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GEN RX INC
Form 10-Q
May 23, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: March 31, 2002

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: 0-24496

GEN/RX, INC.

(Exact name of Registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

11-2728666
(I.R.S. Employer
Identification No.)

600 Woodmere Boulevard, Woodmere, New York
(Address of principal executive offices)

11598
(Zip Code)

(516) 569-3800
(Registrant's telephone number)

Indicate by 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class -----	Outstanding at May 22, 2003 -----
Common Stock, par value \$0.004	20,878,711 shares

GEN/RX, INC.

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FORM 10-Q
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PART I

GEN/RX, INC.

Consolidated Statement of Net Assets
(liquidation basis)
(in thousands, except shares and per share amounts)

	March 31, 2002	December 31, 2001
	-----	-----
ASSETS		
Cash	\$37	\$37
LIABILITIES		
Accrued expenses and taxes	37	37
	-----	-----
Commitments and contingencies		
Net assets in liquidation	\$ 0	\$ 0
	=====	=====
Net assets in liquidation per common share		

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(based on 20,878,711 common shares outstanding)

\$ 0
=====

\$ 0
=====

See Notes to Financial Statements

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GEN/RX, INC.

Consolidated Statement of Changes in Net Assets
(liquidation basis)
(in thousands, except shares and per share amounts)

	January 1, 2002 through March 31, 2002 -----	Janua Marc -----
Net assets - beginning of period	\$0 ----	
Net assets in liquidation - end of period	\$0 =====	

See Notes to Financial Statements

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GEN/RX, INC.

Notes to Financial Statements

Note 1. Financial Statements:

In the opinion of management, the accompanying unaudited, consolidated, condensed financial statements contain all adjustments necessary to present fairly the financial position of the Company and its results of operations and cash flows for the interim periods presented. Such financial statements have been condensed in accordance with the applicable regulations of the Securities and Exchange Commission ("SEC") and therefore, do not include all disclosures required by generally accepted accounting principles. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2001 included in the Company's annual report filed on Form 10-K.

The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results to be expected for the entire fiscal year.

Note 2. Basis of presentation:

On July 1, 1996, the Company adopted the liquidation basis of accounting. Accordingly, the net assets of the Company are stated at liquidation value, whereby assets are stated at their estimated net realizable values and liabilities, which include estimated liquidation expenses to be incurred through the date of final dissolution of the Company, are stated at their anticipated

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settlement amounts

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

GEN/Rx, Inc. ("GEN/Rx" or the "Company") effectively ceased operations June 30, 1996. Prior to June 30, 1996, GEN/Rx was a holding company which, through its subsidiaries, was in the business of developing, manufacturing and distributing generic injectable drugs. GEN/Rx had three wholly-owned subsidiaries: AUSA, Inc. ("AUSA"), which was sold to the Company's major shareholder, Apotex Corp. (formerly known as Apotex USA, Inc.) ("Apotex"), in June 1996; American Veterinary Products, Inc. ("AVP"), which discontinued operations in December 1995; and Collins Laboratories, Inc. ("Collins"), which has been inactive since its inception. The Company experienced significant operating losses from its inception in July 1994, resulting in a deficit equity position.

On June 27, 2002, the Company was dissolved by proclamation of the secretary of state of the state of New York for failure to file franchise tax reports or pay franchise taxes. The Company is currently seeking reinstatement. See "Legal Proceedings."

With respect to the Company's financial information set forth in this Quarterly Report for the three months ended March 31, 1997, the financial statements are presented on a liquidation basis. The Company has not conducted any business operations since the sale of AUSA on June 30, 1996. All activities of the Company after such date related principally to the liquidation of the AVP assets by the receiver and the sale of the Ft. Collins plant. All of the operations of AVP and AUSA are treated as discontinued operations.

No comparison is made in this report for the three months ended March 31, 2002 and March 31, 2001 because there were no operations in 2002 and 2001.

While the Company was engaged in operations, it was dependent on Apotex for financing. At September 1996, after the sale of AUSA to Apotex, the Company was indebted to Apotex in the amount of approximately \$4,400,000. Since 1996, the Company has not made any payments to Apotex on this debt. Apotex has not charged interest on the indebtedness and has not instituted any legal proceedings for collection. It is not expected that Apotex will advance any additional funding to the Company and the Company presently has no available financing alternatives.

The Company has virtually no assets and no capital resources and lacks the liquidity to carry on any business activities. Apotex is currently considering various business alternatives relating to the Company, including, but not limited to, commencing new business operations, dissolving the Company or seeking an interested investor for a sale of its stock holdings in the Company. There can be no assurance that Apotex will pursue any of these or other alternatives relating to the Company, or if it does, that any such efforts will be successful.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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As a result of the failure to timely file reports under the Exchange Act relating to the Company, the Securities and Exchange Commission may, in its discretion, institute one or more actions against the Company and/or its officers and directors (and former officers and directors) seeking monetary or other penalties that may be imposed under the Exchange Act. Any such penalties could have a material adverse effect on the Company.

The Company has not filed all required tax returns or paid all taxes due since 1995. As a result of its failure to file franchise tax reports and pay franchise taxes in New York for 1995 and 1997 through 2001, the Company was dissolved by proclamation of the secretary of state of the state of New York on June 27, 2002. Under New York's Tax Law, a company dissolved by proclamation may file in the department of state a certificate of consent of the commissioner of taxation and finance and, if the commissioner finds that all fees, taxes, penalties and interest charges have been paid, the commissioner may grant such consent and the dissolution is thereby effectively annulled. The Company is in the process of making all required filings and paying all fees, taxes, penalties and interest charges due to the state of New York in order to reinstate the Company. In addition, while the Company does not believe that any federal income taxes were due for the years 1996 to 2001, the Company intends to file the required federal income tax returns for such years and pay any amounts that may be found to be owing for such periods.

Item 3. Defaults Upon Senior Securities

The Company has been in default on its indebtedness in favor of Apotex since 1996. The entire amount of indebtedness is due and payable. At March 31, 2002, the Company was indebted to Apotex in the amount of approximately \$4,400,000.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

99.1 Certification

(b) Reports on Form 8-K.

None.

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SIGNATURES

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

GEN/RX, INC.

(Registrant)

Date: May 22, 2003

By: /s/ Jack Margareten

Jack Margareten
Acting President and Chief Executive Officer,
Chief Financial Officer and Sole Director

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CERTIFICATIONS

I, Jack Margareten, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GEN/Rx, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
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.

Dated: May 22, 2003

/s/ Jack Margareten

Jack Margareten
Acting President and Chief
Executive Officer and Chief
Financial Officer

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EXHIBIT INDEX

99.1 Certification