

ENTRX CORP  
Form 10QSB  
November 14, 2005

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

**FORM 10-QSB**

(Mark One)

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

For the quarterly period ended **September 30, 2005**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-2000

**ENTRX CORPORATION**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-2368719**  
(I.R.S. Employer  
Identification No.)

**800 Nicollet Mall, Suite 2690, Minneapolis, MN**  
(Address of Principal Executive Office)

**55402**  
(Zip Code)

Registrant's telephone number, including area code **(612) 333-0614**

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes  No

As of November 3, 2005, the registrant had 7,651,147 shares outstanding of its Common Stock, \$.10 par value.

Transitional Small Business Disclosure Format (check one): Yes  No

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**ENTRX CORPORATION AND SUBSIDIARIES**

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CONSOLIDATED BALANCE SHEETS**

	September 30, 2005 (unaudited)	December 31, 2004 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 669,247	\$ 2,357,208
Available-for-sale securities	200,094	152,455
Accounts receivable, less allowance for doubtful accounts of \$32,000 and \$50,000 as of September 30, 2005 and December 31, 2004, respectively	2,618,331	2,013,342
Costs and estimated earnings in excess of billings on uncompleted contracts	160,618	305,057
Inventories	107,834	108,415
Prepaid expenses and other current assets	320,549	173,748
Other receivables	847,664	314,375
Total current assets	4,924,337	5,424,600
Property, plant and equipment, net	2,390,516	2,362,178
Investment in unconsolidated affiliates	1,615,889	1,615,889
Shareholder note receivable, net of allowance of \$250,000 as of September 30, 2005 and December 31, 2004	1,246,370	1,246,370
Other assets	70,986	74,111
	\$ 10,248,098	\$ 10,723,148
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Note payable to bank	\$ 1,000,000	\$ 1,000,000
Current portion of convertible note payable, net of original issue discount	372,526	336,716
Current portion of capital lease obligation	-	11,955
Current portion of long-term debt	98,633	124,767
Current portion of mortgage payable	41,114	43,980
Accounts payable	616,937	524,048
Accrued expenses	1,595,488	1,040,575
Billings in excess of costs and estimated earnings on uncompleted contracts	94,745	39,457
Total current liabilities	3,819,443	3,121,498
Long-term debt, less current portion	73,106	94,358
Convertible note payable, net of original issue discount, less current portion	135,495	419,495
Mortgage payable, less current portion	1,469,005	1,496,501
Total liabilities	5,497,049	5,131,852

Shareholders' equity:		
Preferred stock, par value \$1; 5,000,000 shares authorized; none issued	-	-
Common stock, par value \$0.10; 80,000,000 shares authorized; 8,105,947 and 7,651,147 issued and outstanding, respectively, at both September 30, 2005 and December 31, 2004	810,595	810,595
Additional paid-in capital	70,284,621	70,263,161
Less treasury stock at cost, 454,800 shares at both September 30, 2005 and December 31, 2004	(380,765)	(380,765)
Accumulated deficit	(65,972,930)	(65,063,582)
Accumulated other comprehensive income (loss)	9,528	(38,113)
Total shareholders' equity	4,751,049	5,591,296
	\$ 10,248,098	\$ 10,723,148

See Notes to Consolidated Financial Statements

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**ENTRX CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)

	Three Months Ended September		Nine Months Ended September 30,	
	2005	30, 2004	2005	2004
Contract revenues	\$ 3,577,236	\$ 2,396,844	\$ 10,634,691	\$ 8,523,260
Contract costs and expenses	3,724,758	2,070,135	9,481,635	7,210,038
Gross margin (loss)	(147,522)	326,709	1,153,056	1,313,222
Operating expenses:				
Selling, general and administrative	529,481	649,886	1,846,303	2,108,287
Gain on disposal of property, plant and equipment, net	(1,172)	(2,200)		