

ProtoKinetix, Inc.
Form 10-Q
May 15, 2009

U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2009

£ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-32917

PROTOKINETIX, INC.

Nevada
(State or other jurisdiction of incorporation
or organization)

94-3355026
(I.R.S. Employer Identification No.)

Suite 1500-885 West Georgia Street
Vancouver, British Columbia Canada V6C3E

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (604) 687-9887
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: \$.0000053 par value common stock

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the 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 T No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company.

Large accelerated filer £ Accelerated filer £ Non-accelerated filer £ Smaller reporting company T

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No T

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 of 1934 after the distribution of securities under a plan confirmed by a court. Yes No

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:

58,281,933 common shares outstanding, \$0.0000053 par value, at May 14, 2009.

PART I

ITEM 1.

FINANCIAL STATEMENTS

PROTOKINETIX, INC.

Balance Sheets at March 31, 2009 and December 31, 2008

Statements of Operations for the three months ended March 31, 2009 and 2008 and for the period from December 23, 1999 (Date of Inception) to March 31, 2009

Statements of Stockholder's Equity for the Period from December 23, 1999 (Date of Inception) to March 31, 2009

Statements of Cash Flows for the three months ended September 30, 2009 and 2008 and for the Period from December 23, 1999 (Date of Inception) March 31, 2009

Notes to Financial Statements

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PROTOKINETIX, INCORPORATED
(A Development Stage Company)

BALANCE SHEETS
(Unaudited)

	March 31, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash	\$4,005	\$15,216
Prepaid expenses	184,409	242,006
Total current assets	188,414	257,222
Computer equipment, net of accumulated depreciation of \$3,388	-	-
Total assets	\$188,414	\$257,222
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	\$115,241	\$78,349
Short-term loan	37,000	16,500
Convertible note payable (Note 2.)	300,000	300,000
Total current liabilities	452,241	394,849
Stockholders' Equity (Deficit)		
Common stock, \$0.0000053 par value; 100,000,000 common shares authorized; 57,081,933 shares issued and outstanding for March 31, 2009 and December 31, 2008 respectively	308	308
Common stock issuable; 600,000 March 31, 2009 and December 31, 2008	3	3
Additional paid-in capital	21,000,598	20,997,912
Deficit accumulated during the development stage	(21,264,736)	(21,135,850)
Total shareholders' equity (deficit)	(263,827)	(137,627)
Total liabilities and stockholders' equity (deficit)	\$188,414	\$257,222

Subsequent event (Note 5)

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PROTOKINETIX, INCORPORATED
(A Development Stage Company)

STATEMENTS OF OPERATIONS

For the Three Months Ended March 31, 2009 and 2008, and for the
Period from December 23, 1999 (Date of Inception) to March 31, 2009
(Unaudited)

	2009	2008	Cumulative During the Development Stage
Revenues	\$-	\$-	\$2,000
Expenses			
Licenses	-	-	3,379,756
Professional fees	760	75,148	3,362,324
Consulting fees	58,597	115,000	11,139,704
Research and development	18,539	95,202	2,221,249
General and administrative	44,990	47,424	1,030,075
Interest	6,000	6,000	90,162
	128,886	338,774	21,223,270
Loss from continuing operations	(128,886)	(338,774)	(21,221,270)
Discontinued Operations			
Loss from operations of the discontinued segment	-	-	(43,466)
Net loss	\$(128,886)	\$(338,774)	\$(21,264,736)
Net Loss per Common Share (basic and diluted)	\$(0.01)	\$(0.01)	
Weighted average number of common shares outstanding	53,004,810	49,573,075	

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PROTOKINETIX, INCORPORATED
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Continued)

For the Period from December 23, 1999 (Date of Inception) to March 31, 2009

(Unaudited)

	Common Stock		Common Stock Issuable		Additional Paid-in Capital	Stock Subscriptions Receivable	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
Issuance of common stock, December 1999	9,375,000	\$50	-	\$-	\$4,950	\$-	\$-	\$5,000
Net loss for period	-	-	-	-	-	-	(35)	(35)
Balance, December 31, 2000	9,375,000	50	-	-	4,950	-	(35)	4,965
Issuance of common stock, April 2001	5,718,750	30	-	-	15,220	-	-	15,250
Net loss for year	-	-	-	-	-	-	(16,902)	(16,902)
Balance, December 31, 2001	15,093,750	80	-	-	20,170	-	(16,937)	3,313
Net loss for year	-	-	-	-	-	-	(14,878)	(14,878)
Balance, December 31, 2002	15,093,750	80	-	-	20,170	-	(31,815)	(11,565)
Issuance of common stock for services:								
July 2003	2,125,000	11	-	-	424,989	-	-	425,000
August 2003	300,000	2	-	-	14,998	-	-	15,000
September 2003	1,000,000	5	-	-	49,995	-	-	50,000
October 2003	1,550,000	8	-	-	619,992	-	-	620,000
Issuance of common stock for licensing rights	14,000,000	74	-	-	2,099,926	-	-	2,100,000
Common stock issuable for licensing rights	-	-	2,000,000	11	299,989	-	-	300,000
Shares cancelled on September 30, 2003	(9,325,000)	(49)	-	-	49	-	-	-
Net loss for year	-	-	-	-	-	-	(3,662,745)	(3,662,745)

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Balance, December 31, 2003	24,743,750	131	2,000,000	11	3,530,108		(3,694,560)	(164,310)
Issuance of common stock for services:								
March 2004	1,652,300	9	-	-	991,371	-	-	991,380
May 2004	500,000	3	-	-	514,997	-	-	515,000
July 2004	159,756	1	-	-	119,694	-	-	119,695
August 2004	100,000	1	-	-	70,999	-	-	71,000
October 2004	732,400	4	-	-	479,996	-	-	480,000
November 2004	650,000	4	-	-	454,996	-	-	455,000
December 2004	255,000	1	-	-	164,425	-	-	164,426
Common stock issuable for AFGP license	-	-	1,000,000	5	709,995	-	-	710,000
Common stock issuable for Recaf License	-	-	400,000	2	223,998	-	-	224,000
Warrants granted (for 3,450,000 shares) for services, October 2004	-	-	-	-	1,716,253	-	-	1,716,253
Options granted for services, October 2004	-	-	-	-	212,734	-	-	212,734
Stock subscriptions receivable	-	-	1,800,000	10	329,990	(330,000)		-
Warrants exercised:								
August 2004	-	-	50,000	-	15,000	-	-	15,000
October 2004	-	-	600,000	3	134,997	-	-	135,000
December 2004	-	-	1,000,000	5	224,995	-	-	225,000
Options exercised, December 2004	-	-	100,000	1	29,999	-	-	30,000
Net loss for period	-	-	-	-	-	-	(6,368,030)	(6,368,030)
Balance, December 31, 2004	28,793,206	\$ 154	6,950,000	\$ 37	\$ 9,924,547	\$ (330,000)	\$(10,062,590)	\$(467,852)

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PROTOKINETIX, INCORPORATED
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Continued)

For the Period from December 23, 1999 (Date of Inception) to March 31, 2009

(Unaudited)

	Common Stock		Common Stock		Additional Paid-in Capital	Stock Subscriptions Receivable	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Issuable Shares	Amount				
Issuance of stock subscriptions receivable	-	\$-	-	\$-	\$-	\$ 240,000	\$-	\$240,000
Issuance of common stock for licensing rights	2,000,000	11	(2,000,000)	(11)	-	-	-	-
Issuance of stock for warrants exercised	2,050,000	10	(2,050,000)	(10)	-	-	-	-
Options exercised:								
February 2005	-	-	35,000	1	10,499	-	-	10,500
May 2005	200,000	1	-	-	59,999	-	-	60,000
Note payable conversion, February 2005	-	-	285,832	1	85,749	-	-	85,750
Issuance of common stock for Note payable conversion:								
April 2005	285,832	1	(285,832)	(1)	-	-	-	-
May 2005	353,090	2	-	-	105,925	-	-	105,927
Issuance of common stock for AFGP license	1,000,000	5	(1,000,000)	(5)	-	-	-	-
Issuance of common stock for stock subscriptions received	1,400,000	6	(1,400,000)	(6)	-	90,000	-	90,000
Issuance of stock for	135,000	2	(135,000)	(2)	-	-	-	-

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options exercised								
Issuance of common stock for services:								
April 2005	30,000	1	-	-	14,999	-	-	15,000
May 2005	3,075,000	15	-	-	3,320,985	-	-	3,321,000
June 2005	50,000	1	-	-	50,499	-	-	50,500
August 2005	(250,000)	(1)	-	-	(257,499)	-	-	(257,500)
August 2005	111,111	1	(92,593)	(1)	15,000	-	-	15,000
October 2005	36,233	1	(36,233)	(1)	-	-	-	-
November 2005	311,725	2	(245,000)	(1)	36,249	-	-	36,250
December 2005	1,220,000	8	-	-	756,392	-	-	756,400
Common stock issuable for services rendered:								
June 2005	-	-	200,000	1	149,999	-	-	150,000
August 2005	-	-	36,233	1	21,739	-	-	21,740
September 2005	-	-	125,000	1	74,999	-	-	75,000
September 2005 (Proteocell)	-	-	100,000	1	57,999	-	-	58,000
December 2005	-	-	120,968	1	74,999	-	-	75,000
Net loss for the year	-	-	-	-	-	-	(4,826,540)	(4,826,540)
Balance, December 31, 2005								
	40,801,197	\$220	608,375	\$6	\$14,503,079	\$-	\$(14,889,130)	\$(385,825)

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PROTOKINETIX, INCORPORATED
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Continued)

For the Period from December 23, 1999 (Date of Inception) to March 31, 2009
(Unaudited)

	Common Stock		Common Stock		Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount				
February 2006 private placement (issued June 2006)	900,000	\$5	-	\$-	\$352,142	\$ -	\$-	\$352,147
Warrants granted from private placement (450,000)	-	-	-	-	97,853	-	-	97,853
Issuance of common stock for Note payable conversion	529,279	3	-	-	158,780	-	-	158,783
Issuance of common stock for services:								
February/March 2006 services	-	-	20,000	1	10,499	-	-	10,500
March 2006	166,359	1	(108,375)	(1)	36,750	-	-	36,750
April 2006	(1,200,000)	(6)	-	-	6	-	-	-
May 2006	1,266,278	7	(70,000)	(1)	792,750	-	-	792,756
June 2006	27,056	-	1,200,000	6	718,244	-	-	718,250
July 2006	1,200,000	6	(1,200,000)	(6)	-	-	-	-
August 2006	100,000	1	-	-	64,999	-	-	65,000
September 2006	369,984	2	(50,000)	-	209,998	-	-	210,000
November 2006	100,000	1	-	-	48,999	-	-	49,000
December 2006	7,000	-	-	-	3,010	-	-	3,010
Warrants issued (for 700,000 shares) for services	-	-	-	-	58,658	-	-	58,658
Net loss for the period	-	-	-	-	-	-	(1,967,633)	(1,967,633)
Balance, December 31, 2006	44,267,153	240	400,000	5	17,055,767	-	(16,856,763)	199,249
Issuance of common stock for								

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services:								
January 1007	218,834	1	-	-	119,999	-	-	120,000
March 2007	104,652	1	-	-	44,999	-	-	45,000
April 2007	187,500	1	-	-	74,999	-	-	75,000
June 2007	112,500	1	-	-	44,999	-	-	45,000
July 2007	291,812	2	-	-	112,998	-	-	113,000
August 2007	860,000	5	-	-	257,995	-	-	258,000
September 2007	1,516,275	8	-	-	457,492	-	-	457,500
October 2007	250,000	1	-	-	37,499	-	-	37,500
December 2007	535,716	1	-	-	74,999	-	-	75,000
Warrants issued for services	-	-	-	-	825,476	-	-	825,476
Cancellation of issuable stock for Recaf License	-	-	(400,000)	(5)	-	-	-	(5)
Warrant exercised – December 2007	100,000	1	-	-	43,999	-	-	44,000
Issuable common stock from Private Placement	-	-	1,190,000	6	172,494	-	-	175,500
Net loss for the year	-	-	-	-	-	-	(2,728,269)	(2,728,269)
Balance, December 31, 2007	48,444,442	\$262	1,190,000	\$6	\$19,323,715	\$ -	\$(19,585,032)	\$(261,049)

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PROTOKINETIX, INCORPORATED
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Continued)

For the Period from December 23, 1999 (Date of Inception) to March 31, 2009
(Unaudited)

	Common Stock		Common Stock		Additional Paid-in Capital	Stock Subscription Receivable	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Issuable Shares	Amount				
I s s u a n c e o f								
common stock for								
services:								
March 2008	369,346	\$2	-	\$-	\$133,867	\$ -	\$-	\$133,869
May 2008	395,170	2	-	-	137,723	-	-	137,725
July 2008	2,405,170	13	-	-	577,226	-	-	577,239
September 2008	186,430	1	-	-	42,878	-	-	42,879
October 2008	250,000	1	-	-	49,999	-	-	50,000
November 2008	1,018,375	5	-	-	153,495	-	-	153,500
I s s u a n c e o f								
common stock for								
proceeds of								
\$50,000 received								
in 2007								
	173,000	1	-	-	(1)	-	-	-
S t o c k - b a s e d								
compensation								
expense related to								
non-employee								
stock options								
	-	-	-	-	82,214	-	-	82,214
W a r r a n t s								
exercised:								
September 2008	170,000	1	-	-	25,499	-	-	25,500
November 2008	100,000	1	-	-	14,999	-	-	12,314
December 2008	170,000	1	-	-	25,499	-	-	25,500
I s s u a n c e o f								
common stock								
from Private								
Placement								
	3,400,000	18	(1,190,000)	(6)	337,488	-	-	337,500
I s s u a b l e c o m m o n								
stock to Directors								
	-	-	600,000	3	95,997	-	-	96,000
	-	-	-	-	-	-	(1,550,818)	(1,550,818)

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Net loss for the year								
Balance, December 31, 2008	57,081,933	308	600,000	3	20,997,912	-	(21,135,850)	(137,627)
Warrant payment adjustment	-	-	-	-	2,686	-	-	2,686
Net loss for the period	-	-	-	-	-	-	(128,886)	(128,886)
Balance, March 31, 2009	57,081,933	\$ 308	600,000	\$ 3	\$ 21,000,598	-	\$(21,264,736)	\$(263,827)

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PROTOKINETIX, INCORPORATED
STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2009 and 2008, and for the Period from
December 23, 1999 (Date of Inception) to March 31, 2009
(Unaudited)

	2009	2008	Cumulative During the Development Stage
Cash Flows from Operating Activities			
Net loss for year	\$ (128,886)	\$ (338,774)	\$ (21,264,736)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation expense	-	255	3,388
Issuance of common stock for services and expenses	-	115,000	16,037,503
Warrants issued for consulting services	-	-	2,602,833
Stock options issued for consulting services	-	-	222,817
Changes in operating assets and liabilities			
Prepaid expenses	57,597	66,500	57,597
Accounts payable	36,892	(7,646)	115,241
Net cash used in operating activities	(34,397)	(164,665)	(2,225,357)
Cash Flows from Investing Activities			
Purchase of computer equipment	-	-	(3,388)
Net cash used in investing activities	-	-	(3,388)
Cash Flows from Financing Activities			
Short-term loan	20,500	-	37,000
Warrants exercised	2,686	-	815,000
Stock options exercised	-	-	100,500
Issuance of common stock for cash	-	337,500	980,250
Loan proceeds	-	-	300,000
Net cash provided by financing activities	23,186	337,500	2,232,750
Net change in cash	(11,211)	172,835	4,005
Cash, beginning of period	15,216	37,350	
Cash, end of period	\$ 4,005	\$ 210,185	\$ 4,005
Cash paid for interest	\$ -	\$ 6,000	