ProtoKinetix, Inc.
Form 10QSB
May 15, 2007

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

FORM 10-QSB

[**X**] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

[ ] 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	**94-3355026**
(State or other jurisdiction of incorporation or organization)	(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**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 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 **X** No ___

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

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:

44,778,139 common shares outstanding, $0.0000053 par value, at May 14, 2007.

Transitional Small Business Disclosure Format: Yes __ No **X**

PART I

ITEM 1. FINANCIAL STATEMENTS

In accordance with Item 310 of Regulation S-B, our Financial Statements and Explanatory Notes are attached on the “F” pages at the end of this Report.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The below discussion is furnished in accordance with Item 303 of Regulation S-B.

FORWARD-LOOKING STATEMENTS

This discussion and analysis in this Quarterly Report on Form 10-QSB should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. We review our estimates and assumptions on an on-going basis. Our estimates are based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments, are outlined below in ‘‘Critical Accounting Policies,’’ and have not changed significantly.

In addition, certain statements made in this report may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Specifically, but not limited to, 1) our ability to obtain necessary regulatory approvals for our products; and 2) our ability to increase revenues and operating income, is dependent upon our ability to develop and sell our products, general economic conditions, and other factors. You can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. We base these forward-looking statements on our expectations and projections about future events, which we derive from the information currently available to us. Such forward-looking statements relate to future events or our future performance. 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. Forward-looking statements are only predictions. The forward-looking events discussed in this Quarterly Report, the documents to which we refer you, and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties, and assumptions about us. For these statements, we claim the protection of the “bespeaks caution” doctrine. The forward-looking statements speak only as of the date hereof, and we expressly disclaim any obligation to publicly release the results of any revisions to these forward-looking statements to reflect events or circumstances

after the date of this filing.

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. The accounting treatment of a particular transaction is specifically dictated by accounting principles, generally accepted in the United States of America, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any viable alternative would not produce a materially different result. See our audited financial statements and notes thereto which contain accounting policies and other disclosures required by accounting principles, generally accepted in the United States of America.

Overview

We are a biotechnical company headquartered in Vancouver, British Columbia that owns the world-wide rights to a family of synthetic anti-freeze glycoproteins (trademarked by us as AAGP™). We are dedicated to the commercial development of AAGP™ for use in human and veterinary medicine, food additives and supplements, and the biotechnology and cosmetic industry. We are making rapid and meaningful progress in this domain by coordinating a team of world recognized intellectual talent in a networked environment. This team has been able to use previously published research on native antifreeze proteins and antifreeze glycoproteins as a guide to the expansion and development of markets for this valuable family of molecules.

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, we have engaged the patent law firm of Cabinet-Moutard of Versaille, France, and have filed a number of international patent applications. These patent applications include:

WO 2004/014928 A2 (19 February 2004)
PCT Int. Appl. (2006), 87 pp. WO2006059227 A1 20060608 AN 2006:538719
Patent application: Fr 03 May 2006, 06 03952

Consistent with our agreements with the licensors of various technologies we license, we have no finished commercial product or products, and have received no final patents awards or FDA approvals for any product or diagnostic procedures. We are focused on the research and development of one primary compound known as AFGP, which we have filed a trademark application for.

Employees

We currently have no full time employees. We operate with a skeletal management team headed by Dr. John Todd, M.D. In addition to Dr. Todd, we receive advice and counsel from our Scientific Advisory Board.

Our Main Project

We are currently developing and testing synthetic antifreeze glycoproteins (AFGP). We have entered into agreements which give the exclusive right to develop products derived from patent pending technologies related to synthetic AFGPs. Our intellectual property rights were developed by Dr. Geraldine Castelot-Deliencourt.

Background on our AFGP Project

One of many accomplishments from pioneering research of the U.S. Antarctic Program was the discovery, in the early sixties, that fish living year-long in subzero temperature are extremely resistant to freezing. The substances that prevent these fish from freezing were isolated, characterized and designated as antifreeze glycoproteins or AFGP. Over the years, various kinds of AFGP were isolated from many species of fishes, and in some amphibians, plants and insects. All of the AFGPs share a common characteristic that prevents ice crystals from growing and connecting to each other. There has also been research done on the membrane stabilizing characteristics of native AFGP.

A review of the scientific literature will confirm that there has been a great deal of interest around the world in these natural antifreeze glycoproteins which are able to protect a great many creatures which are subjected to freezing temperatures. A further review will also confirm that the natural antifreeze is able to preserve mammalian cells tissue and organs. The metabolic rate in living cells is reduced as the temperature is lowered. Keeping cells and tissue at a low temperature enables their preservation for a longer time than cells can be preserved for at a higher temperature. Yet, when cells are exposed to sub zero temperatures, they are destroyed by the formation of ice crystals which disrupts the cell membrane.

Scientists have conducted many experiments in which they extracted naturally occurring AFGP from a variety of fish and then used these naturally occurring antifreeze glycoproteins to reduce the temperature at which ice crystals are formed. It has been determined in experiments by many scientists that mammalian cells in a solution containing natural AFGP could be successfully preserved at temperatures several degrees below zero Celsius. At this temperature the metabolic rate of the cells is very low, and these cells can be preserved for a longer period of time at sub zero temperatures as long as the cells are not destroyed by the formation of ice crystals. However, until today, applications of AFGP were limited since researchers were unable to produce sufficient quantities or stable enough copies of these antifreeze glycoproteins for commercial applications, and the use of naturally occurring compounds extracted from fish is too labor and cost-intensive to be practical.

Sugar based molecules have long been known to be biologically active. Yet, the oxygen-glycosidic link is readily cleaved by glycosidases, resulting in a low bio-availability of these glycoconjugate based molecules. Dr. Geraldine Castelot-Deliencourt, along with Dr. Jean-Charles Quirion at the Research Institute of Organic Chemistry in Rouen, France, has developed a patented process to stabilize the oxygen-glycosidic bond in these sugar based molecules. This patented process replaces the weaker oxygen bond with a C-F2 mimetic. The resultant molecules are biologically active, are stable over a pH range of 2 to 13, and are not broken down by glycosidases. It is by using this patented process that the active repeating segment of native antifreeze glycoproteins has been synthesized to produce the synthetic antifreeze glycoprotein molecules (AAGP™). Protokinetix Inc. has produced and tested a variety of the molecules from the family of AAGP™ molecules. The experimental work which we have conducted confirms the following:

- The molecules are stable over a pH of 1.8 to 13
- There is no toxicity demonstrated in 2 separate trials
- There is excellent preservative effect upon cells, protecting them from harsh environmental stimuli. This was confirmed using Ultraviolet C radiation and 1 molar solution of Hydrogen Peroxide
- There is no interference with cell growth rate
- Cells appear morphologically normal in the presence of AAGP™
- Cells function normally in the presence of AAGP™
- There is a reduced COX-2 induction following an inflammatory stimulus (Interleukin 1-B). The IL1-B/COX2 pathways is a well known pathway involved in many pathologies.
- There is strong evidence to show that AAGP™ is involved in cellular repair at the molecular level
- AAGP™ has been shown to enhance cell viability after cryopreservation

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Cells live significantly longer in the presence of AAGP™ over a temperature range of minus 3 degrees C to plus 37 degrees C

· AAGP enables the preservation of Platelets at minus 3 degrees C.

We are continuing our research to determine additional characteristics of AAGP™ as well as the mechanism of action of this very interesting and valuable family of molecules. The work is being conducted not only through our contracted researchers but also through a number of universities. The results of our work to date suggest that AAGP™ may have a very large market in the following areas:

1. Skin Care
a. Anti-aging
b. Reparative
c. Protective
d. Solar Block

2. Cell culture protection
a. Short term preservation
b. Cryopreservation

3. Organ Preservation for Transplantation
a. Cells - Islet cell transplantation
b. Solid organ

4. Tissue preservation
a. Cardioplegic solution additive
b. Tissue damage reduction following CVA and MI
c. Tissue protection following trauma and ischemia secondary to edema

5. Blood and blood product preservation
a. Platelet storage
b. Long term storage of packed red cells

Intellectual Property

As of the date of this Report, our development agents, including the parties we have licensed AFGP technologies from, have applied to receive patents for technologies we have licensed and continue to primarily base our research efforts on. At present, we have engaged the patent law firm of Cabinet-Moutard of Versaille, France, and have filed a number of international patent applications. These patent applications include:

WO 2004/014928 A2 (19 February 2004)
PCT Int. Appl. (2006), 87 pp. WO2006059227 A1 20060608 AN 2006:538719
Patent application: Fr 03 May 2006, 06 03952

Consistent with our agreements with the licensors of various technologies we license, we have no finished commercial product or products, and have received no final patents awards or FDA approvals for any product or diagnostic procedures. We are focused on the research and development of one primary compound known as AFGP, which we have filed a trademark application for.

Subject to our available financial resources, our intellectual property strategy is: (1) to pursue licenses, trade secrets, and know-how within our primary research areas, and (2) to develop and acquire proprietary positions to reagents and new platforms for the development of products related to these technologies.

Trade Secrets and Know-How

We believe that even if our intellectual property position is ultimately diminished as a result of our development agents and licensors to receive patent protection for the licenses ProtoKinetix has contracted to access, we have developed a substantial body of trade secrets and know-how relating to the development of AAGP™, including but not limited to the optimization of materials for efforts, and how to maximize sensitivity, speed-to-result, specificity, stability and reproducibility.

Competition

The markets that we are attempting to enter are multi-billion dollar international industries. They are intensely competitive. Many of our competitors (from every perspective) are substantially larger and have greater financial, research, manufacturing, and marketing resources.

Industry competition in general is based on the following:

- Scientific and technological capability;
- Proprietary know-how;
- The ability to develop and market products and processes;
- The ability to obtain FDA or other required regulatory approvals;
- The ability to manufacture products that meet applicable FDA requirements, (i.e. FDA's Quality System Regulations) see Governmental Regulation section;
- Access to adequate capital;
- The ability to attract and retain qualified personnel; and
- The availability of patent protection.

We believe our scientific and technological capabilities are significant. Some of the results of our research are available at our website located at www.protokinetix.com.

Our ability to develop our research is in large measure dependent on our having additional resources and/or collaborative relationships, particularly where we can have our product development efforts funded on a project or milestone basis. We believe that our know-how with our AFGP project, in spite of not yet receiving any patent protected rights, has been instrumental in our obtaining the collaborations we have developed.

Although there is no such immediate need to make any regulatory filing in the United States or abroad, you should be aware that we have limited experience with regard to obtaining FDA or other required regulatory approvals, and no experience with obtaining pre-marketing approval of a biologic product. For this reason, should our research efforts continue to show promise, we will likely need to hire consultants to assist us with such governmental regulations.

Our access to capital is more challenging, relative to most of our competitors. This is a competitive disadvantage. We believe, however, that our access to capital may increase as we get closer to the development of a commercially viable product.

To date, we believe our research has enabled us to attract and retain qualified consultants. Because of the greater financial resources of many of our competitors, we may not be able to complete effectively for the same individuals to the extent that a competitor uses its substantial resources to attract any such individuals.

As is discussed above, with respect to the availability of patent protection, we do not have our own portfolio of patents or the financial resources to develop and/or acquire a portfolio of patents similar to those of our larger competitors. We have been able to obtain access to patent-pending technology by entering into licensing arrangements. However,

there can be no certainty that any of the patent-pending technologies we have licensed will ever receive final approval by any patent office.

Plan of Operation

Our current operations are centered around our relationships with various research and development consultants who are conducting research on our behalf at discrete and established laboratories in various parts of the world. We intend to continue these efforts for the next 12 months and believe, that due to our relatively minimal cash obligations, that we can satisfy our cash requirements during this period. We intend to help meet our corporate obligations by selling our common stock. However our common stock is at a low price and is not actively traded.

Sales and Marketing

We are not currently selling or marketing any products.

Expenses

Expenses for the three month period ending March 31, 2007 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. We also incurred consulting fees which contributed to a net loss of $286,365 during the three month period ended March 31, 2007.

Liquidity and Capital Resources

At March 31, 2007, we had $126,160 in cash and $510,151 in total current assets. As of the date of this report, we do not believe that we require additional capital investments or borrowed funds to meet cash flow projections and carry forward our business objectives. In the event that we need to raise additional capital, 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 for the period ending March 31, 2007.

Going Concern

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

Results of Operations for the Period Ending March 31, 2007

We had $0 in net revenues for the period ending March 31, 2007.

We sustained a $286,365 loss from continuing operations for the three month period ending March 31, 2007.

Operating expenses were $286,365 for the three month period ending March 31, 2007. These expenses were primarily incurred for professional fees, consulting services related to the operations of the Company's business, specifically,

research and development related expenses, and other general and administrative expenses.

ITEM 3. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (“Exchange Act”) we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2007, being the date of our most recently completed fiscal quarter. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to them to allow timely decisions regarding required disclosure.

During our most recently completed quarter ended March 31, 2007, there were no changes in our internal control over financial reporting that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

We are not party to any legal proceedings and to our knowledge, no such proceedings are threatened or contemplated against us.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 2, 2007, we issued 84,906 shares of our common stock registered on Form S-8 to outside consultants in connection with a consultant agreement.

On January 8, 2007, we issued 66,964 restricted shares of our common stock to outside consultants in connection with a consulting agreement.

On January 8, 2007, we issued 66,964 shares of our common stock to registered on Form S-8 to outside consultant in connection with consulting agreements.

On March 20, 2007, we issued 104,652 shares of our common stock registered on Form S-8 to outside consultants in connection with a consultant agreements.

On April 16, 2007, we issued 93,750 restricted shares of our common stock to outside consultants in connection with a consulting agreement.

On April 16, 2007, we issued 93,750 shares of our common stock to registered on Form S-8 to outside consultant in connection with consulting agreements.

Pursuant to Item 3.02 of Form 8-K, because the Company is a small business issuer and all of the above issuances, in the aggregate, equal less than 5% of the number of common shares issued and outstanding (based on the number of issued and outstanding shares identified in the Company's last periodic report), these sales were not reported in a Form 8-K.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to our security holders for a vote during our first quarter ended March 31, 2007.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Ex. #	Description

3(i).1	Certificate of Incorporation filed as an exhibit to the Company's registration statement on Form 10SB/A filed on July 24, 2001 and incorporated herein by reference.
3(ii).1	By-Laws filed as an exhibit to the Company's registration statement on Form 10SB/A filed on July 24, 2001 and incorporated herein by reference.
14.1	ProtoKinetix, Inc. Code of Ethics filed as an exhibit to our annual report on Form 10-KSB filed on April 13, 2006.
31.1	Rule 13a-12(a)/15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

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

Protokinetix, Inc.

/s/ Dr. John Todd

_____

By: Dr. John Todd
Its: President, CEO and CFO

In accordance with the requirements of 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.

Signatures	Title	Date
/s/Dr. John Todd Dr. John Todd	Chief Executive Officer, President, Chief Financial Officer and Chairman Of The Board	May 15, 2007

PROTOKINETIX, INC.

FINANCIAL STATEMENTS

MARCH 31, 2007

(UNAUDITED)

PROTOKINETIX, INC.
(A Development Stage Company)
BALANCE SHEET
March 31, 2007
(Unaudited)

ASSETS

Current Asset	
Cash	$ 126,160
Accounts receivable	6,391
Prepaid expenses	377,600
	510,151
Computer equipment, net	1,189
	$ 511,340

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Due to outside management consultants	$ 306,892
Accounts payable	82,564
Advance payable	44,000
Total current liabilities	433,456
Stockholders' Equity	
Common stock, $.0000053 par value; 100,000,000 common shares authorized; 44,590,639 shares issued and outstanding	242
Common stock issuable; 400,000 shares	5
Additional paid-in capital	17,220,765
Deficit accumulated during the development stage	(17,143,128)
	77,884
	$ 511,340

See Notes to Financial Statements

PROTOKINETIX, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2007 and 2006, and for the Period from December 23, 1999 (Date of Inception) to March 31, 2007
(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Cumulative During the Development Stage
Revenues	$ -	$ -	$ 2,000
General and administrative expenses			
Licenses			3,379,756
Professional fees	82,000	102,025	2,894,788
Consulting fees	110,000	31,500	9,343,803
Research and development	60,000	37,063	860,891
General and administrative	34,365	41,992	574,262
Interest	-	2,466	48,162
	286,365	215,046	17,101,662
Loss from continuing operations	(286,365)	(215,046)	(17,099,662)
Discontinued Operations			
Loss from operations of the discontinued segment	-	-	(43,466)
Net loss	$ (286,365)	$ (215,046)	$(17,143,128)
Net Loss per Share (basic and fully diluted)			
Continuing operations	$ (0.01)	$ (0.01)	
Discontinued operations	-	-	
Net loss per common share	$ (0.01)	$ (0.01)	
Weighted average number of common shares outstanding	44,888,582	42,019,236	

See Notes to Financial Statements

PROTOKINETIX, INC.

(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY

For the three months ending March 31, 2007 and 2006, and for the

Period from December 23, 1999 (Date of Inception) to March 31, 2007

(Unaudited)

	Common Stock		Common Stock Issuable		Additional	Deficit Accumulated Stock	Deficit Accumulated During the	
	Shares	Amount	Shares	Amount	Paid-in Capital	Subscriptions Receivable	Development Stage	Total
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)

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)
Issuance of stock subscriptions receivable						$ 240,000		240,000
Issuance of common stock for	2,000,000	11	(2,000,000)	(11)				-

licensing rights							
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 options exercised	135,000	2	(135,000)	(2)			-
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							
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)
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 services:								
January 2007	218,834	1			119,999			120,000
March 2007	104,652	1			44,999			45,000

Net loss for the period						(286,365)	(286,365)
	44,590,639	$ 242	400,000	$ 5	$ 17,220,765	$ (17,143,128)	$ 77,884

See Notes to Financial Statements

PROTOKINETIX, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2007 and 2006, and for the Period From December 23, 1999 (Date of Inception) to March 31, 2007
(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Cumulative During the Development Stage
Cash Flows from Operating Activities			
Net loss for period	$ (286,365)	$ (215,046)	$(17,143,128)
Adjustments to reconcile net loss to net cash flows			
provided by (used in) operating activities			
Depreciation expense	255	255	2,199
Issuance of common stock for services			
and expenses	165,000	47,250	13,607,153
Warrants issued for consulting services	-	-	1,774,911
Stock options issued for consulting services	-	-	212,734
Changes in operating assets and liabilities			
Accounts receivable	-	(27,610)	(6,391)
Prepaid expenses	62,400	6,000	(377,600)
Due to outside management consultants		-	306,891
Accounts payable	(25,245)	91,319	81,731
Cash advance	44,000		44,000
Accrued interest payable		2,466	36,294
Net cash flows used in operating activities	(39,955)	(95,366)	(1,461,202)
Cash Flows from Investing Activities			
Purchase of computer equipment	-	-	(3,388)
Net cash flows used in investing activities	-	-	(3,388)
Cash Flows from Financing Activities			
Warrants exercised		-	705,000

Stock options exercised	-	-	100,500
Issuance of common stock and warrants for cash		450,000	470,250
Loan proceeds	-	-	315,000
Net cash flows provided by financing activities		450,000	1,590,750
Net change in cash	(39,955)	354,634	126,160
Cash, beginning of period	166,115	96,571	
Cash, end of period	$ 126,160	$ 451,205	$ 126,160
Cash paid for interest	$ -	$ -	$ -
Cash paid for income taxes	$ -	$ -	$ -
Supplementary information - Non-cash Transactions:			
Stock subscriptions received		-	$ 330,000
Note payable converted to common stock			$ 350,460

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

ProtoKinetix, Incorporated (the "Company"), a development stage company, was incorporated under the laws of the State of Nevada on December 23, 1999. The Company is a medical research company whose mission is the advancement of human health care.

In 2003, the Company entered into an assignment of license agreement (the "Agreement") with BioKinetix, Inc., an Alberta, Canada, corporation. The Agreement provided the Company with an exclusive assignment of all of the rights (the "Rights") that BioKinetix possessed relating to two proprietary technologies that are being developed for the creation and commercialization of "superantibodies," an enhancement of antibody technology that makes ordinary antibodies much more lethal. In consideration, the Company's Board of Directors authorized the Company to issue 16,000,000 shares of its common stock to the shareholders of BioKinetix.

The Company is also currently researching the benefits and feasibility of proprietary synthesized Antifreeze Glycoproteins ("AFGP"). In preliminary studies, AFGP has demonstrated an ability to protect and preserve human cells at temperatures below freezing.

Interim Period Financial Statements

The interim period financial statements have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such SEC rules and regulations. The interim period financial statements should be read together with the audited financial statements and accompanying notes included in the Company's audited financial statements for the years ended December 31, 2006 and 2005. In the opinion of the Company, the unaudited financial statements contained herein contain all adjustments (consisting of a normal recurring nature) necessary to present a fair statement of the results of the interim periods presented.

Going Concern

As shown in the financial statements, the Company has not developed a commercially viable product, has not generated any revenues to date and has incurred losses since inception, resulting in a net accumulated deficit at March 31, 2007. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs additional working capital to continue its medical research or to be successful in any future business activities and continue to pay its liabilities. Therefore, continuation of the Company as a going concern is dependent upon obtaining the additional working capital necessary to accomplish its objective. Management is presently engaged in seeking additional working capital.

The accompanying financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company fail in any of the above objectives and is unable to operate for the coming year.

Earnings per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding in the period. The Company's stock split 1:75 on August 24, 2001. In April 2002, the Board of Directors approved a 2.5 for 1 split of the Company's stock. The accompanying financial statements are presented on a post-split basis. The loss per share for the three month periods ended March 31, 2007 and 2006, have been adjusted accordingly. Diluted earnings per share takes into consideration common shares of outstanding (computed under basic earnings per share) and potentially dilutive securities. The effect of debt convertible into common shares was not included in the computation of diluted earnings per share for all periods presented because it was anti-dilutive due to the Company's losses. Common stock issuable is considered outstanding as of the original approval date for purposes of earnings per share computations.

Share-Based Compensation

The Company has a stock-based equity incentive plan. The Company had accounted for the plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation". No stock-based employee compensation cost is reflected in the net loss when options granted under the plan have an exercise price equal to or greater than the market value of the underlining common stock on the date of grant. No options have been granted to employees under the plan, therefore no reconciliation is provided of the effects on net loss in applying the fair value recognition provisions of SFAS No. 123. The Company adopted SFAS No. 123(R) using the modified-prospective transition method. Under that transition method, compensation cost recognized for the year ended December 31, 2006 includes compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R).

Compensation for stock options and warrants to purchase stock granted to non-employees is measured using the Black-Scholes valuation model at the date of grant multiplied by the number of options or warrants granted. The issuance of common shares for services is recorded at the quoted price of the shares on the date the services are rendered.

New Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“FAS 157”). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements but does not require any new fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not yet determined the impact of applying FAS 157.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans*, (“FAS 158”). FAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. FAS 158 is effective for financial statements as of December 31, 2006. The Company does not expect any material impact from applying FAS 158.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, (“FAS 159”). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company does not expect any material impact from applying FAS 159.

Note 2. Discontinued Operations

In 2003, the Company signed the licensing agreement described in Note 1. This agreement changed the Company's business plan to that of a medical research company. Accordingly, the operating results related to the internet-based real estate listing segment have been presented as discontinued operations in these financial statements for all periods presented. There were no revenues for the years presented in losses from discontinued operations.

Note 3. Subsequent Event

In April 2007, the Company issued 187,500 shares of common stock to outside consultants for services valued at $75,000.

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