

RJV NETWORK INC
Form 10KSB
April 14, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10K-SB

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2003.

Transitional Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File No. 0-32917

PROTOKINETIX, INC.
Formerly known as RJV Networks, Inc.
(Name of small business issuer in its charter)
a development stage business

Nevada
(State or other Jurisdiction
of Incorporation or Organization)

94-3355026
(IRS Employer
Identification Number)

Suite 1500-885 West Georgia Street
Vancouver, British Columbia Canada
(Address of Principal Executive Offices)

V6C 3E8
(Zip Code)

Issuer's Telephone No.: (604) 687-9887

Securities registered under
Section 12(g) of the Act:

None

Securities to be registered under
Section 12(g) of the Act:

None

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. .

Issuer's revenues for its most recent fiscal year: None.

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State the aggregate market value of the voting stock held by non-affiliates, computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days: As of April 8, 2004, \$18,267,037.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of April 8, 2004, there were 26,396,050 shares of the Company's common stock issued and outstanding. Documents Incorporated by Reference: None

Transitional Small Business Disclosure Format: Yes [X] No [].

This Form 10-KSB consists of 33 Pages.

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FORM 10-KSB ANNUAL REPORT

PROTOKINETIX, INC.

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Part I.

Any forward looking statements contained herein involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievement expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "intend," "expects," "plan," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements.

Item 1.

Description of the Business

Important Disclosures and Disclaimers . Please note that ProtoKinetix (the "Company") is a development stage company that has not yet sold or marketed any products. The Company had no revenues for the year ended December 31, 2003.

It is important to understand that although the Company (as is discussed below) is focused on various efforts related to the use of antibodies and superantibodies in order to identify and treat malignancies, to date, there has been no development of any product (antibodies or superantibodies) by the Company. Although the Company is continuing to conduct research based on the above referred to and below stated theses, such successful research and development and the ultimate commercialization of a viable product may never occur, and there can be no certainty that any such antibodies will be developed by the Company. Further, even if a product or antibody or superantibody is developed, the desired results for which it was originally intended may not be achieved.

The core of the Company's thesis regarding it's research and development efforts is that there is a protein receptor site (hereinafter referred to as "RECAF") common to many malignant or cancerous cells. The Company has a license from Biocurex, Inc. to develop superantibody therapies for the RECAF receptor site. As of the date of this report, the Company is engaged in efforts to validate the existence of the RECAF receptor site. However, the Company's efforts to validate the existence of the RECAF receptor site may fail and no such site may be located. If this is the case, the complete foundation of the Company's efforts may be undermined.

The Company faces exposure to fluctuations in the price of our common stock due to the very limited cash resources we have. For example, the Company has very limited resources to pay legal and accounting professionals. If we are unable to pay a legal or accounting professional in order to perform various professional services for the Company, it may be difficult, if not impossible, for the Company to maintain its reporting status as a public company. If the Company felt that it was likely that it would not be able to maintain its reporting status, it would make a disclosure by filing a Form 8-K with the SEC. In any case, if the Company was not able to maintain its reporting status, it would become "delisted" and this could potentially cause an investor or an existing shareholder to lose all or part of his investment.

ProtoKinetix's Mission . The Company's mission is to develop a new generation of medicines and diagnostics for the treatment of malignancies. The Company is focused on the anti-cancer applications of certain enhanced monoclonal antibodies, termed "superantibodies," that may improve medicinal and treatment potencies and increase sensitivity in use as diagnostics. ProtoKinetix hopes to leverage technology to create new antibodies and diagnostic assays that will be able to be used to treat and detect certain cancers.

In particular, ProtoKinetix will attempt to create a superantibody that will attach to RECAF molecules. The RECAF molecules with the superantibody attached are theoretically expected to then attach to cancer cells, with minimal or no harm to non-cancerous cells, so that the superantibody can destroy the cancer cells.

ProtoKinetix Inc. is a biotechnology research and development company focused on the application of superantibody-based products for the treatment and diagnosis of certain cancers.

The ProtoKinetix business plan is based primarily on the furtherance of certain intellectual property rights obtained by way of "sub-licenses" of technology from other companies. At present, the Company has no product or products, and has received no patents or FDA approval for any product or diagnostic procedures.

The Company has no employees. Instead, the Company is heavily reliant on the efforts of a number of independent consultants who engage in the Company's research and development efforts from discrete and established laboratories in various parts of the world.

Definitions of the terms used above are as follows :

"SuperAntibody" . This is an industry-adopted term used to describe genetically-engineered antibodies, isolated from a single blood cell, which have been expanded in the laboratory to attack or have a desired effect on certain targeted antigens, such as cancer cells.

"RECAF" or Receptor Alpha Fetaprotein . This is a carbohydrate molecule that is located on the surface of cancer cells.

"Receptor" . A structure exposed on the cell surface used for signaling or transport of molecules into the cell.

Subsequent Financing Events :

On February 1, 2004, when the Company common stock had a closing price of USD \$.44, the Company entered into a financing arrangement (the "Financing") and executed and delivered a 12 month, 8% convertible note (the "Note") to Thunderbird Global Corporation ("Thunderbird").

The Note was delivered in consideration of Thunderbird's investment of USD \$315,000.00. The holder of the Note is able to convert all or part of the Note into shares of the Company's common stock at the lesser of (i) \$.30, or (ii) 70% of the average of the three lowest trading prices for the Company's common stock for the 30 days preceding the date on which a notice of conversion is delivered.

None of the common shares underlying the Note have been registered; however, the Company is obligated to make certain efforts to register these Note shares.

Government Regulations

We are not subject to any extraordinary governmental regulations. This may change in the future if we acquire or merge with a company that is subject to such regulations.

Item 2. Description of the Property .

The Company does not own any real property. The Company is not currently paying a rental fee where it is located.

Item 3. Legal Proceedings .

There are currently no legal matters pending.

Item 4. Submission of Matters to a Vote of Security Holders .

A shareholder meeting was not held during fiscal year 2003.

PART II.

Item 5. Market for Common Equity and Related Stockholder Matters.

The Company's Common Stock is quoted on the over-the-counter market and quoted on the National Association of Securities Dealers Electronic Bulletin Board ("OTC Bulletin Board") under the symbol "PKTX". The high and low bid prices for the Common Stock, as reported by the National Quotation Bureau, Inc., are indicated for the periods described below. Such prices are inter-dealer prices without retail markups, markdowns or commissions, and may not necessarily represent actual transactions.

2002	Low	High
As of March 31, 2003	\$ N/A	N/A
As of June 30, 2003	1.25	2.15
As of September 30, 2003	1.40	1.95
As of December 31, 2003	.12	1.60

2003	Low	High
As of March 31, 2003	\$.10	.65
As of June 30, 2003	.08	.24
As of September 30, 2003	.11	.22
As of December 31, 2003	.09	.72

To date, the Company has not declared or paid dividends on its Common Stock.

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As of April 10, 2004, there were approximately 39 shareholders of record of the company's Common Stock.

Sales of Unregistered Stock

As of April 10, 2004, the Company had 26,396,050 shares issued and outstanding.

General . During the year ended December 31, 2003, the Company issued a total of 14,000,000 shares, which were related to the Company's licensure assignment and asset acquisition as reported in a Form 8K on July 7, 2003 (See SEC File Number 000-32917 and Film Number 03777407).

In reliance on an exception available under the Securities Act of 1933 including unregistered sales made pursuant to Section 4(2) of the Securities Act of 1933, the Company issued securities as follows:

- On October 30, 2003 the Company issued 14,000,000 shares to various parties related to the Company's acquisition of the assets reported on the aforementioned Form 8K.

Item 6. Management's Discussion and Analysis or Plan of Operation.

The following discussion should be read in conjunction with our audited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or our behalf. We disclaim any obligation to update forward looking statements.

Critical Accounting Policies . Our critical and significant accounting policies, including the assumptions and judgments underlying them, are disclosed in the Notes to the Financial Statements. These policies have been consistently applied in all material respects and address such matters as revenue recognition and depreciation methods. The preparation of the financial statements in conformity with generally accepted accounting principles in the United States 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 the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

OVERVIEW

ProtoKinetix Inc. is a biotechnology research and development company focused on the application of superantibody-based products for the treatment and diagnosis of certain cancers.

The ProtoKinetix business plan is based primarily on the furtherance of certain intellectual property rights obtained by way of "sub-licenses" of technology from other companies. At present, the Company has no product or products, and has received no patents or FDA approval for any product or diagnostic procedures.

The company currently has no employees, nor does it own any laboratory facilities. The Company instead, has opted to conduct its operational research and development efforts by associating itself with and contracting with scientists from all over the world who have access to laboratory facilities, and who are able to engage in efforts at these facilities which further the Company's mission.

The core and the foundation of the Company's mission and research and development thesis is that an alpha fetaprotein receptor site exists on some, if not many, malignant cancer cells. This site is called the RECAF site (as if defined above).

It is important to have a basic idea of what the Company's research thesis is. However, one must understand and appreciate that cancer is extremely complicated disease and that the research and development of therapies for cancer are extremely risky. There are hundreds, if not thousands of companies around the world conducting research on cancer therapies. Many of these companies are better funded, much larger and relative to the company, they are far better positioned to take advantage of the financial and intellectual property resources they possess.

The following is a simple explanation of the Company's research and development thesis :

The RECAF is a site which the Company believes exists on many cancer cells. Think of the RECAF site as a "lock on a door". Cancer cells by their very nature are antigens or foreign invaders to the way the body functions normally. The body has cells which create what are called antibodies. Antibodies are the way in which the human body attacks antigens and to cause them to die. The problem with cancer cells is that in an effort to destroy the cancer cell, it is difficult for an antibody to gain access to and bind to a cancer cell. The Company believes that should the RECAF receptor site exist, it will be able to design a superantibody (or enhanced daisy chain antibody) which will bind to the RECAF receptor site (like a key going into the lock of the door) and destroy the cancer cell.

With respect to the RECAF receptor site, on November 22, 2002, BioKinetix, Inc. entered into an agreement with BioCurex, Inc. which provided BioKinetix with exclusive world wide certain intellectual property rights to produce a therapy using superantibodies for the RECAF receptor site. On July 2, 2003, BioCurex assented to the assignment of all of BioKinetix's rights to the Company. On March 18, 2004, in consideration of 400,000 Company common shares, BioCurex executed a letter agreement ("BioCurex Letter Agreement") with the Company which made the "effective date" of the November 22, 2002 agreement - March 14, 2004. Additionally, the BioCurex Letter Agreement provided the Company with additional intellectual property rights with respect to the RECAF receptor site.

Antibody and Superantibody Development . In terms of creating an antibody, the Company's efforts are being led by Professor Max Arella (please see the Company's press release dated September 4, 2003). Once an antibody is created, it must be enhanced or converted into a superantibody. In order to create a superantibody, the Company has acquired access to various technologies from (a) Innexus Corporation; and (b) Perigene Corporation.

On November 22, 2002, a BioKinetix, Inc., a research and development subsidiary of Begland Corporation, entered into an agreement with Innexus Corporation which provided BioKinetix with certain intellectual property rights to develop up to four (4) antibodies into superantibodies using the related Innexus Corporation technology. On July 3, 2003, Innexus Corporation assented to an assignment of all of BioKinetix's rights under the November 22, 2002 agreement to the Company.

On December 3, 2003, Perigene Corporation entered into an agreement with the Company whereby the Company had the right to access various Perigene intellectual property resources in order to create superantibodies.

As is discussed above, the very existence of the RECAF has yet to be determined. Both BioCurex and the Company have entered into agreement with research institutions in order to prove that a RECAF does in fact exist on some, if not many malignant cancer cells. Of course, should the RCAF not exist, the consequences to the Company and its current research efforts could be catastrophic.

Selling, General and Administrative . SG&A expenses arose primarily from professional and consulting fees. We incurred professional fees relating to costs associated with our being a reporting company under the Securities Exchange Act of 1934, as amended. As a result, we incurred a net loss of \$1,528,995 during the twelve month period ended December 31, 2003 (approximately \$.05 per share).

Plan of Operation . Our current operations are centered around the Company's relationships with various research and development consultants who are conducting research on behalf of the company at discrete and established laboratories in various parts of the world. The Company intends to continue these efforts throughout 2004.

Subsequent Financing Event .

On February 1, 2004, when the Company common stock had a closing price of USD \$.44, the Company entered into a financing arrangement (the "Financing") and executed and delivered a 12 month, 8% convertible note (the "Note") to Thunderbird Global Corporation ("Thunderbird").

The Note was delivered in consideration of Thunderbird's investment of USD \$315,000.00. The holder of the Note is able to convert all or part of the Note into shares of the Company's common stock at the lesser of (i) \$.30, or (ii) 70% of the average of the three lowest trading prices for the Company's common stock for the 30 days preceding the date on which a notice of conversion is delivered.

None of the common shares underlying the Note have been registered; however, the Company is obligated to make certain efforts to register these Note shares.

Sales and Marketing . The Company is currently not selling or marketing any products.

Liquidity and Capital Resources . At December 31, 2003, we had \$104 in cash and total current assets of \$2,400,104. As of the date of this report, we require additional capital investments or borrowed funds to meet cash flow projections and carry forward our business objectives. There can be no assurance that we will be able to raise capital from outside sources in sufficient amounts to fund our new business.

The failure to secure adequate outside funding would have an adverse affect on our plan of operation and results therefrom and a corresponding negative impact on shareholder liquidity.

Inflation . Although management expects that our operations will be influenced by general economic conditions, we do not believe that inflation had a material effect on our results of operations during the year ending December 31, 2003.

E. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The history of losses and the inability for the Company to make a profit from selling a good or service has raised substantial doubt about our ability to continue as a going concern.

In spite of the fact that the current cash obligations of the Company are relatively minimal, given the cash position of the Company, we have very little cash to operate .

We intend to fund the Company and attempt to meet corporate obligations by selling common stock. However the Company's common stock is at a low price and is not actively traded.

F. Results of Operations for the Year Ended December 31, 2003 as Compared to December 31, 2002

1. Net Revenue . There was \$0 revenue in 2003, and there was \$0 in revenue for 2002.
2. Net Loss From Operations . There was \$1,517,344 gross loss from operations for 2003 and a gross loss from operations of \$0 for 2002.
3. Operating Expenses . Operating expenses were \$1,517,344. These monies were paid for professional fees, consulting services related to the operations of the Company's business and other general and administrative expenses.

Item 6A. Quantitative and Qualitative Disclosures About Market Risk

We face exposure to fluctuations in the price of our common stock due to the very limited cash resources we have. For example, the Company has very limited resources to pay legal and accounting professionals. If we are unable to pay a legal or accounting professional in order to perform various professional services for the company, it may be difficult, if not impossible, for the Company to maintain its reporting status under the '34 Exchange Act. If the Company felt that it was likely that it would not be able to maintain its reporting status, it would make a disclosure by filing a Form 8-K with the SEC. In any case, if the Company was not able to maintain its reporting status, it would become "delisted" and this would potentially cause an investor or an existing shareholder to lose all or part of his investment.

Item 7. Financial Statements.

Index to ProtoKinetix, Inc.
(A Development Stage Company)
Financial Statements December 31, 2003

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
and Shareholders
ProtoKinetix, Incorporated

We have audited the accompanying balance sheet of ProtoKinetix, Incorporated (a development stage company) as of December 31, 2003, and the related statements of operations, shareholders' equity, and cash flows for the years ended December 31, 2003 and 2002, and for the period from December 23, 1999 (date of inception) to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ProtoKinetix, Incorporated (a development stage company) as of December 31, 2003, and the results of its operations and its cash flows for the years ended December 31, 2003 and 2002, and for the period from December 23, 1999 (date of inception) to December 31, 2003, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not developed a commercially viable product and, therefore, has not been able to generate any revenues to date and as a result has an accumulated deficit of \$1,560,810 at December 31, 2003. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

April 2, 2004

PROTOKINETIX , INCORPORATED
(A Development Stage Company)
BALANCE SHEET
December 31, 2003

ASSETS

Current Asset

Cash	\$ 104
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Intangible Asset	2,400,000
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\$ 2,400,104

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Due to outside management consultants	\$ 122,866
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Accounts payable	41,548
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Total current liabilities	164,414
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