

MIRENCO INC
Form 10QSB
May 13, 2005

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 **March 31, 2005**

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

For the transition period from _____ to _____

Commission file number **333-41092**

Mirenc, Inc.

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

Iowa
(State or other jurisdiction of incorporation or
organization)

39-1878581
(IRS Employer Identification No.)

206 May Street, P.O. Box 343, Radcliffe, Iowa 50230
(Address of principal executive offices)

(515) 899-2164
(Issuer's telephone number)

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

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

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 [] **Not applicable**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: **17,245,422 shares of no par value common stock as of April 30, 2005.**

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

Cautionary Statement on Forward-Looking Statements.

The discussion in this Report on Form 10-QSB, including the discussion in Item 2 of PART I, contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections about the Company's business, based on management's current beliefs and assumptions made by management. Words such as "expects", "anticipates", "intends", "believes", "plans", "seeks", "estimates", and similar expressions or variations of these words are intended to identify such forward-looking statements. Additionally, statements that refer to the Company's estimated or anticipated future results, sales or marketing strategies, new product development or performance or other non-historical facts are forward-looking and reflect the Company's current perspective based on existing information. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements. Such risks, and uncertainties include those set forth below in Item 1 as well as previous public filings with the Securities and Exchange Commission. The discussion of the Company's financial condition and results of operations included in Item 2 of PART I should also be read in conjunction with the financial statements and related notes included in Item 1 of PART I of this quarterly report. These quarterly financial statements do not include all disclosures provided in the annual financial statements and should be read in conjunction with the annual financial statements and notes thereto included in the Company's Form 10KSB for the year ended December 31, 2004 filed on April 15, 2005. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I Financial Information**Item 1. Financial Statements****MIRENCO, Inc.****BALANCE SHEET****March 31, 2005****(unaudited)**

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 29,778
Accounts receivable	14,192
Inventories	116,054
Other	14,808
Total current assets	174,832
PROPERTY AND EQUIPMENT, net	552,509
PATENTS AND TRADEMARKS, net	3,920
	\$ 731,261
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Current portion of note payable	\$ 9,119
Accounts payable	119,188
Accrued expenses	36,760
Due Officers	129,463
Other current liabilities	30,101
Note payable to related parties	4,604
Total current liabilities	329,235
NOTE PAYABLE, less current portion	139,312
NOTES PAYABLE TO RELATED PARTIES, less current portion	71,789
STOCKHOLDERS' EQUITY	

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Preferred stock, \$.01 par value, 50,000,000 shares authorized no shares issued or outstanding	-
Common stock, no par value: 100,000,000 shares authorized, 14,645,082 shares issued and outstanding	8,870,485
Additional paid-in capital	1,727,554
Deferred compensation	(3,495)
Accumulated (deficit)	(10,403,619)
	190,925
	\$ 731,261

See the accompanying notes to the financial statements

MIRENCO, Inc.**STATEMENTS OF OPERATIONS****(unaudited)**

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Sales	\$ 133,948	\$ 76,369
Cost of sales	66,696	60,428
Gross profit	67,252	15,941
Salaries and wages	211,136	196,026
Other general and administrative expenses	107,176	162,396
	318,312	358,422
(Loss) from operations	(251,060)	(342,481)
Other income (expense)		
Interest income	-	829
Interest expense	(4,886)	(462)
	(4,886)	367
NET (LOSS)	\$ (255,946)	\$ (342,114)
Net (loss) per share available for common shareholders - basic and diluted	\$ (0.02)	\$ (0.03)
Weighted-average shares outstanding - basic and diluted	14,448,438	13,304,242

See the accompanying notes to the financial statements

MIRENCO, Inc.**STATEMENTS OF CASH FLOWS****(unaudited)**

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Cash flows from operating activities	\$ (118,153)	\$ (349,954)
Cash flows from investing activities	-	-
Cash flows from financing activities:		
Proceeds from issuance of stock	118,100	-
Principal payments on long-term debt:		
Banks and others	(2,193)	(2,312)
Related parties	(1,103)	(2,451)
Proceeds from long-term borrowing:		
Related parties	-	40,000
Net cash provided by financing activities	114,804	35,237
Decrease in cash and cash equivalents	(3,349)	(314,717)
Cash and cash equivalents, beginning of period	33,127	420,402
Cash and cash equivalents, end of period	\$ 29,778	\$ 105,685
Supplementary disclosure of cash flow information:		
Cash paid during the period for interest	\$ 4,886	\$ 1,685

See the accompanying notes to the financial statements

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MIRENCO, Inc.

NOTES TO FINANCIAL STATEMENTS

(unaudited)

March 31, 2005 and 2004

NOTE A BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and Item 310(b) of Regulation S-B. They do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included.

The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements of the Company as of December 31, 2004 and for the year then ended, including notes thereto included in the Company's Form 10-KSB.

NOTE B INVENTORY

Inventories, consisting of purchased finished goods ready for sale, are stated at the lower of cost (as determined by the first-in, first-out method) or market.

NOTE C - REALIZATION OF ASSETS

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company has incurred net losses aggregating \$10,403,619 and may continue to incur net losses in the future. If revenues do not increase substantially in the near future, additional sources of funds will be needed to maintain operations. These matters give rise to substantial doubt about the Company's ability to continue as a going concern.

Management and other personnel have been focused on product exposure and marketing. The Company's management team has diligently explored several market segments relative to the Company's product and service lines over the past 21 months. From that exploration, the Company has decided it is in its best interests to develop an internal sales and marketing effort before developing the use of existing, well-established distribution channels for marketing and selling the DriverMax® product line. Management also believes a large market exists for the Company's testing and evaluation services and the information resulting from those services. By concentrating the sales efforts within its own reasonable geographical area, management believes it can better provide a professional, consultative approach toward customers needs and prove the value of its products and services. Management will focus on the Company's efforts on the sales of products, services, and programs with sensible controls over expenses. Management believes these steps, if successful, will improve the Company's liquidity and operating results, allowing it to continue in existence.

Gross sales of \$133,948, \$79,440 in product sales and \$54,508 in sales of services, were realized for the three months ended March 31, 2005 and were \$57,579 higher than gross sales for the same period one year ago.

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MIRENCO, Inc.**NOTES TO FINANCIAL STATEMENTS Continued****(unaudited)****March 31, 2005 and 2004****NOTE D – STOCKHOLDERS EQUITY**

During the three months ended March 31, 2005, the Company issued 571,000 shares of common stock for cash of \$118,100 which shares were issued at a discount to the fair market value of the shares. Included in these shares were 270,000 shares issued to an officer at a discount of \$12,600 which has been charged to operations during the period.

During the three months ended March 31, 2005, the Company issued 5,000 options to directors to purchase common stock at \$.28 per share for a period of 9 years.

The following summarizes the options outstanding at March 31, 2005:

	Number of shares		Weighted- average exercise price per share
	Outstanding	Exercisable	
Outstanding, December 31, 2004	1,022,710	1,022,710	2.37
Granted	5,000	5,000	0.28
Outstanding March 31, 2005	1,027,710	1,027,710	\$ 2.36

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. The fair value of the option grants is estimated on the date of grant utilizing the

Black-Scholes option pricing model. Had the company charged the fair value of the options issued to operations during the period ended March 31, 2005, there would not be a material difference in the net loss as reported.

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MIRENCO, Inc.

NOTES TO FINANCIAL STATEMENTS Continued

(unaudited)

March 31, 2005 and 2004

NOTE E NOTES PAYABLE

Notes payable consisted of the following at March 31, 2005:

	Total	Current Portion	Long-term Portion
Notes payable to investors, 9% interest payable			
quarterly, principal due in March and April, 2007	\$ 30,000	-	\$ 30,000
Note payable to bank in monthly installments of \$1,435, including principal and variable interest, currently 7.75%, guaranteed by stockholder, guaranteed by Small Business Administration	118,431	9,119	109,312
	\$ 148,431	\$ 9,119	\$ 139,312

Remaining maturities of notes payable are as follows:

2005	\$ 6,754	2008	\$11,260
2006	\$ 9,666	2009	\$12,185
2007	\$40,442	Thereafter	\$68,124

NOTE F NOTES PAYABLE TO RELATED PARTIES

Notes payable to related parties consisted of the following at March 31, 2005:

	Total	Current Portion	Long-term Portion
Note payable to stockholder, 9% interest payable			

quarterly, principal due in March, 2007	20,000	-	20,000
Note payable to related company owned by an officer in monthly installments of \$689, including principal and interest of 6.75% maturing May, 2009	56,393	4,604	51,789
	\$ 76,393	\$ 4,604	\$ 71,789

Remaining maturities of related party notes payable are as follows:

2005	\$ 3,424	2008	\$ 5,540
2006	\$ 4,852	2009	\$37,397
2007	\$25,180		

MIRENCO, Inc.

NOTES TO FINANCIAL STATEMENTS Continued

(unaudited)

March 31, 2005 and 2004

NOTE G - SUBSEQUENT EVENTS

During April 2005 the Company issued 2,600,340 shares of common stock for \$320,051.

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Item 2.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

General and Background

We have incurred annual losses since inception while developing and introducing our original products and focusing management and other resources on capitalizing the Company to support future growth. Relatively high management, personnel, consulting and marketing expenditures were incurred in prior years in preparation for the commercialization of our products. We expect distribution, selling, general and administrative expenses to increase directly with sales increases, however, as a percentage of sales, these expenses should decline.

Liquidity and Capital Resources

Cash and equivalents are currently the Company's substantial source of liquidity. The changes in Cash and Equivalents for the three months ended March 31, 2005 and 2004 can be reviewed in the Statements of Cash Flows in PART I Item 1 above. During the three months ended March 31, 2005 and March 31, 2004, revenues of None and \$12,000 were recognized from an arrangement with the Iowa Foundation for Educational Administration, Inc. for emissions testing services being conducted on the Iowa School Bus fleet. This was substantially less than original revenues expected to be received from this project. Billed but uncollected amounts of these revenues were removed from the Company's books by the Direct Write Off method. If these revenues are recovered, they will be recorded as revenues in the period recovered. While the amount is difficult to predict, management anticipates that additional revenue will be realized from this arrangement.

According to the terms of our purchase agreement with American Technologies to acquire the patents and trademarks, we will pay a 3% royalty of annual gross sales for a period of 20 years, which began November 1, 1999.

Results of Operations

Gross sales of \$133,948, \$79,440 in product sales and \$54,508 in sales of services, were realized for the three months ended March 31, 2005 and were \$57,579 higher than sales for the same period one year ago. Cost of sales for the three months ended March 31, 2005 was only \$6,268 higher resulting in an increase of \$51,311 in gross profit margin. This increase was the result of discontinuance of the costs of the emissions testing program. In the three months ended March 31, 2005, \$48,833 of employment costs were included in Cost of Sales compared to \$44,496 in the corresponding period in the prior year.

A total of 19 individuals, 17 full time and two part-time, were employed with the Company at March 31, 2005 compared to a total of 21 at March 31, 2004. The decreases in personnel were primarily related to marketing and testing services offered by the Company.

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A comparative breakdown of Other general and administrative expenses per the Statements of Operations included in PART I Item 1 above is as follows:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004	Note
Depreciation and amortization	13,311	17,234	1
Insurance	18,699	19,728	2
Professional fees	23,338	59,456	3
Office expenses	9,354	18,898	4
Research and development	1,200	2,503	5
Travel	18,003	22,576	6
Utilities	15,324	15,988	7
Royalty expenses	4,021	1,931	8
Advertising	3,926	4,082	9
Total general and administrative expenses	107,176	162,396	

1.

Depreciation and amortization expense were less than the same period in the prior year because of a number of computers and related equipment becoming fully depreciation in the intervening period.

2.

Insurance expense in the first three months of 2005 was \$1,029 less than in the first three months of 2004 due to changes in the renewals of the policies.

3.

Professional fees expense incurred during the first three months of 2005 were \$36,118 less than in the first three months of the prior year primarily because of the discontinuance of the services of several outside consultants employed in 2004.

4. Office expenses for the three months ended March 31, 2005 were \$9,544 less than the first three months of 2004 primarily due to a reduction in administrative staff.

5.

Research and Development costs decreased \$1,303 in the first three months of 2005 compared to the first three months of 2004.

6.

Travel expense was less for the three months ended March 31, 2005 than the first three months of 2004 because of a reduction in personnel and no foreign travel in 2005.

7.

Utilities expense for the three months ended March 31, 2005 was comparable with the first three months of 2004.

8.

Royalty expense for the three months ended March 31, 2005 and 2004 was 3% of sales calculated per the patent purchase agreement with American Technologies, LLC.

9.

Marketing and advertising expenses during the three month ended March 31, 2005 were comparable to the three months ended March 30, 2004.

Interest income continues to decline with the reduction in interest bearing deposits.

Interest expense for the three months ended March 31, 2005 and 2004 is a result of financing the purchase of Company vehicles from the majority shareholder and investor loans and bank loans obtained in 2004.

The Company uses estimates in the preparation of its financial statements. The estimates used relate to the useful lives of its equipment and patents. If it was determined that the depreciated cost of its equipment and the amortized cost of its patents exceeded their fair market value, there would be a negative impact on the results of operations to the extent the depreciated and amortized cost of these assets exceeded their fair market value.

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments whichever is more reliably measurable.

The Company accounts for stock based compensation in accordance with SFAS 123, Accounting for Stock-Based Compensation. The provisions of SFAS 123 allow companies to either expense the estimated fair value of stock options or to continue to follow the intrinsic value method set forth in APB Opinion 25, Accounting for Stock Issued to Employees (APB Opinion 25) but disclose the proforma effects on net income (loss) had the fair value of the options been expensed. The Company has elected to continue to apply APB Opinion 25 in accounting for its stock option incentive plans.

SFAS 123 requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. The fair value of the option grants is estimated on the date of grant utilizing the Black-Scholes option pricing model. Had the company charged the fair value of the options issued to operations during the period ended March 31, 2005, there would not be a material difference in the net loss as reported.

The Company outsources the production of its DriverMax® products to ICE Corporation of Manhattan, Kansas. If, for some reason the relationship between the Company and ICE Corporation should be interrupted or discontinued, the operations of the Company could be adversely affected until such time an alternative supply source could be located, contracted and begin producing our technology. Such an event could materially effect the results of operations of the Company.

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Item 3.

CONTROLS AND PROCEDURES

An evaluation of the Company's disclosure controls and procedures and internal controls and procedures was performed on April 29, 2005. Based on that review, management concludes that the Company's disclosure controls and procedures adequately ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the evaluation date. There have been no corrective actions with regard to significant deficiencies and material weaknesses since the evaluation date.

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PART II. OTHER INFORMATION

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Item 1.

Legal Proceedings

None

Item 2.

Changes in Securities

During the quarter ended March 31, 2005, 571,000 shares of common shares were issued. Changes in shares outstanding during the first three months are summarized as follows:

Shares Issued

Amount Received

Shares outstanding January 1, 2005

14,074,082

New shares issued for cash

571,000

\$118,100

Shares outstanding March 31, 2005

14,645,082

Item 3.

Defaults upon Senior Securities

None

Item 4.

Submission of Matters to a Vote of Security Holders

None

Item 5.

Other Information

On May 9, 2005, The Board of Directors approved a Code of Ethics to be put in place and adhered to by the Company's Officers, Directors and Employees. The Code of Ethics is attached to this document as Exhibit 10.31.

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ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following are the exhibits to this annual report.

3.2(a)

Articles of Amendment to Articles of Incorporation (Incorporated by reference to the Company's 10QSB for the quarter ended June 30, 2004 filed on August 10, 2004).

3.2(b)

Certificate of Incorporation and Certificates of Amendment to the Certification of Incorporation of Registrant (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

3.3

Bylaws of Registrant (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.2(d)

Stock Option Agreement between Registrant and Betty Fosseen (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.2(f)

Stock Option Agreement between Registrant and J. Richard Relick (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.3

American Technologies LLC, Fosseen Manufacturing & Development, Mirencos, Inc.,

Ethaco Agreements to Terminate Prior Agreements and Transfer License, respectively (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.4

Purchase Agreement Between Registrant and American Technologies, LLC (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.5

Environmental Regulatory Approvals with the U.S. Environmental Protection Agency and California Air Resources Board (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.6

Summary of Patents and Associated Service Marks (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.7

Copies of U.S. and Canadian Patents Issued to Dwayne L. Fosseen (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.8

Summary of Mexican Patents and Associated Protections Issued to Dwayne L. Fosseen (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.9

Rental Agreement Between Registrant and Fosseen Manufacturing & Development, Inc (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.10

March 31, 2000 Warrant Agreement between Registrant and Duncan, Blum & Associates (incorporated by reference to the Company's Registration Statement filed on July 10, 2000).

10.13

Lease for Land (incorporated by reference to the Company's Registration Statement Amendment filed on April 17, 2001).

10.13(a)

Stock Option Agreement between Registrant and Betty Fosseen (incorporated by reference to the Company's Registration Statement Amendment filed on April 17, 2001).

10.14

2001 Common Stock Compensation Plan (incorporated by reference to the Company's 10KSB for the fiscal year ended December 31, 2001).

10.15

Cooperative Agreement between registrant and Iowa Foundation for Educational Administration,

Inc. (Incorporated by reference to the Company's 10QSB for the quarter ended September 30, 2002 filed on August 14, 2002).

10.16

Vehicle Purchase Agreement between registrant and Fosseen Manufacturing Co., Inc. (Incorporated by reference to the Company's 10QSB for the quarter ended September 30, 2002 filed on November 14, 2002).

10.17

Bank Note between registrant and Randall-Story State Bank. (Incorporated by reference to the Company's 10QSB for the quarter ended September 30, 2002 filed on November 14, 2002).

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10.18 Agreement between Richard A. Musal and registrant for Chief Financial Officer Services. (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2002 filed on April 14, 2003).

10.19

Offer and Acceptance to purchase land from Dwayne Fosseen and spouse. (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2002 filed on April 14, 2003).

10.20

Distribution Agreement with D-Max West, LLC for Exclusive Distribution rights for California. (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.21

Distribution Agreement with D-Max West for exclusive distribution rights for Arizona and Texas (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.22

Cancellation of distributor agreements between Mirencos and D-Max West (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.23

Cancellation Of SPAP Company, LLC Sales Representative Agreement (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.24

Sales Representative Agreement with Nevison Group, LLC (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

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10.25

Sales Agreement with Grant Brothers Sales, Ltd. (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.26

Cancellation of Sales Representative Agreement with Grant Brothers Sales, Ltd. (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.27

Distributor Agreement with Integrated Vision Marketing (Incorporated by reference to the Company's 10KSB for the year ended December 31, 2003 filed on April 14, 2004).

10.28

Employment Agreement with Joseph A. Cassis III. (Incorporated by reference to the Company's 10QSB filed November 19, 2004)

10.29

Employment Agreement with Richard A. Musal. (Incorporated by reference to the Company's 10QSB filed November 19, 2004)

10.30 2004 Common Stock Compensation Plan (Incorporated by reference to the Company's 10KSB filed April 15, 2005)

*10.31 Company's Code of Ethics .

*31.1

Certificate of Principal Executive Officer dated May 13, 2005.

*31.2

Certificate of Principal Financial Officer dated May 13, 2005.

*32.1

Dwayne Fosseen's Certification dated May 13, 2005 pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to, SECTION 906 of the Sarbanes-Oxley Act of 2002

*32.2

Richard A. Musal's Certification dated May 13, 2005 pursuant to 18 U.S.C. SECTION 1350, as adopted pursuant to SECTION 906 of the Sarbanes-Oxley Act of 2002

*

Filed herewith

(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the first quarter of the year ended December 31, 2005.

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SIGNATURES

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

Mirencos, Inc.
(Registrant)

By: /s/ Richard A. Musal

Richard A. Musal

Chief Financial Officer

Date: May 13, 2005

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Dwayne Fosseen

Dwayne Fosseen

Chairman of the Board,

Chief Executive Officer

and Director

Date: May 13, 2005

By: /s/ Don Williams

Don Williams

Director

Date: May 13, 2005

By: */s/ Richard A. Musal*

Richard A. Musal

Director, Chief Operating Officer,

and Secretary

EXHIBIT 10.31

MIRENCO, INC.

CORPORATE CODE OF ETHICS AND CONDUCT

GENERAL

We will conduct our business with honesty and candor in accordance with the spirit as well as the letter of all applicable federal, state and local laws and regulations and the laws of foreign countries where we transact business.

Legal compliance is only a part of our ethical responsibility, and should be viewed as the minimum acceptable standard of conduct. We intend to maintain our reputation and avoid activities that might reflect adversely on the Company. Mirencos strives to act with the utmost integrity, not just in our most important corporate decisions, but also in the thousands of actions taken every day by our employees worldwide. Ethical conduct is a high ideal, but often just

means exercising common sense and sound judgment. Acting ethically will help us become a better company, a better partner with our customers, and a better corporate citizen.

HONEST DEALING

All employees are expected to be honest and forthright in their interactions with one another and in dealings with customers, suppliers, business partners and shareholders. Mirencos will not condone dishonesty or deceitful actions in any form. This includes, but is not limited to, making misrepresentations to customers, changing customer documents, making false or misleading entries on the Company's books or ledgers, inflating expense reports, or falsely recording hours worked on time cards.

RESPECT IN THE WORK ENVIRONMENT

Mirencos strives to maintain a workplace where all employees are treated with dignity, fairness and respect. Harassment or discrimination based upon race, color, religion, gender, age, national origin, disability, sexual orientation, veteran or marital status, or any other characteristic protected by law is unacceptable and will not be tolerated.

Other activities that are prohibited because they are clearly not conducive to a respectful work environment are threats of physical harm, violent behavior, or possessing weapons while on Company premises. Furthermore, being under the influence of alcohol or illegal drugs while at work is strictly forbidden.

GRATUITIES

Building strong relationships with customers is essential to Mirencos business. Socializing with customers and suppliers is an integral part of building those relationships. Common sense and good judgment should always be exercised in providing or accepting business meals and entertainment of nominal gifts, however.

While individual circumstances differ, the overriding principle concerning gratuities is not to give or accept anything of value that could be perceived as creating an obligation on the part of the recipient (whether a Mirencos employee or a customer) to act other than in the best interests of his or employer or otherwise to taint the objectivity of the individual s involvement. Bribes and kickbacks are illegal. Mirencos does not permit or condone the receipt by employees of bribes, kickbacks, commissions or similar forms of consideration; and does not permit or condone similar payment to suppliers, government officials, or others. We intend to maintain our reputation and avoid activities that might reflect adversely on the Company. It is the responsibility of each employee to ensure that providing or accepting a gratuity is appropriate under the circumstances. When in doubt, err on the side of prudence.

EXHIBIT 10.31

HANDLING COMPANY AND CUSTOMER ASSETS

Company property and customers property with which Mirencos has been entrusted must be used and maintained properly with care taken to guard against waste and abuse. Appropriate use of Company and customer property, facilities, and equipment is every employees responsibility. Of course, stealing or misappropriating Company or customer property will not be tolerated. Likewise, the removal or borrowing of Company or customer property without permission is prohibited.

CONFLICTS OF INTEREST

Although employees are generally free to engage in personal financial and business transactions, this freedom is not without constraints. Every employee must avoid situations where loyalties may be divided between Mirencos interests and the employees own interests. Employees also should seek to avoid even the appearance of a conflict of interest. If an employee is considering engaging in a transaction or activity that may present a conflict of interest or the appearance of a conflict of interest the employee should disclose the matter and obtain appropriate approvals before engaging in such transaction or activity.

For employees, examples of potential conflicts of interest include accepting concurrent employment with, or acting as a consultant or contractor to, any Mirencos competitor, customer or supplier; or holding a significant financial interest in any Mirencos competitor, customer or supplier.

It is recognized that directors of Mirencos who are not employees may engage in outside activities with, or have duties to, other entities, as employees, directors, consultants or otherwise. Such activities and duties generally do not in and of themselves constitute a conflict of interest, and in fact are valuable to Mirencos because of the experience and perspective that outside directors offer Mirencos as a result of these activities. Directors are expected to exercise sound judgment with respect to the relationship between their outside activities and their responsibilities to Mirencos, and at all times to act in a manner consistent with their duties of care and loyalty, as well as other applicable legal standards governing the responsibilities of directors. Directors should err on the side of caution in disclosing to the Board relationships that may constitute, or may appear to constitute, an actual or potential conflict of interest, and may be required to abstain from involvement as a Board member or as an employee, director, consultant, or other affiliation with another entity, in a particular matter. Outside directors should also fully disclose their relationship with Mirencos to other entities with which they have a relationship.

CONDUCT WITH COMPETITORS

In dealing with competitors it is Mirencos policy to not discuss pricing policy, contract terms, costs, inventories, marketing plans, production plans and, of course, proprietary and confidential information. Discussion of these subjects or collaboration on them with competitors can be illegal. If a competitor raises any of them Company employees are expected to object, stop the conversation, and tell the competitor that we will not discuss those matters under any circumstances.

SAFEGUARDING CONFIDENTIAL INFORMATION

As a condition of employment with Mirencos, each employee is required to sign an Employee Confidentiality Agreement. This agreement creates an obligation on the part of each and every employee to protect Mirencos proprietary information, which includes such things as business, financial, research and development, and personnel information.

Confidential information also includes any proprietary information shared with Mirencos by our customers and business partners, or information that has been acquired by an employee during the course of working for a former employer. Mirencos employees have an equal obligation to protect against the unauthorized disclosure or misuse of such third party confidential information.

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EXHIBIT 10.31

INSIDER TRADING

Mirencos believes in an open culture in which information is widely shared. As a result, during the course of employment, Mirencos employees may have access to non-public information about Mirencos that, if known to the public, might affect investors' decisions to buy, sell or hold securities issued by the Company.

Under the Company's insider trading policy, trading while in possession of such material non-public information, *i.e.*, insider trading is prohibited. Insider trading is also prohibited by the federal securities laws. Engaging in insider trading is grounds for discipline up to and including termination, and may subject both the individual and Mirencos to civil and criminal penalties.

PUBLIC REPORTING REQUIREMENTS

Accounting and other business records are relied upon in the preparation of reports Mirencos files with certain government agencies, such as the Securities and Exchange Commission (SEC). These reports must contain full, timely and understandable information and accurately reflect our financial condition and results of operations.

Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports must strive to ensure that our financial disclosures are accurate and verifiable, thus to enable shareholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of accounting and disclosures. The integrity of our public disclosures depends on the accuracy and

completeness of our records. To that end:

.

All business transactions must be supported by appropriate documentation and reflected accurately in our books and records:

.

No entry be made that intentionally mischaracterizes the nature or proper accounting of a transaction;

.

No Mirencos employee may take or authorize an action that would cause our financial records or disclosures to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;

.

All employees must cooperate fully with our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and

.

No employee should knowingly make (or cause to encourage any other person to make) any false or misleading statement in any report filed with the SEC or other government agency, or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a manager, the Company's Chief Financial Officer and/or the Company's Chief Executive Officer.

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PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Dwayne Fosseen, Chief Executive Officer and President of Mirencos, Inc. (the Small business issuer) certify that:

1.

I have reviewed this report on Form 10-QSB of Small business issuer

2.

Based on my knowledge, this 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 report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4.

The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c)

Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c)

Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5.

The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 13, 2005

/s/ Dwayne Fosseen

Dwayne Fosseen,

President and Chief Executive Officer

CERTIFICATE OF PRINCIPAL FINANCIAL OFFICER

I, Richard A. Musal, Chief Financial Officer of Mirencos, Inc. (the Small business issuer) certify that:

1.

I have reviewed this report on Form 10-QSB of Small business issuer

2.

Based on my knowledge, this 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 report;

3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4.

The small business issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the small business issuer and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c)

Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5.

The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 13, 2005

/s/ Richard A. Musal

Richard A. Musal,

Chief Financial Officer

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

I, Dwayne Fosseen, Chief Executive Officer of Mirencos, Inc. (the "Company"), pursuant to 18 U.S.C. section 1350, certify that, to my knowledge:

(1)

The Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (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 results of operations of the Company.

/s/ Dwayne Fosseen

Dwayne Fosseen

Chief Executive Officer and President

May 13, 2005

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

I, Richard A. Musal, Chief Financial Officer of Mirencos, Inc. (the Company), pursuant to 18 U.S.C. section 1350, certify that, to my knowledge:

(1)

The Company's Quarterly Report on Form 10-QSB for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (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 results of operations of the Company.

/s/ Richard A. Musal

Richard A. Musal

Chief Financial Officer

May 13, 2005

Endnotes

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