

TORRENT ENERGY CORP
Form 10QSB
August 10, 2005
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2005**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number 000-19949

TORRENT ENERGY CORPORATION

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

Colorado

(State or other jurisdiction of incorporation or organization)

84-1153522

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

600-666 Burrard Street

Vancouver, British Columbia V6C 2X8

(Address of principal executive offices)

604.639.3118

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

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

24,748,293 shares of common stock were outstanding and outstanding as of August 1, 2005.

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

Part I -- Financial Information

Item 1. Financial Statements.

We have prepared the consolidated financial statements included herein without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such Securities and Exchange Commission rules and regulations. In our opinion, the accompanying statements contain all adjustments necessary to present fairly the financial position of our company as of June 30, 2005, and its results of operations for the three month periods ended June 30, 2005 and 2004 and its cash flows for the three month periods ended June 30, 2005 and 2004. The results for these interim periods are not necessarily indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of our annual report on Form 10-KSB.

TORRENT ENERGY CORPORATION

(formerly Scarab Systems, Inc.)

(An exploration stage enterprise)

Consolidated Balance Sheets**(Expressed in US dollars)****(unaudited)**

	June 30, 2005	March 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 717,169	\$ 2,600,986
Prepaid expenses	24,753	166,753
Total current assets	741,922	2,767,739
Oil and gas properties , unproven (Note 4)	4,063,851	2,775,434
Office furniture and equipment	10,732	-
Preferred stock discount (Note 7)	-	105,081
Total assets	\$ 4,816,505	\$ 5,648,254
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 248,941	\$ 483,178
Accounts payable - related parties (Note 3)	110,635	242,936
Series B preferred stock dividend payable	72,672	72,672
Total current liabilities	432,248	798,786
Commitments and Contingencies (Notes 4 and 8)		
STOCKHOLDERS' EQUITY		
Share capital		
Convertible Series B preferred stock, \$0.01 par value, 5,000 shares authorized, nil shares issued and outstanding (March 31, 2005 - 1,700)	-	17
Common stock, \$0.001 par value, 100,000,000 shares authorized, 23,098,293 shares issued and outstanding (March 31, 2005 - 20,984,966)	23,098	20,985
Additional paid in capital	9,291,934	8,413,243
Deficit accumulated during the exploration stage	(4,930,775)	(3,584,777)
Total stockholders' equity	4,384,257	4,849,468
Total liabilities and stockholders' equity	\$ 4,816,505	\$ 5,648,254
The accompanying notes are an integral part of these consolidated financial statements		

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Consolidated Statements of Stockholders Equity (Deficit)**For the period from October 8, 2001 (inception) to June 30, 2005****(Expressed in US dollars)****(unaudited)**

	Series B		Common Stock		Additional	Share	Deficit	Total
	Preferred Stock		Common Stock		paid-in	subscriptions	accumulated	Stockholders
	Shares	Amount	Shares	Amount	capital	received/ (receivable)	during exploration stage	equity (deficit)
Stock issued for cash at \$0.001 per share in October 2001	-	\$-	5,425,000	\$5,425	\$-	\$-	\$-	\$5,425
Stock issued for intangible asset acquisition at \$0.001 per share in October 2001	-	-	200,000	200	-	-	-	200
Issued 1,440,000 common stock at \$0.001 per share in October 2001	-	-	1,440,000	1,440	-	(1,440)	-	-
Stock issued at \$0.50 per share in November 2001	-	-	675,000	675	336,824	(337,500)	-	-
Stock issued for cash at \$0.50 per share in January 2002	-	-	390,000	390	194,610	-	-	195,000
Net (loss) for the period	-	-	-	-	-	-	(112,434)	(112,434)
Balance, March 31, 2002	-	\$-	8,130,000	\$8,130	\$531,435	\$(338,940)	\$(112,434)	\$88,191
Stock issued for cash at \$0.25 to \$0.50 per share in April 2003	-	-	130,000	130	39,870	-	-	40,000
Recapitalization to effect the acquisition of iRV, Inc.	-	-	1,446,299	1,446	(1,446)	-	-	-
Acquisition of MarketEdgeDirect	-	-	-	-	-	337,500	-	377,500
Proceeds of share subscription	-	-	-	-	-	1,440	-	1,440
Return of stocks in connection with disposal of MarketEdgeDirect	-	-	(540,000)	(540)	(358,042)	-	-	(358,582)
Proceeds of 96,000 share subscription at \$0.40 to \$0.50 per share	-	-	-	-	-	40,500	-	40,500
241,020 shares allotted for services rendered at \$0.10 to \$0.40 per share	-	-	-	-	33,606	-	-	33,606
Net (loss) for the year	-	-	-	-	-	-	(396,277)	(396,277)
Balance, March 31, 2003	-	\$-	9,166,299	\$9,166	\$254,123	\$40,500	\$(508,711)	\$(213,922)
Stocks issued for services rendered and recorded in fiscal year 2004	-	-	241,020	241	(241)	-	-	-
Stocks issued at \$0.40 to \$0.50 per share in fiscal year 2003	-	-	96,000	96	40,404	(40,500)	-	-
Stocks issued for conversion of debt at \$0.10 per share in February 2004	-	-	510,000	510	50,490	-	-	51,000
Stocks issued for cash at \$0.10 per share in February and March 2004	-	-	1,200,000	1,200	118,800	-	-	120,000
Stocks issued for exercise of stock options at \$0.10 per share in February and March 2004	-	-	960,000	960	95,040	-	-	96,000
Issuance of stock options as compensation	-	-	-	-	195,740	-	-	195,740
Forgiveness of debt related party (Note 3)	-	-	-	-	110,527	-	-	110,527
Net (loss) for the year	-	-	-	-	-	-	(374,606)	(374,606)
Balance, March 31, 2004	-	\$-	12,173,319	\$12,173	\$855,883	\$-	\$(883,317)	\$(15,261)

The accompanying notes are an integral part of these consolidated financial statements

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Consolidated Statements of Stockholders Equity (Deficit) (Continued)

For the period from October 8, 2001 (inception) to June 30, 2005

(Expressed in US dollars)

(unaudited)

	Series B Preferred Stock		Common Stock		Additional paid-in capital	Share subscriptions received/ (receivable)	Deficit accumulated during exploration stage	Total Stockholders equity (deficit)
	Shares	Amount	Shares	Amount				
Stocks issued for exercise of stock options at \$0.10 per share in May, June and July 2004	-	-	640,000	640	63,360	-	-	64,000
Stocks and warrants issued under a private place- ment at \$0.35 per share in May 2004 (Note 6)	-	-						