment to Articles of Incorporation - August 12, 1985 (Incorporated by reference)
- 3(3)(i)(3) First Colonial Ventures, Ltd. Amendment to Articles of Incorporation -September 3, 1985 (Incorporated by reference)
- 3(3)(i)(4) First Colonial Ventures, Ltd. Amendment to Articles of Incorporation -February 3, 1992 (Incorporated by reference)
- 3(3)(i)(5) Nova Communications Ltd Articles of Incorporation - July 13. 1999
- 3(3)(ii)(1) Bylaws (Incorporated by reference)

- (b) No reports on Form 8K were filed during the period covered by this report.

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SIGNATURES:

In accordance with Section 13 or 15 (d) of the Exchange Act, the company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVA COMMUNICATIONS LTD. (Company)

Date: May 19, 2003

By: /s/ KENNETH D. OWEN

Kenneth D. Owen,
President

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In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Company in the capacities and on the dates indicated:

May 19, 2003

/s/KENNETH D. OWEN

Kenneth D. Owen

President and Director

May 19, 2003

/s/ LESLIE I. HANDLER

Leslie I. Handler

Treasurer and Director

May 19, 2003

/s/BRYCE SHERWOOD

Bryce Sherwood

Director

FORM 10-QSB CERTIFICATION

I, Kenneth D. Owen, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of March 31, 2003.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of 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 quarterly report;

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

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

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of

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this quarterly report (the "Evaluation Date"); and

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

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

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

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

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

Date: May 19, 2003

By: /s/ KENNETH D. OWEN
Kenneth D. Owen, President

STATEMENT OF CHIEF EXECUTIVE OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Kenneth D. Owen, state and certify as follows:

The financial statements filed with the report on Form 10-QSB for the period ended March 31, 2003 fully comply with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 and that the information contained in said periodic report fairly presents, in all material respects, the financial condition and results of operations of Nova Communications Ltd.

This Statement is submitted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Date: May 19, 2003

By: /s/ KENNETH D. OWEN
Kenneth D. Owen,
Chief Executive Officer

