

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

☒ Quarterly report pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the quarterly period ended December 31, 2002

☐ Transition report pursuant to Section 13 or 15(d) of the Exchange Act

Commission file number 0-32663

BIOMASSE INTERNATIONAL, INC.

(exact name of small business issuer as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

65-0909206

(IRS Employer Identification No.)

4720, Boulevard Royal, Suite 103, Trois-Rivieres-Ouest, Quebec, Canada G9A 4N1

(Address of principal executive offices)

(819) 374-3131

(Registrant's telephone number)

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

YES ☒ NO ☐

As of December 31, 2002 the Registrant had 55,000,000 shares of its Common Stock outstanding

Transitional Small Business Disclosure Format: YES ☐ NO ☒

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For the Quarter ended December 31, 2002

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

BIOMASSE INTERNATIONAL, INC. (A COMPANY IN THE DEVELOPMENT STAGE) BALANCE SHEET (UNAUDITED)

Assets

	December 31, 2002
Current Assets	
Cash and cash equivalents	\$314
Receivables, net	73,987
Other current assets	12,904
Total current assets	87,205
Property and equipment, net	14,431
Prepaid equipment costs	472,614
Intangibles, net	29,028
Other assets	3,434
Total assets	606,713

Liabilities and Shareholder's Equity

Current Liabilities	
Bank overdraft	10,400
Accounts payable and accrued expenses	575,221
Accrued salaries and payroll related benefits	258,461
Deferred Revenue	125,082
Other current liabilities	53,676
Total current liabilities	1,022,840
Convertible debenture	250,000
Shareholder's Equity	
Common Stock, class A, \$1.00 par value; authorized 5,000,000 shares; issued and outstanding 0 in 2002	-
Common Stock, class B, \$.001 par value; authorized 55,000,000 shares; issued and outstanding 55,000,000	55,000
Paid in Capital	1,315,702
Deficit accumulated during the development stage	(2,026,988)
Accumulated other comprehensive income/(loss)	(9,841)
Total Shareholder's Equity	(666,128)
Total liabilities and shareholder's equity	\$606,713

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement.

BIOMASSE INTERNATIONAL, INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
FROM INCEPTION (MARCH 19, 1999) THROUGH DECEMBER 31, 2002

	Three months ended December 31,		Inception (March 19, 1999) through December 31, 2002
	2002	2001	
	(Unaudited)	(Unaudited)	(Unaudited)
Revenues:	\$ -	\$ 9,417	\$ 69,951
Cost of Revenues:	-	-	60,535
Gross Profit	-	9,417	9,416
Operating Expenses:			
Travel	-	6,896	84,875
Professional fees	2,500	2,021	206,482
Consulting fees	-	19,071	686,332
Salaries and payroll related benefits	63,062	58,093	431,749
Rent	1,858	4,000	42,769
Depreciation	2,110	1,324	9,599
Amortization	5,500	5,500	80,972
Selling, general and administrative expenses	3,843	96,617	294,371
	78,873	193,523	1,837,149
Operating Loss	(78,873)	(184,106)	(1,827,733)
Other Income/(Expense)			
Interest Income - (principally related party)	-	5	872
Interest Expense	-	(197)	(1,186)
Foreign exchange	-	-	1,059
Loss on impairment of asset	-	-	(200,000)
Total Other Income	-	(192)	(199,255)
Net Loss	\$ (78,873)	\$ (184,297)	\$ (2,026,988)
Basic weighted average common shares outstanding	55,000,000	16,274,457	
Basic Loss per common share	\$(0.00)	\$(0.01)	

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement.

BIOMASSE INTERNATIONAL, INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
FROM INCEPTION (MARCH 19, 1999) THROUGH DECEMBER 31, 2002

	For the three months ended December 31,		Inception (March 19, 1999) through December 31, 2002
	2002	2001	
	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	(78,873)	\$(184,297)	\$(2,026,988)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	7,610	6,824	90,572
Loss on abandonment of property	-	-	1,187
Rent expense offset to paid in capital	-	-	5,000
Issuance of shares for consulting services	-	14,247	340,255
Issuance of warrants for advisory services	-	-	10,000
Issuance of options for professional services	-	-	6,000
Loss on impairment of asset	-	-	200,000
Changes in Operating assets and liabilities:			
Receivables	-	(9,627)	(73,987)
Other Current Assets	-	(5,369)	(12,904)
Prepaid equipment costs	-	-	(472,614)
Other Assets	-	-	(3,434)
Accounts Payable and Accrued Liabilities	71,263	194,076	1,379,768
Net cash provided by/(used in) operating activities	-	15,853	(557,144)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	-	-	(27,112)
Net cash provided by/(used in) investing activities	-	-	(27,111)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from:			
Notes payable, principally related parties	-	-	56,566
Proceeds from convertible debenture	-	-	250,000
Purchase of treasury stock	-	(3,136)	(4,500)
Exercise of warrants	-	-	1,325
Sales of common stock	-	-	281,177
Net cash provided by/(used in) financing activities	-	(3,136)	584,569
Net increase (decrease) in cash and cash equivalents	-	12,717	314
Cash and cash equivalents, beginning of period	314	1,350	-
Cash and cash equivalents, end of period	\$314	\$14,066	\$314

Supplemental Schedule of noncash investing and financing activities:

issued 588,000 shares of common stock for license rights from affiliate (recorded at predecessor basis)	110,000
issued 306,000 shares of common stock for equipment from affiliate (recorded at predecessor basis)	200,000
issuance of 56,565 shares of common stock in settlement of note payable (related party)	56,566

Read the accompanying summary of significant accounting notes to financial statements, which are an integral part of this financial statement.

BIOMASSE INTERNATIONAL, INC.
(A COMPANY IN THE DEVELOPMENT STAGE)
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

NOTE 1 –BASIS OF PRESENTATION

The accompanying unaudited financial statements of Biomasse International, Inc. have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. The financial statements reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the periods shown. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

These financial statements should be read in conjunction with the audited financial statements and footnotes thereto included in Biomasse International, Inc.'s form 10-KSB as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and that effect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – EARNINGS (LOSS) PER SHARE

Earnings (Loss) per common share are calculated under the provisions of SFAS No. 128, "Earnings per Share," which establishes standards for computing and presenting earnings per share. SFAS No. 128 requires the Company to report both basic earnings (loss) per share, which is based on the weighted-average number of common shares outstanding during the period, and diluted earnings (loss) per share, which is based on the weighted-average number of common shares outstanding plus all potential dilutive common shares outstanding. Options and warrants are not considered in calculating diluted earnings (loss) per share since considering such items would have an anti-dilutive effect.

NOTE 3 – GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The company reported a net loss of \$78,873 for the three months ended December 31, 2002 (unaudited) as well as reporting net losses of \$2,026,988 from inception (March 19, 1999) to December 31, 2002 (unaudited). As reported on the statement of cash flows, the Company has incurred negative cash flows from operating activities of \$557,144 from inception (March 19, 1999) (unaudited). Continuation of the Company as a going concern is dependent upon obtaining sufficient working capital for its planned activity. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence until attaining and sustaining profitable operations. The Company is aggressively pursuing strategic alliances which will bring a cash infusion, restructuring and a forward looking business plan.

Item 2. Plan of Operations

The following discussion should be read in conjunction with the financial statements and related notes that are included under Item 1. Statements made below which are not historical facts are forward-looking statements. Forward-looking statements involve a number of risks and uncertainties including, but not limited to, general economic conditions, our ability to complete development and then market our services, competitive factors and other risk factors as stated in other of our public filings with the Securities and Exchange Commission.

Our main business purpose is to provide the pulp and paper industry with the most practical, economical and efficient way of disposing of the sludge they produce as a by-product of their operations. Our proprietary technology also allows us to give enhanced value to the waste sludge and other residues generated by their wastewater treatment systems. We own a process to convert, by combustion, in an environmentally safe manner, the waste residue produced by pulp and paper mills into steam. We intend to profit by charging mills for the disposal of their sludge by converting it to steam, which will be less than they are currently paying for shipping and storage of waste sludge. As an added benefit to the mill, it can, in turn, use the steam as energy thereby creating a low cost, clean energy source.

We signed our first agreement on April 12, 2002 with J. Ford Ltee., a pulp and paper manufacturer in Quebec, Canada. This agreement is for five years with a revenue stream of approximately \$1 million US per year to Biomasse. The equipment for this project is in the construction phase and we anticipated the project to begin generating revenue by December 2002. Due to financing difficulties we experienced with this project, the installation has yet to take place and tentatively is scheduled to begin in the later part of the second calendar quarter of 2003, which postpones our revenue generation to October 2003 from this project.

We intend to concentrate initially on the North American pulp and paper companies. During the past year we identified several potential customers, The Great Northern Paper Company of Millinocket, Maine and Kruger in Bromptonville, Quebec. We completed the profitability and feasibility studies for these installation and based upon the study's very positive conclusions, we believe we are close to finalizing a ten-year contract for the sale of steam utilizing our process with both of these organizations in the near future. Once these contracts are finalized, a nine to twelve month installation process will ensue. We do not expect to generate any substantial revenue until the installation is completed and the system has been tested and is operational. Our studies indicate that the cost of equipment and installation for a plant suitable for Great Northern Paper Company and Kruger Bromptonville is estimated at approximately \$7,000,000 and \$9,200,000 respectively.

Liquidity

As reflected in our December 31, 2002 balance sheet, we have minimal cash on hand. The Company's operations are not generating sufficient cash to maintain its present operations. The Company had a negative working capital of approximately \$935,635 at December 31, 2002. The company has reviewed all non-essential activities and expenditures and has aggressively curtailed these items to assist in reducing the cash used in operating activities. Monthly operating expenses including rent, communications, travel, consulting, and professional fees and other general and administrative are approximately \$10,000. When we listed on the OTC bulletin board, the number of our employees increased to four with the addition of a Vice President of Legal Affairs as well as an administrative person. Once this happened, executive and management salaries are estimated to be approximately \$20,000 per month. We have several options to fund the above monthly expenditures: In our contract with the pulp and paper manufacturers, we are requiring a deposit with the signing of the contract of approximately one months revenue. In the case of the J Ford Ltee project, that equates to approximately \$83,000 US. These deposits will then contribute to the satisfying our overall monthly expenditures. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence until attaining and sustaining profitable operations. The Company is aggressively pursuing strategic alliances which will bring a cash infusion, restructuring and a forward looking business plan.

**PART II
OTHER INFORMATION**

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

In October 2002, the Company increased its authorized shares from 55,000,000 to 125,000,000.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

99.1 and 99.2 Certification, dated February 19, 2003, of the Principal Executive Officer and Principal Financial Officer of the Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

None

SIGNATURES

In accordance with Section 13 or 15(d) of the 1934 Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

BIOMASSE INTERNATIONAL, INC.

/S/ Jean Gagnon
By: _____
Jean Gagnon, Vice - President

February 19, 2003

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Benoit Dufresne, certify that:

1. I have reviewed this revised quarterly report on Form 10-QSB of Biomasse International, 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;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities 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 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. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - 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. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in 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.

/s/Benoit Dufresne
Benoit Dufresne

Director, Chairman, President

Date: February 19, 2003

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jean Gagnon, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Biomasse International, 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Securities 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 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. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - 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. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in 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.

/s/Jean Gagnon
Jean Gagnon

Director, VP- Finance

Date: February 19, 2003

EXHIBIT 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Biomasse International, Inc.. (the "Company") on Form 10-QSB for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Benoit Dufresne, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and,
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Benoit Dufresne
Benoit Dufresne

Director, Chairman, President

Date: February 19, 2003

EXHIBIT 99.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Biomasse International, Inc. (the "Company") on Form 10-QSB for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Jean Gagnon, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and,
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Jean Gagnon
Jean Gagnon

Director, VP- Finance

Date: February 19, 2003