

Edgar Filing: CENTRAXX INC - Form 10KSB

CENTRAXX INC
Form 10KSB
May 30, 2001

U. S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

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

For the transition period from _____ to _____

Commission File No. 33-3358-NY

CENTRAXX, INC.

(Name of Small Business Issuer in its Charter)

NEVADA

88-0224219

(State or Other Jurisdiction of
incorporation or organization)

(I.R.S. Employer I.D. No.)

267 Matheson Road East
Mississauga, Ontario Canada L4Z 1X8

(Address of Principal Executive Offices)

Issuer's Telephone Number: (905) 502-5212

Securities Registered under Section 12(b) of the Exchange Act: None.

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

Common Stock - \$0.001 Par Value

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 (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No (2) Yes X No

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: December 31, 2000-\$0-

For the Exhibit Index see Part III, Item 13.

State the aggregate market value of the common voting stock held by non-

Edgar Filing: CENTRAXX INC - Form 10KSB

affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days.

March 30, 2001-\$10,522,442. There are approximately 12,107,198 shares of common voting stock of the Registrant held by non-affiliates. The Registrant has valued these shares on the low bid price per share on March 30, 2001.

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Not Applicable.

(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:

March 31, 2001

18,142,142

DOCUMENTS INCORPORATED BY REFERENCE

A description of "Documents Incorporated by Reference" is contained in Part III, Item 13.

Transitional Small Business Issuer Format Yes X No ____

PART I

Item 1. Description of Business.

Business Development.

With the exception of the formation of certain subsidiaries through which some current and future operations will be conducted, there were no material business developments concerning the Centraxx, Inc., a Nevada corporation ("Centraxx" or the "Company") during the year ended December 31, 2000.

Two operating subsidiaries were incorporated in 2000, Centraxx Research, Inc. ("Centraxx Research"), and Wireless Location Services, Inc. ("WLSI"). Centraxx Research was formed to conduct the principal research and development of the UniPoint technology; and WLSI was formed to manufacture and market the public network tracking products being developed by the Company. WLSI will subcontract the manufacturing of these products.

The Company, through its newly incorporated investment company Centraxx International, Inc. also has a 30% equity interest in Centraxx Korea Co. Ltd. ("Centraxx Korea"). The Company and Samsung SDS Co. Ltd. (the 70% stockholder) incorporated Centraxx Korea to jointly market and distribute the Company's products in South Korea.

For information regarding corporate developments and historical matters for 1999 and prior years, see the Company's 10-KSB Annual Reports for the years ended December 31, 1998 and 1999, which have been previously filed with the Securities and Exchange Commission, and are incorporated herein by

Edgar Filing: CENTRAXX INC - Form 10KSB

reference. See Part III, Item 13.

All computations herein are based upon United States Dollars.

Business.

Centraxx is a two way wireless data communications Company specializing in location technologies. The Company is the first in the industry to have developed a low cost, tracking, locating and monitoring system utilizing revolutionary UNI-POINT (trademark) technology with numerous network based and stand-alone applications. The UNI-POINT(trademark) technology is proprietary and patents are pending.

The Centraxx System utilizes radio frequency in a unique configuration of data and radar communications to track, locate, communicate with or monitor vehicles, cargo and equipment. The hardware consists of a receiver or Base Station and an Electronic Location Tag ("Tag"). The object to be secured is tagged and the Base Station monitors the relative position of the Tag. A network of Base Stations will enable the Centraxx System to monitor the location of the tagged object over the network coverage area. This process occurs on a real-time basis utilizing UNI-POINT(trademark) tracking. UNI-POINT(trademark) or single-point tracking represents a breakthrough in the industry as it is more reliable and substantially more cost effective than alternative systems such as Global Positioning Satellite Systems or conventional Triangulation systems.

While the Company objective is to complete the development of the UniPoint technology and launch our tracking network, the UniPoint development effort is focused on the development of Network hardware for Centraxx Korea, and of base stations for private tracking system applications. In addition, Centraxx has incorporated WLSI (wireless location systems Inc.) through which it will market a new product that is ready for manufacturing. This new product is a GPS based Public Network tag (PN tag) that will allow Centraxx to start revenue generation by the 3rd quarter. It will blend well with our UniPoint products and allow us to offer alternative hybrid multi-mode products that can operate inside or outside of our Centraxx networks. The Company can offer customers a dual tracking system for increased coverage, cost effectiveness and security which can then be marketed across Canada and the US.

The Company expects to start shipping the "hybrid" PN tag products in the third quarter of 2001. The strategic introduction of this technology enables Centraxx to secure this immediate revenue opportunity while it continues to commercialize the UNI-POINT system and technology. Additional industry awareness and brand recognition will also be created prior to its own Network launch.

Although there are numerous potential applications, Centraxx will initially focus its marketing efforts on the stolen vehicle tracking and fleet management industry. In addition, the Company has entered into negotiations with a number of major insurance companies, distributors, and other interested parties to quickly penetrate this market.

The Company has yet to deploy the UniPoint System, and has not generated any revenues. The Company has minimal assets except the UniPoint System, and has had no revenues since 1997. Nor, will the Company receive any revenues related to UniPoint until it deploys a UniPoint Network; nor will it generate any revenues from the PN tag until it begins to ship product, no assurance can be given that any future business operations of the Company will operate on a profitable basis.

Item 2. Description of Property.

Edgar Filing: CENTRAXX INC - Form 10KSB

The Company's research and development group was at period end housed in an 11,000 sq. ft. facility at Mississauga, ON, Canada, consisting of 8,500 sq. ft of office space and 2,500 sq. ft of Lab space.

On December 1, Centraxx moved its R&D group to 350 Britannia Road, Mississauga, an 85,000 sq. ft facility. Of the 85,000 sq. ft, 45,000 sq. ft of warehouse space was sublet to a tenant. The remaining 40,000 sq. ft was for Centraxx's exclusive use. That Lease was terminated at the end of January.

On February 9th, 2001, Centraxx relocated to its current facility, 267 Matheson Blvd E., Mississauga, Ontario, to save costs.

Item 3. Legal Proceedings.

The Company is not the subject of any pending material legal proceedings. There are judgements totaling less than \$75,000 to Centraxx Corp., a wholly-owned subsidiary. To the knowledge of management, no proceedings are presently contemplated against the Company by and federal, state or local governmental agency.

Further, to the knowledge of the management, no director or executive officer is party to any action in which any has and interest adverse to the Company.

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

No matter was submitted to a vote of the Company's security holders during the fourth quarter of the period covered by this Report or during the previous two calendar years.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

Market Information.

The Company's common stock is currently quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. (the "NASD") under the symbol "CNXX." and on the Frankfurt Exchange under the symbol "CJQ" No assurance can be given that the present market for the Company's common stock will continue or be maintained. Further, the sale of "unregistered" and "restricted" shares of the Company's common stock pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on the present or future public market for the Company's common stock. For information regarding the number of "restricted securities" potentially available for resale under Rule 144, see the heading "Recent Sales of Unregistered Securities," below, under this Item.

The following stock quotations were provided by the National Quotations Bureau, LLC, and do not represent actual transactions; they also do not reflect mark-ups, mark-downs or sales commissions.

STOCK QUOTATIONS

Edgar Filing: CENTRAXX INC - Form 10KSB

CLOSING BID

Quarter ended: -----	High ----	Low ---
March 31, 1999	Unpriced	Unpriced
June 30, 1999	\$3.625	\$2.50
September 30, 1999	\$3.4375	\$2.625
December 31, 1999	\$4.8125	\$2.75
March 31, 2000	\$19.4687	\$5.062
June 30, 2000	\$14.1875	\$4.625
September 30, 2000	\$6.3125	\$2.031
December 31, 2000	\$4.0937	\$0.75

Recent Sales of Unregistered Securities.

The following "restricted securities were issued by the Company during the years ended December 31, 1999 and 2000:

Name -----	Date ----	Price -----	Share Numbers -----
Centraxx Ontario			
Stockholders	5/99	(1)	15,234,415
Supplier	12/99	\$4.36	24,390
Supplier	12/99	\$4.62	12,883
Supplier	12/99	\$8.50	517
Supplier	12/99	\$9.42	1,610
Employee	7/00	\$4.04	430 (2)
Suppliers	8/00	\$3.00-\$7.96	36,266
Employee	8/00	\$0.70	50,000 (3)
Supplier	10/00	\$1.96	9,602
Employee	10/00	\$0.83	26,500 (4)
Supplier	11/00	\$2.15	11,000
Suppliers	12/00	\$4.16-\$4.86	61,863

(1) These shares were issued in connection with the Centraxx Ontario Agreement. See the heading "Business Development," Part I, Item 1, of the 10-KSB Annual Report for the year ended December 31, 1999.

(2) Issued in settlement of former employee claim.

(3) These shares were issued on exercise of an Option Agreement by a former employee.

(4) These shares were issued in settlement of wages of a former employee.

See Note 7 of the Company's financial statements accompanying this Report for additional information regarding recent sales of unregistered securities.

All of these securities were issued to persons who were either "accredited investors," or "sophisticated investors," who, by reason of

Edgar Filing: CENTRAXX INC - Form 10KSB

education, business acumen, experience or other factors, were fully capable of evaluating the risks and merits of an investment in the Company; and each had prior access to all material information regarding the Company. The offer and sale of these securities was believed to be exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Sections 4(2) and 4(6) thereof, and Regulation D or Regulation S of the Securities and Exchange Commission; and from various similar state exemptions.

Sales of "restricted securities" by members of management and others could have an adverse effect on the public market for the common stock of the Company. All of the "restricted securities" outlined above that have been issued for at least one year have been held for a sufficient period of time for resale under Rule 144 of the Securities and Exchange Commission, subject to volume limitations of subparagraph (e) of this Rule and other provisions of this Rule; once two years have lapsed, all of these limitations cease for non-affiliated stockholders.

Holders.

The number of record holders of the Company's common stock as of March 31, 2001 was 640; these numbers do not include an indeterminate number of stockholders whose shares are held by brokers in street name.

Dividends.

There are no present material restrictions that limit the ability of the Company to pay dividends on common stock or that are likely to do so in the future. The Company has not paid any dividends with respect to its common stock, and does not intend to pay dividends in the foreseeable future because planned principal operations have not commenced, and the Company has had no revenues from operations.

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

Plan of Operation.

To date, the Company's focus has been on research and development of its UNI-POINT (trademark) technology, the engineering sample of which was successfully demonstrated on December 9, 1999. However, management feels that the Company to move quickly into revenue generation. As reflected in this report, Centraxx is currently focusing its efforts to become self-sustaining through the sale of hardware and services that operate on existing public networks with the PN Tag while continuing development of the UniPoint technology. Ultimately, the PN tag system can complement the UniPoint system to form a complete end-to-end supply chain management system, combining the low cost advantages of UniPoint with the Network coverage afforded by the Public Networks.

The Company has entered into some geographic joint ventures and is negotiating with other joint venture partners and distributors, to form alliances to quickly penetrate the potential market. There can be no assurances that any agreements will be obtained or that if they are obtained that they will provide material financial benefit to the Company.

Frankopan, a merchant bank focused on developing technology-based companies, has directly or indirectly supplied the initial and ongoing funding to Centraxx. Frankopan is under contract with Centraxx to manage the business of Centraxx including financial affairs, legal and corporate governance,

Edgar Filing: CENTRAXX INC - Form 10KSB

public and investor relations service. Overall management of Centraxx, is being provided by Michael Ivezic, CEO & Chairman of Centraxx Inc. and Managing Director of Frankopan & Co. Inc.

Centraxx entered into a funding agreement in the form of a convertible debenture held by Frankopan for the sum of \$2.0M in August 1999. Security for the loan was provided by a GSA held by Frankopan. This agreement provided funding through the 2nd quarter. A bridge loan of \$1.0M was arranged for by Frankopan acting as agent which became available in May of 2000.

At the beginning of the last quarter of 2000, Centraxx continued with the development of the UniPoint Technology. Having fully utilized the \$1.0M in bridge financing, Centraxx was in need of further capital in order to complete development. The \$18M equity line announced in the 3rd quarter of 2000 through New York based financial group was sufficient to complete development and launch the Network in the 2nd quarter of 2001. The Company proceeded with the preparation of the registration statement and necessary filings in order that the first \$1.5M under this placement would be available by November when the bridge financing ran out. At this time, the Company had in excess of 50 employees and the Company was planning to launch the UniPoint Network in the 2nd quarter of 2001.

The Company did not file the registration statement given the deteriorating market conditions at the time, it was determined that accessing the \$18M was not in the best interests of the shareholders and further, the issuance of stock at the prices required would have been excessively dilutive to the shareholders.

Frankopan arranged for a further \$1.5M bridge financing reported in the 3rd quarter report. This financing did not materialize due to the poor market conditions that particularly affected the High tech sector. Although a nominal amount of funding has been advanced from Frankopan, Centraxx was forced to reschedule its development effort, reduce its work force and move to a smaller facility.

The Company is actively seeking other sources of finance. Failure to secure adequate financing in the near future will have a detrimental effect on the Company's ability to continue to operate. The board is cautiously optimistic that financing can be found given the nature of the Company's technology and its potential. The Company is in discussions with a number of potential sources.

The Company has not yet generated any revenues except some deposits from potential joint venture partners.

Results of Operations.

Year Ended December 31, 2000, compared to December 31, 1999.

The current year-end net loss was \$(4,897,239) compared to \$(1,976,435) for the corresponding 1999 period.

Professional fees increased by \$285,012 over 1999 as a result of two major factors. Firstly, spending on executive search services increased as Centraxx hired new staff in 2000. Secondly, legal expenses increased as a result of the new subsidiaries and joint venture partners agreements which were put into place during 2000, along with increases in costs associated with litigation.

Salaries and other administrative costs increased from \$566,461 in

Edgar Filing: CENTRAXX INC - Form 10KSB

1999 to \$955,713 in 2000, an increase of 68.7%. This increase resulted from moving expenses, write-down of leasehold improvements related to both the 2700 Argentia office and the 350 Britannia office and increases in expenses related to the increase in headcount.

Management fees increased by 30.7% to \$158,396 in 2000. The increase in overall general and administrative costs was mitigated by a reduction in expenses related to marketing and public relations, which decreased by \$161,259 or 51.8% in 2000 compared to 1999.

The Company's research and product development costs increased by \$2,055,309 largely due to a net increase of 30 employees in R&D by November 2000. Centraxx has invested \$4,310,898 in R&D since inception, which represents approximately 50.3% of the companies operating expenses.

Interest charges totaled \$197,297 in 2000 compared to \$8,804 in 1999, which reflects the financing costs associated with the convertible debenture of \$2.0M and note payable in the amount of \$1.0M. Due to increases in fixed assets (mostly computers and peripheral equipment) depreciation and amortization charges increased to \$96,860 from \$68,509.

Liquidity.

The Company anticipates that during the next twelve months its working capital requirements will be 0.6 million for the PN tag product. The planned use from such funding will be for the production and marketing of the PN tag. Funding requirements to complete the commercialization of the UniPoint technology are \$5M-1M. Thereafter, the Company expects that it will need to seek additional capital through one or more public or private offerings of debt or equity to fund network deployment. There can be no assurance that the Company will be successful in obtaining any such funds on terms acceptable to it, if at all.

An increase in the number of employees, primarily in marketing, sales and distribution are anticipated during the third quarter of 2001, when the Company's products are expected to be ready for market launch.

Risks and Uncertainties

As of the date of this report, the Company anticipates that its UniPoint technology will not be available for sale for distribution for at least the next 4 quarters and that the PN tag will not be available until the 3rd quarter 2001. The Company has no established source of revenues and is dependent on its ability to raise further funding. There can be no assurance that the Company will be successful in obtaining any funding at reasonable terms. There can be no assurance that the Company will be able to complete the commercial development of the UniPoint technology at that time or at any time, or that the Company will be able to sell or distribute its PN tag product or the UniPoint technology to generate profitable operations at that time or in the foreseeable future. There can be no assurance that the technology will be successfully released to the market or that the Company will profit therefrom. The Company is currently in financial difficulty and without a source of funds in the near future the Company's ability to launch the PN tag product is unlikely. The Company is currently in default of its obligations to revenue Canada and has 3 million of debt outstanding. Even with a successful launch of the PN tag product, there is no assurance that the Company can meet the operational funding requirements.

Forward-Looking Statements

Edgar Filing: CENTRAXX INC - Form 10KSB

This Annual Report contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended which represent the Company's expectations or beliefs, including, but not limited to, statements concerning industry performance, the Company's performance, financial condition, growth and acquisition strategies, margins and growth in sales of the Company's performance, financial condition, growth and acquisition strategies, margins and growth in sales of the Company's products. For this purpose, any statements contained in this Annual Report that are not statements of historical fact may be deemed to be forward-looking statements. With out limiting the generality of the foregoing, words such as "may", "will", "expect", "believe", "plan", "anticipate", "intend", "could", "estimate", "continue", "goal" or "strategy" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond the Company's control, and actual results may differ materially depending on a variety of important factors, including those described previously in the "Risk Factors" section of the Company's 1999 Form 10-K for the year ended December 31, 1999.

Item 7. Financial Statements.

Centraxx, Inc.
(A Development Stage Company)
Consolidated Financial Statements
(Expressed in U.S. dollars)
December 31, 2000

Contents

	Page
Report of Independent Accountants	1
Consolidated Balance Sheet	2
Consolidated Statement of Operations	3
Consolidated Statement of Shareholders' Deficiency	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 18

Report of Independent Accountants

To the Shareholders of
Centraxx, Inc.

Edgar Filing: CENTRAXX INC - Form 10KSB

We have audited the accompanying consolidated balance sheets of Centraxx, Inc. (a Nevada Corporation) and subsidiaries, a development stage company, as at December 31, 2000 and 1999 and the consolidated statements of operations, changes in shareholders' deficiency and cash flows for years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Centraxx Inc, and subsidiaries as at December 31, 2000 and 1999 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has no established source of revenue and is dependent on its ability to raise further amounts of funding. This raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Grant Thornton LLP
 Markham, Canada
 May 10, 2001

Chartered Accountants

Centraxx, Inc.
 (A Development Stage Company)
 Consolidated Balance Sheet
 (Expressed in U.S. Dollars)
 December 31

	2000	1999
Assets		
Current		
Cash	\$ 3,990	\$ 234
Prepaid expenses	11,967	42,231
	15,957	42,465
Capital assets (Note 2)	297,677	191,413
Other assets	18,816	16,671
	\$ 332,450	\$ 250,549

Edgar Filing: CENTRAXX INC - Form 10KSB

Liabilities

Current

Accounts payable and accrued liabilities (Note 4)	\$ 2,600,266	\$ 508,724
Loan facility (Note 5)	1,000,000	-
	3,600,266	508,724
 Convertible debentures (Note 6)	 2,158,114	 906,319
	5,758,380	1,415,043
 Shareholders' Deficiency		
Capital stock (Note 7)	18,142	17,946
Contributed surplus	3,065,133	2,498,958
Accumulated other comprehensive gain (loss)	65,529	(3,903)
Deficit	(8,574,734)	(3,677,495)
	(5,425,930)	(1,164,494)
	\$ 332,450	\$ 250,549

Commitments (Note 8)

Subsequent events (Note 15)

Contingencies (Note 16)

See accompanying notes to the consolidated financial statements.

Centraxx, Inc.

(A Development Stage Company)

Consolidated Statement of Operations

(Expressed in U.S. Dollars)

			August 8, 1997 to Dec. 31, 2000 Cumulative
Year Ended December 31	2000	1999	
Sales	\$ -	\$ -	\$ -
Cost of sales	-	-	-
Gross margin	-	-	-
 Expenses			
Marketing and public relations	150,132	311,391	579,363
Management fees	158,396	121,156	453,581
Professional fees	436,200	151,188	707,520
Salaries and other administration	955,713	566,461	1,961,242
Research and development costs	2,805,801	750,492	4,310,898
Depreciation and amortization	96,860	68,509	252,556
Interest on debt	197,297	8,804	206,101
Foreign exchange (gain) loss	96,840	(1,566)	103,473
	4,897,239	1,976,435	8,574,734
 Net loss	 \$ (4,897,239)	 \$ (1,976,435)	 \$ (8,574,734)
 Net loss per share, basic and diluted (Note 2)	 \$ (0.27)	 \$ (0.11)	

See accompanying notes to the consolidated financial statements.

Centraxx, Inc.

(A Development Stage Company)

Edgar Filing: CENTRAXX INC - Form 10KSB

Consolidated Statement of Shareholders' Deficiency
(Expressed in U.S. Dollars)
Year Ended December 31, 2000

(Note 7)

	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit
December 31, 1997	12,265,672	\$ 609,303	\$ -	\$(268,272)
Foreign currency translation adjustment	-	-	-	-
Issue of shares (Note 7(b))	2,102,008	1,053,779	-	-
Net loss 1998	-	-	-	(1,432,788)
Total comprehensive loss	-	-	-	-
December 31, 1998	14,367,680	1,663,082	-	(1,701,060)
Issue of shares (Note 7(b))	866,735	718,712	-	-
Share issue costs	-	(52,000)	-	-
	15,234,415	2,329,794	-	(1,701,060)
Issue of stock in connection with recapitalization (Note 1)	2,672,666	(2,311,887)	2,311,887	-
Foreign currency translation adjustment	-	-	-	-
Issue of shares (Note 7(a))	39,400	39	187,071	-
Net loss 1999	-	-	-	(1,976,435)
Total comprehensive loss	-	-	-	-
December 31, 1999	17,946,481	\$ 17,946	\$2,498,958	\$(3,677,495)
Foreign Currency translation adjustment	-	-	-	-
Issue of shares (Note 7(a))	195,661	196	566,175	-
Net loss 2000	-	-	-	(4,897,239)
Total comprehensive loss	-	-	-	-
December 31, 2000	18,142,142	\$ 18,142	\$3,065,133	\$(8,625,355)

See accompanying notes to the consolidated financial statements.

Centraxx, Inc.
(A Development Stage Company)
Consolidated Statement of Shareholders' Deficiency
(Expressed in U.S. Dollars)
Year Ended December 31, 1999

	Accumulated Other Comprehensive Loss	Total Deficiency	Comprehensive Loss
December 31, 1997	\$ 7,917	\$348,948	-
Foreign currency translation adjustment	(11,708)	(11,708)	(11,708)
Issue of shares (Note 5(b))	-	1,053,779	-

Edgar Filing: CENTRAXX INC - Form 10KSB

Net loss 1998	-	(1,432,788)	(1,432,788)
Total comprehensive loss	-	-	(1,444,496)
December 31, 1998	(3,791)	(41,769)	
Issue of shares (Note 5(b))	-	718,712	
Share issue costs	-	(52,000)	
	(3,791)	624,943	
Issue of stock in connection with recapitalization (Note 1)	-	-	
Foreign currency translation adjustment	(112)	(112)	(112)
Issue of shares (Note 5(a))	-	187,110	-
Net loss 1999	-	(1,976,435)	(1,976,435)
Total Comprehensive loss	-	-	(1,976,547)
December 31, 1999	\$ (3,903)	\$ (1,164,494)	
Foreign currency translation adjustment	69,432	69,432	69,432
Issue of shares (Note 7(a))	-	566,371	-
Net loss 2000	-	(4,897,239)	(4,897,239)
Total comprehensive loss	-	-	(4,827,807)
December 31, 2000	65,529	\$ (5,425,930)	

See accompanying notes to the consolidated financial statements.

Centraxx, Inc.
(A Development Stage Company)
Consolidated Statement of Cash Flows
(Expressed in U.S. Dollars)
Year Ended December 31

2000 1999

Cash flows from (applied to)

Operating		
Net loss	\$ (4,897,239)	\$ (1,976,435)
Depreciation and amortization	96,860	68,509
Services for stock	531,645	283,045
	(4,268,734)	(1,624,881)
Changes in		
Prepaid expenses	30,264	(22,925)
Accounts payable and accrued liabilities	2,089,934	186,001
	(2,148,536)	(1,461,805)
Financing		
Issue of shares	34,580	622,738
Share issue costs	-	(52,000)
Issue of convertible term loan	1,000,000	-
Issue of convertible debenture	1,093,681	906,319
	2,128,261	1,477,057

Edgar Filing: CENTRAXX INC - Form 10KSB

Investing		
Purchase of other assets	(2,145)	(673)
Purchase of capital assets	(43,256)	(2,202)
	(45,401)	(2,875)
Foreign currency effect on cash	69,432	(12,284)
Net increase in cash during the year	3,756	93
Cash, beginning of year	234	141
Cash, end of year	\$ 3,990	\$ 234

Supplemental cash flow information (Note 14)

See accompanying notes to the consolidated financial statements.

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

Nature of business

Centraxx Inc. (the "Company"), organized under the laws of the State of Nevada, is a wireless data communications Company specializing in providing location technology solutions. The Company has developed a proprietary radio location two-way land-based system utilizing single-point tracking ("UNI-POINT" technology) which can be deployed to provide effective solutions for numerous safety, security and location information needs in multiple network and stand-alone applications. The Company conducts all of its operations through wholly owned subsidiaries, Centraxx Corp., Centraxx International, Inc., Centraxx Research Inc., and Wireless Location Services Inc. All of the subsidiaries are located in Mississauga, Ontario, Canada.

The Company is considered to be in the development stage and the accompanying financial statements represent those of a development stage enterprise, and therefore, is subject to the usual business risks of development stage companies.

1. Summary of significant accounting policies

Accounting principles

The Company's accounting and reporting policies conform to accounting principles generally accepted in the United States of America. The financial statements are prepared using United States dollars.

Basis of presentation

The consolidated financial statements include the accounts of Centraxx, Inc. and its wholly owned subsidiaries. Significant intercompany transactions have been eliminated.

Foreign currency translation

The functional currency of the Company is the Canadian dollar. The financial statements are presented in U.S. dollars using the principles set out in Statement of Financial Accounting Standards No. 52 "Foreign Currency Translation" (SFAS No. 52). Assets and liabilities are translated at the rate of exchange in effect at the close of the period. Revenues and expenses are

Edgar Filing: CENTRAXX INC - Form 10KSB

translated at the weighted average of exchange rates in effect during the period. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are included as part of the accumulated other comprehensive loss component of shareholders' equity.

Centraxx, Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. Dollars)
December 31, 2000

1. Summary of significant accounting policies

Investments

The Company accounts for certain investments under the equity method. The Company accounts for an investment under the equity method if the investment gives the Company the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist if the Company has an ownership interest in the voting stock of the investee of between 20% and 50% although other factors, such as representation on the investee's Board of Directors and the impact of commercial arrangements, are considered in determining whether the equity method of account is appropriate.

Stock based compensation

The Company accounts for stock options granted under its stock options plan using APB Opinion 25 for options granted to employees and FAS 123 for options granted to non-employees.

Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising expense

Advertising expenditures are expensed as incurred.

Depreciation

Rates of depreciation are applied to write off the cost of capital assets less estimated salvage value over their estimated useful lives. All capital assets are being depreciated on a straight line basis over 5 years.

Income taxes

The Company accounts for its income taxes under the liability method specified by Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

Centraxx, Inc.
(A Development Stage Company)

Edgar Filing: CENTRAXX INC - Form 10KSB

Notes to the Consolidated Financial Statements
(Expressed in U.S. Dollars)
December 31, 2000

1. Summary of significant accounting policies (continued)

Loss per share

The Company reports earnings per share in accordance with the provisions of SFAS No. 128, Earnings Per Share. SFAS No. 128 requires presentation of basic and diluted earnings per share in conjunction with the disclosure of the methodology used in computing such earnings per share. Basic earnings per share excludes dilution and is computed by dividing income available to common shares by the weighted average common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock.

There were stock options outstanding at December 31, 2000, to purchase 2,878,500 shares of common stock which were not included in the computation of diluted loss per share because to do so would be antidilutive. Additionally, the common shares to be issued on conversion of outstanding convertible debt were not included for the same reason.

Basic weighted average shares outstanding for the year were 17,995,624 (1999 16,835,887).

Ongoing operations

As of December 31, 2000, the Company has experienced a cumulative loss of \$8,574,734, and is in default on its loan facilities and payables. (see Notes 5 and 16). The Company has commenced its planned principal operations through its subsidiaries, however, it has not yet earned any revenue therefrom and the technologies that it intends to develop may require cash in excess of its current resources. The ability of the Company to translate these technologies into marketable products is dependent on management's ability to obtain adequate financing, develop commercially saleable products and to achieve profitable operations.

Management is continuing to devote significant efforts to obtain financing to fund the continued development of its Uni-Point technology and PN tag. At this time, the company is in discussions with interested parties for ongoing financing.

The Company's current operational focus is to launch the PN tag product and to continue to develop the Uni-Point technology until it is able to be commercially exploited.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the action already taken, or planned, will support the validity of the going concern assumptions used in preparing these financial statements.

Centraxx, Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. Dollars)
December 31, 2000

1. Summary of significant accounting policies (continued)

Edgar Filing: CENTRAXX INC - Form 10KSB

Newly issued accounting standards

In June 1999, SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, was issued and as amended by SFAS No's. 137 and 138 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company will adopt SFAS No. 133 effective with the first quarter of 2001. The statement establishes accounting and reporting standards for derivative instruments and for hedging activities. SFAS No. 133 will require the Company to measure all derivatives at fair value and to recognize them in its balance sheet as an asset or liability, depending on the Company's rights or obligations under the derivative contract. This standard will not impact the Company's financial statements.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition". This staff accounting bulletin summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. The staff provided this guidance due, in part, to the large number of revenue recognition issues that registrants encounter. The adoption of this bulletin will not have a material impact on the Company's financial statements.

Reclassification

Certain of the 1999 and cumulative comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

2.	Capital assets	2000	1999
	Cost		
	Engineering equipment	\$ 412,875	\$ 209,522
	Office furniture and equipment	127,126	124,171
	Leasehold improvements	-	13,352
		540,001	347,045
	Accumulated depreciation		
	Engineering equipment	161,465	90,583
	Office furniture and equipment	80,859	58,522
	Leasehold improvements	-	6,527
		242,324	155,632
	Net book value		
	Engineering equipment	251,410	118,939
	Office furniture and equipment	46,267	65,649
	Leasehold improvements	-	6,825
		\$ 297,677	\$ 191,413

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

3. Investment

In December the Company and Samsung SDS Co. Ltd. incorporated Centraxx Korea Co. Ltd. to jointly market and distribute the Company's products in South Korea. The Company's 30% equity interest, at a cost of \$250,000, is to be financed, by agreement between the parties, with future product. Until the product is delivered the liability will bear interest at Libor + 1%, per annum. As at December 31, 2000 Centraxx Korea Co. Ltd. has no activity and the Company has provided no product, therefore no balance sheet or income statement effect has been recorded.

Edgar Filing: CENTRAXX INC - Form 10KSB

4. Accounts payable and accrued liabilities	2000	1999
Accounts payable		
Trade	\$ 776,719	\$ 201,413
Related parties	602,408	77,130
Customer deposits	66,262	6,790
Payroll and related costs	673,593	153,608
Accrued liabilities	481,283	69,783
	\$ 2,600,266	\$ 508,724

5. Loan facility

The lender has provided a loan facility bearing interest at 12% per annum due September 30, 2000. As security the Company has provided a general security agreement covering all the company assets. As at the balance sheet date the Company is in default under the loan facility, due to non-payment of the outstanding balance.

The loan has been reflected as current as the Company is in default and the intention of the holder is unknown.

6. Convertible debentures

The debenture facility, to a maximum of \$2,000,000, with a related party, consists of a series of 8% convertible debentures. As security the Company has provided a charge on the assets of the Company together with a guarantee by the Company's subsidiary (Centraxx Corp.). The debenture provides for a deferment of interest for two (2) years from the date of issuance of each debenture, thereafter to be paid quarterly, and a conversion to stock privilege at any time at the rate of \$2 per share. The principle is due five years from the date of issuance of each debenture.

Centraxx, Inc.
 (A Development Stage Company)
 Notes to the Consolidated Financial Statements
 (Expressed in U.S. Dollars)
 December 31, 2000

6. Convertible debentures (continued)

Future repayments are as follows:

January 2004	\$200,000
August 2004	\$100,000
September 2004	\$150,000
October 2004	\$200,000
November 2004	\$200,000
December 2004	\$200,000
February 2005	\$350,000
March 2005	\$600,000

As at December 31, 2000, interest of \$158,114 (1999: \$8,804) has been accrued

7. Capital stock	2000	1999
------------------	------	------

Authorized:

Edgar Filing: CENTRAXX INC - Form 10KSB

200,000,000 Common shares with a par value
of \$0.001

Issued:

18,142,142 Common shares (1999 17,946,481) \$ 18,142 \$ 17,946

(a) Centraxx, Inc.

i) In August 2000, 7,650 Common shares were issued, for \$3.99 per share, to a supplier in settlement for services. These services had a market value of \$30,504 and are included in the statement of operations as professional fees.

ii) In August 2000, 6,528 Common shares were issued, for \$6.71 per share, to a supplier in settlement for services. These services had a market value of \$43,774 and are included in the statement of operations as professional fees.

iii) In August 2000, 12,088 Common shares were issued, for \$7.96 per share, to a supplier in settlement for services. These services had a market value of \$96,226 and are included in the statement of operations as research and development costs.

iv) In August 2000, 10,000 Common shares were issued, for \$3.01 per share, to a supplier in settlement for services. These services had a market value of \$30,091 and are included in the statement of operations as marketing and public relations expense.

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

8. Capital Stock (continued)

v) In August 2000, 430 Common shares were issued, for \$4.04 per share, to a supplier in settlement for services. These services had a market value of \$1,737 and are included in the statement of operations as research and development costs.

vi) In August 2000, 50,000 Common shares were issued, for \$0.70 per share, to a former employee of the Company who exercised outstanding stock options.

vii) In October 2000, 26,500 Common shares were issued, for \$0.83 per share, to a former employee of the Company in settlement for services. These services had a market value of \$21,904 and are included in the statement of operations as administration expenses.

viii) In October 2000, 9,602 Common shares were issued, for \$1.96 per share, to a supplier in settlement for services. These services had a market value of \$18,841 and are included in the statement of operations as professional expense.

ix) In November 2000, 11,000 Common shares were issued, for \$2.15 per share, to a supplier in settlement for services. These services had a market value of \$23,672 and are included in the statement of operations as administration expense.

x) In December 2000, 14,862 Common shares were issued, for \$4.66 per

Edgar Filing: CENTRAXX INC - Form 10KSB

share, to a supplier in settlement for services. These services had a market value of \$69,298 and are included in the statement of operations as professional fees.

xi) In December 2000, 47,001 Common shares were issued, for \$4.16 per share, to a supplier in settlement for services. These services had a market value of \$195,324 and are included in the statement of operations as research and development costs.

xii) In December 1999, 1,610 Common shares were issued, for \$9.42 per share, to a supplier in settlement for services. These services had a market value of \$15,166 and are included in the statement of operations as marketing expense.

xiii) In December 1999, 12,883 Common shares were issued, for \$4.62 per share, to a supplier in settlement for services. These services had a market value of \$59,519 and are included in the statement of operations as marketing expense.

xiv) In December 1999, 517 Common shares were issued, for \$8.50 per share, to a supplier in settlement for services. These services had a market value of \$4,395 and are included in the statement of operations as research and development costs.

xv) In December 1999, 24,390 Common shares were issued, for \$4.36 per share, to a supplier in settlement for services. These services had a market value of \$106,379 and are included in the statement of operations as research and development costs.

(b) Centraxx Corp.

The following capital stock transactions occurred in the subsidiary (Centraxx Corp.) during the 1988 fiscal year:

i) On September 30, 1998, 749,493 Common shares were issued to a related party at an issue price of \$0.51 per share as per the original Subscription Agreement dated September 2, 1997. The shares were recorded at a total consideration of \$382,241.

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

8. Capital stock (continued)

ii) On September 30, 1998, 30,000 Common shares were issued in exchange for services to non-related parties at an issue price of \$0.67 per share. The shares were recorded at a total consideration of \$20,100. The corresponding expenses were recorded in the statement of operations.

iii) On September 30, 1998, 8,500 Common shares were issued in exchange for services to non-related parties at an issue price of \$2.05 per share. The shares were recorded at a total consideration of \$17,425. The corresponding expenses were recorded in the statement of operations as professional fees.

iv) On December 31, 1998 30,000 Common shares were issued in exchange for services to non-related parties at an issue price of \$1.35 per share. The shares were recorded at a total consideration of \$40,500. The corresponding expenses were recorded in the statement of operations as

Edgar Filing: CENTRAXX INC - Form 10KSB

marketing expense.

v) On December 31, 1998, 123,800 Common shares were issued in exchange for services to non-related parties at an issue price of \$0.51 per share. The shares were recorded at a total consideration of \$62,924. The corresponding expenses were recorded in the statement of operations as research and development costs.

The following capital stock transactions occurred in the subsidiary (Centraxx Corp) during the period January 1, 1999 to May 18, 1999:

i) In January 1999, 61,895 Common shares were issued to employees at an issue price of \$0.50 per share. The shares were recorded at a total consideration of \$30,948. These shares were issued as settlement of wages owed to these employees for the 1998 fiscal year.

ii) During the period January 1, 1999 to May 18, 1999, 270,761 Common shares were issued to a related party at an issue price of \$0.66 per share as per the original Subscription Agreement dated September 2, 1997. The shares were recorded at a total consideration of \$178,702.

iii) During the period January 1, 1999 to May 18, 1999, 50,155 Common shares were issued in exchange for services to non-related parties at an issue price of \$1.33 per share. The shares were recorded at a total consideration of \$66,638. The corresponding expense has been included in the statement of operations.

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

8. Commitments

The Company has entered into agreements to lease its office, research and development, and warehouse premises and certain equipment for various periods until 2006 under operating leases. Future minimum lease payments under the operating leases are as follows:

	Equipment	Premises
2001	\$ 153,271	\$ 424,489
2002	67,472	432,911
2003	53,344	453,125
2004	-	464,916
2005	-	464,916
2006	-	271,201

See also Note 15.

9. Related party transactions

During the year, the Company incurred the following expenses with related parties:

Management fees and public relations expense in the amount of \$145,248 (1999 - \$203,624) were paid to a Company subject to significant influence by one of the Directors.

Scientific research and development consulting expenses totalling \$7,780 (1999 - \$138,465) were paid to two companies, each controlled by two Directors

Edgar Filing: CENTRAXX INC - Form 10KSB

of the Company.

These transactions occurred under terms and conditions reflecting prevailing market conditions.

Refer to Notes 4 and 6 for details of amounts owing to related parties.

10. Income taxes

The reconciliation of the statutory federal rate to the Company's effective income tax rate is as follows:

	2000	1999
Statutory tax benefit	\$ (2,201,798)	\$ (896,881)
Non-deductible expense	66,562	51,144
Amortization of share issue costs	(4,628)	(4,887)
Other	-	(34,378)
Increase in valuation allowance	2,139,864	885,002
	\$ -	\$ -

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

10. Income taxes (continued)

Under SFAS No. 109, Accounting for Income Taxes, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates.

The tax effect of temporary differences that give rise to deferred income taxes is as follows:

	2000	1999
Deferred tax assets		
Net operating loss carryforwards	\$ 3,735,152	\$ 1,761,055
Capital assets	112,387	26,384
Share issue costs	13,884	19,385
Valuation allowance	(3,861,423)	(1,806,824)
	\$ -	\$ -

At December 31, 2000, the Company had approximately \$8,624,000 of net operating loss carryforwards which expire as follows:

2004	\$	601,500
2005		1,454,100
2006		1,857,400
2007		4,711,000

11. Industry segment

Management has determined that the Company operates in one industry segment.

12. Stock options

Edgar Filing: CENTRAXX INC - Form 10KSB

The Company initiated a stock option plan on January 18, 1999 for employees and on October 1, 1999 for Directors. The plan allows the Company to grant options to directors and employees up to an aggregate of 20% of the outstanding common shares of the Company (3,628,428 options as of December 31, 2000). The options have a term expiring five (5) years after the grant date. The exercise price for each option will be at fair market value per share at the date the options are granted.

Centraxx, Inc.

(A Development Stage Company)

Notes to the Consolidated Financial Statements

(Expressed in U.S. Dollars)

December 31, 2000

12. Stock options (continued)

During the year, the Company granted 1,988,500 options that are accounted for under APB Opinion 25 and related interpretations. Entities that continue to account for stock options using APB Opinion No. 25 are required to make pro forma disclosures of net income and earnings per share, as if the fair value based method of accounting defined in SFAS No. 123 had been applied. Had compensation cost for the above stock option plan been determined based on the fair value of the options at the grant dates consistent with the method of SFAS No. 123, the Company's net income and diluted loss per share would have been reduced to the pro forma amounts indicated below:

	Net loss		
	As reported	\$	(4,947,860)
	Pro forma	\$	(6,409,385)
	Net loss per share, Basic and Diluted		
	As reported	\$	(0.27)
	Pro forma	\$	(0.36)

During the year, the Company granted no options that are accounted for under SFAS no. 123 "Accounting for Stock-Based Compensation". The standard contains a fair value based method for valuing stock-based compensation that entities may use, and measures compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service period, which is usually the vesting period.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions used for grants. Expected volatilities ranging from 72% to 250%; risk free interest rate of 6%; and expected lives of 5 years.

A summary of the status of the Company's option plans as of December 31, 2000 and changes during the period ending on that date is represented below:

	Shares	Weighted Avg.
Outstanding, beginning of period	1,945,000	\$ 1.35
Granted	1,988,500	\$ 6.97
Exercised	(50,000)	\$ (0.70)
Forfeited or cancelled	(1,005,500)	\$ (5.92)
Outstanding, end of period	2,878,500	\$ 3.69
Options exercisable at period-end	1,252,438	
Weighted average fair value of options granted during the period		\$ 6.03

Edgar Filing: CENTRAXX INC - Form 10KSB

Centraxx, Inc.
 (A Development Stage Company)
 Notes to the Consolidated Financial Statements
 (Expressed in U.S. Dollars)
 December 31, 2000

12. Stock options (continued)

The following table summarizes information about options outstanding and exercisable at December 31, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Outstanding	Weighted Average Exercise Price	
\$0.70 to \$1.00	800,000	2.7 years	\$ 0.70	770,876	\$ 0.70	
\$3.01 to \$5.00	687,000	3.9 years	\$ 2.48	253,356	\$ 2.53	
\$5.01 to \$7.00	139,000	4.7 years	\$ 3.94	31,600	\$ 3.88	
\$7.01 to \$9.00	590,000	4.5 years	\$ 5.87	74,575	\$ 5.88	
\$9.01 to \$11.00	60,000	4.1 years	\$ 8.38	7,890	\$ 8.30	
\$11.01 to \$17.00	572,500	4.2 years	\$ 10.34	109,716	\$10.25	
	30,000	4.2 years	\$ 16.62	4,424	\$16.44	
	2,878,500			1,252,438		

See also Note 15

13. Financial instruments

Foreign currency risk

The Company operates primarily in Canadian dollars.

Fair values

The estimated fair value of cash and cash equivalents, accounts payable and accrued liabilities approximates carrying value due to the relatively short term nature of the instruments and/or floating interest rates on the instruments. The estimated fair value of convertible debenture also approximates carrying value due to the relatively short term to maturity and/or effective interest rates that are not significantly different from market rates.

14. Supplemental cash flow information

	2000	1999
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -

During the year the company jointly incorporated a company in Korea (see Note 3) to market and distribute the company's product therein. The Company's investment is to be financed by provision of product in the future.

Edgar Filing: CENTRAXX INC - Form 10KSB

Centraxx, Inc.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
(Expressed in U.S. Dollars)
December 31, 2000

15. Subsequent events

(i) Subsequent to the year end the lesser of the equipment under the operating lease disclosed in Note 8 entered the Company's premises and reacquired the equipment, as the Company was in arrears of the payments due under the terms of the lease. The lessor claims not to have recovered approximately \$74,000 of the equipment and is claiming payment thereof. The Company is disputing a material portion of this claim.

(ii) On February 9, 2001 the Company moved its premises. Under the new lease arrangement for premises future minimum payments are as follows:

2001	\$48,750
2002	\$66,000
2003	\$71,250
2004	\$12,000

(iii) Subsequent to the year end, by the end of January 2001, the Company had laid off substantially all of its employees. All employees share options expire 30 days from the date an employee ceases to be employed.

16. Contingencies

The Company is in arrears on the majority of the trade payables. The Company has received numerous letters of notice of litigation proceedings to collection. The Company is negotiating with all suppliers to reach resolution on payment terms acceptable to both parties.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

The Company changed independent auditors from Jones, Jenson & Co., of Salt Lake City, Utah, to Grant Thornton, LLP, Chartered Accountants, of Ontario, Canada. The change was not the result of any disagreement on accounting principals or practices, or accounting or auditing procedure, but was made to have an auditing firm that was in close proximity to the principal executive offices of the Company in Ontario, Canada. See the 8-K Current Report dated November 17, 1999, which has previously been filed with the Securities and Exchange Commission at or about the same time as this Report, and is incorporated herein by reference.

PART III

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

Identification of Directors and Executive Officers.

The following table sets forth the names of all current directors and executive officers of the Company. These persons will serve until the next annual meeting of the stockholders or until their successors are elected or appointed and qualified, or their prior resignation or termination.

Edgar Filing: CENTRAXX INC - Form 10KSB

Name -----	Positions Held -----	Date of Election or Designation -----	Date of Termination or Resignation -----
Michael Ivezic	President	5/18/99	*
	Director and CEO	5/18/99	*
David Pamenter	Secretary	5/18/99	*
Brian J. DeChamplain	Executive Vice President	5/18/99	*
	Chief Technology Officer	5/18/99	*
	Director	5/18/99	*
Frank Gerlach	Vice President	5/18/99	*
	Chief Engineer	5/18/99	*
	Director	5/18/99	*
Michael St. Eve	Vice President	5/18/99	06/30/00
Tony Monga	Director	5/18/99	11/16/00
Frank Neuperger	Executive Vice President	10/1/99	11/17/00
Bob Hill	Vice President	10/1/99	*
Diane Wigley	Director	10/1/99	11/16/00

* These persons presently serve in the capacities indicated.

Business Experience.

Michael Ivezic, Acting President, Director, age 41. From 1997 to present, Mr. Ivezic has been the Managing Director of Frankopan & Co, Inc. Between 1994 and 1997, he was President and CEO of Luminart Inc. Mr. Ivezic is providing overall direction to Centraxx during its startup and development phase. Mr. Ivezic has 15 years experience in managing the startup and growth phases of several companies. He has extensive expertise in identifying high potential business opportunities and raising the necessary working capital for these ventures.

David Pamenter, Esq., Secretary. Mr. Pamenter, age 52, a lawyer, has been a partner with Gowling, Strathy & Henderson from 1997 to present. Prior to this, he was a partner in the law firm of Lang, Michener.

Brian J. DeChamplain, Executive Vice President, Chief Technology Officer, Director, age 47. Mr. De Champlain, a co-founder of Centraxx Corp., the Company's predecessor, brings 16 years of management and RF electronic design experience in the communications, cable TV, broadcast and consumer product industries. His technical accomplishments include the design and

Edgar Filing: CENTRAXX INC - Form 10KSB

patent of new video and RF based scrambling systems for the cable TV, broadcast industries and consumer RF markets. He has several patents to his credit and is well respected as a RF product designer.

Frank Gerlach, Vice President, Chief Engineer and Director, age 41. Mr. Gerlach is a co-founder of Centraxx Corp. Between 1986 and 1996, Mr. Gerlach was employed by Spar Aerospace as a Senior Project Engineer responsible for projects including the redesign of the Canada Arm and integration of a fiber optic based naval communications systems. From 1996 to 1997, Mr. Gerlach was Vice President of Paltrac International Corporation.

Bob Hill, Vice President Sales, Strategic and Specialty Markets. Mr. Hill, age 52, brings over 20 years of sales and marketing experience with leading international consumer products corporations. His expertise in new product launches and distribution channel programming will ensure the rapid awareness and acceptance of the Centraxx technology and products in the international marketplace. The familiarity gained with distribution channels applicable to Centraxx will be vital to accelerating customer support of the product offering.

Significant Employees.

None; not applicable.

Family Relationships.

None; not applicable.

Involvement in Certain Legal Proceedings.

To the knowledge of management, during the past five years, no present or former director, person nominated to become a director, executive officer, promoter or control person of the Company:

- (1) Was a general partner or executive officer of any business by or against which any bankruptcy petition was filed, whether at the time of such filing or two years prior thereto;
- (2) Was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities:
 - (i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

Edgar Filing: CENTRAXX INC - Form 10KSB

- (ii) Engaging in any type of business practice; or
- (iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;
- (4) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;
- (5) Was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated; or
- (6) Was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

Compliance with Section 16(a) of the Exchange Act.

Management believes that all reports required to be filed by members of management or 10% stockholders have been timely filed.

Item 10. Executive Compensation.

Cash Compensation.

The following table sets forth the aggregate compensation paid by the Company for services rendered during the periods indicated:

SUMMARY COMPENSATION TABLE

(a)	Annual Compensation			(d)	Long Term Compensation				(i)
	(b)	(c)	(e)		Awards	Payouts	(g)	(h)	
Name and principal position	Years or periods Ended	\$ Salary	\$ Bonus	other Annual Compensation	restricted Stock awards\$	option/SAR's #	LTIP Payouts \$	all other Compensation\$	
Michael Ivezic, Pres Director	12/31/99	0	0	0	0	0	0	0	
	12/31/00	0	0	0	0	0	0	0	
David Pamenter Sec	12/31/99	0	0	0	0	0	0	0	
	12/31/00	0	0	0	0	0	0	0	

Edgar Filing: CENTRAXX INC - Form 10KSB

Brian J. DeChamplain	12/31/99	0	0	0	0	0	0	0
Exec VP, CTO, Director	12/31/00	\$76444*	0	0	0	0	0	0
Frank Gerlach	12/31/99	\$72619	0	0	0	0	0	0
VP, Chief Eng Director	12/31/00	\$72614*	0	0	0	0	0	0
Tony Monga	12/31/99	0	0	0	0	0	0	0
Director	12/31/00	0	0	0	0	0	0	0
Frank Neuperger	12/31/99	\$142000	0	0	0	0	0	0
Exec. VP	12/31/00	\$142000*	0	0	0	0	0	0
Bob Hill	12/31/99	\$42200	0	0	0	0	0	0
V.P.	12/31/00	\$57900*	0	0	0	0	0	0
Diane Wigley	12/31/99	0	0	0	0	0	0	0
Director	12/31/00	0	0	0	0	0	0	0

* \$74,744 of Mr. DeChamplain's compensation was deferred and unpaid; \$66,534 of Mr. Gerlach's compensation was also deferred; \$100,900 of Mr. Neuperger's compensation was also deferred; and \$9,540 of Mr. Hill's compensation was also deferred.

No cash compensation, deferred compensation or long-term incentive plan awards were issued or granted to the Company's management during the calendar years ending December 31, 1999 and 2000, or the period ending on the date of this Report. Further, no member of the Company's management has been granted any option or stock appreciation right, except those in the following table:

Name	Option Awarded	Vested Option	Option Price (USD)
Michael Ivezic	75,000	31,233	\$2.50
Tony Monga	75,000	31,233	\$2.50
Diane Wigley	75,000	31,233	\$2.50
Frank Gerlach	150,000	150,000	\$0.70
Frank Gerlach	75,000	31,233	\$2.50
Brian De Champlain	150,000	150,000	\$0.70
Brian De Champlain	75,000	31,233	\$2.50
Bob Hill	105,000	105,000	\$0.70

Compensation of Directors.

There are no standard arrangements pursuant to which the Company's directors are compensated for any services provided as director. No additional amounts are payable to the Company's directors for committee participation or special assignments.

There are no arrangements pursuant to which any of the Company's directors was compensated during the Company's last completed calendar year or the previous two calendar years for any service provided as director. See the Summary Compensation Table of this Item.

Edgar Filing: CENTRAXX INC - Form 10KSB

Termination of Employment and Change of Control Arrangement.

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in the Summary Compensation Table set out above which would in any way result in payments to any such person because of his or her resignation, retirement or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

Security Ownership of Certain Beneficial Owners.

The following table sets forth the share holdings of those persons who own more than five percent of the Company's common stock as of December 31, 2000, and to the date hereof:

Name and Address	Number and Percentage of Shares Beneficially Owned	
-----	-----	-----
Heartland Trust	3,000,000	16.5%
Champion Business Services, Inc.	2,200,000	12.1%
Worldwide Consulting Services, Inc.	2,200,000	12.1%
High Tech Systems, Inc.	950,000	5.2%
Apollo Systems Ltd.	950,000	5.2%
TOTALS	9,300,000	51.2%

Security Ownership of Management.

The following table sets forth the share holdings of the Company's directors and executive officers as of December 31, 2000, and to the date hereof:

Name and Address	Number and Percentage of Shares Beneficially Owned	
-----	-----	-----
Michael Ivezic	20,000	.11%
David Pamerter	-0-	-0-
Brian J. DeChamplain	93,000	.51%
Frank Gerlach	87,300	.48%
Bob Hill	5,000	.02%
Frankopan & Co., Inc.	15,000 (1)	.08%
Paltrac International Corporation	100,000 (2)	.55%
TOTALS	331,950	1.83%

(1) Is controlled by Michael Ivezic.

(2) 100,000 shares are held in the name of Paltrac International Corporation. Brian De Champlain and Frank Gerlach each own 50% of Paltrac International Corporation.

Changes in Control.

Edgar Filing: CENTRAXX INC - Form 10KSB

None, except see the 8-K Current Report dated May 18, 1999. See Part III, Item 13.

Item 12. Certain Relationships and Related Transactions.

Transactions with Management and Others.

Except as indicated below, or under the caption "Executive Compensation," Part III, Item 10, of this Report, there were no material transactions, or series of similar transactions, during the Company's last three calendar years, or any currently proposed transactions, or series of similar transactions, to which the Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any director, executive officer or any security holder who is known to the Company to own of record or beneficially more than five percent of any class of the Company's common stock, or any member of the immediate family of any of the foregoing persons, or any promoter or founder of the Company had an interest:

The Company incurred management fees in the amount of \$203,623 to a company subject to significant influence by one of the Company's directors.

The Company also incurred scientific research and development consulting expenses in the amount of \$143,550 to two companies that were each controlled by two directors of the Company.

Item 13. Exhibits and Reports on Form 8-K.

Reports on Form 8-K.

8-K Current Report dated May 18, 1999, as amended, and respectively filed with the Securities and Exchange Commission on June 18, 1999 and August 13, 1999.

Exhibits* Number. -----	Exhibit Number -----
(i)	
None.	
(ii)	Where Incorporated In This Report -----
Number. -----	
10-KSB Annual Report for the year ended December 31, 1998*	Part I, Item 1 Part II, Item 5 Part III, Item 10 Part III, Item 12
Articles of Incorporation of SRS Technical, Inc. dated January 15, 1986*	
Certificate of Amendment to Articles of Incorporation of SRS Technical, Inc. dated June 5, 1987*	
Certificate of Amendment to the Articles of Incorporation of Composite Design, Inc., as	

Edgar Filing: CENTRAXX INC - Form 10KSB

corrected, dated December 13, 1996*

10-KSB Annual Report for the year ended December 31, 1999*	Part II, Item 5
8-K Current Report dated May 18, 1999*	Part I, Item 1
8-KA Current Report dated May 18, 1999*	Part I, Item 1
8-K Current Report dated November 17, 1999*	Part II, Item 8

* A summary of any Exhibit is modified in its entirety by reference to the actual Exhibit.

** These documents and related exhibits have previously been filed with the Securities and Exchange Commission and are incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAXX, INC.

Date: 5/30/2001

By/s/Michael Ivezic
Michael Ivezic, Acting President and
Director

Date: 5/30/2001

By/s/Brian J. DeChamplain
Brian J. DeChamplain, Exec. V.P., Director

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

CENTRAXX, INC.

Date: 5/30/2001

By/s/Michael Ivezic
Michael Ivezic, Acting President and
Director

Date: 5/30/2001

By/s/Brian J. DeChamplain
Brian J. DeChamplain, Exec. V.P., Director

Date: 5/30/2001

By/s/Frank Gerlach
Frank Gerlach, Director