LIPIDVIRO TECH INC
Form 10-Q
August 02, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2010

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from ____________ to____________

Commission File No. 000-49655

LIPIDVIRO TECH, INC.

(Exact name of registrant as specified in its charter)

Nevada

87-0678927

(State or Other Jurisdiction of

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

incorporation or organization)

4685 S. Highland Drive, Suite #202

Salt Lake City, Utah 84117

(Address of Principal Executive Offices)

(801) 278-9424

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year,

if changed since last report)

Indicate by check mark whether the Registrant (1) has 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 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 check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
(Do not check if a smaller reporting company)	

1

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: July 27, 2010 - 1,305,344 shares of common stock.

PART I

Item 1. Financial Statements

The financial statements of LipidViro Tech, Inc., a Nevada corporation (the Company, we, our or us), required to filed with this 10-Q Quarterly Report were prepared by management and commence below, together with related notes. In the opinion of management, the financial statements fairly present the financial condition of the Company.

LIPIDVIRO TECH, INC.

(A Development Stage Company)

JUNE 30, 2010 UNAUDITED CONDENSED FINANCIAL STATEMENTS

TABLE OF CONTENTS

LIPIDVIRO TECH, INC.

(A Development Stage Company)

CONDENSED BALANCE SHEETS

ASSETS

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
CURRENT ASSETS:		
Total Current Assets	$ -	$ -
TOTAL ASSETS		

$

-

$

-

LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)

CURRENT LIABILITIES:

Accounts payable	$ 52,629	$ 48,353
Accounts payable subject to indemnification	177,713	177,713
Related party loans	96,545	82,539
Total Current Liabilities	326,887	308,605

STOCKHOLDERS EQUITY (DEFICIT):	
Common stock, $0.001 par value, 150,000,000 shares authorized, 1,305,344 shares issued and outstanding	1,305
	1,305
Capital in excess of par value	
	4,852,612

	4,852,612
Deficit accumulated during the development stage	
	(5,180,804)
	(5,162,522)
Total Stockholders Equity (Deficit)	
	(326,887)
	(308,605)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)	
$	-
$	-

The accompanying notes are an integral part of these unaudited condensed financial statements.

LIPIDVIRO TECH, INC.

(A Development Stage Company)

UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

For the Period From Inception on May 6, 2003 Through June 30, 2010

For the Three Months Ended

June 30,

For the Six Months Ended

June 30,

2010

2009

2010

2009

REVENUE

$

-

$

-

$

-

$

-

$

-

OPERATING
EXPENSES:

Consulting

-

-

-

-

564,269

Employee
compensation

-

-

-

-

322,598

Professional fees

4,767

9,409

14,497

24,347

409,581

Other general and administrative

112

-

212

-

101,669

Total Operating Expenses

4,879

9,409

14,709

24,347

1,398,117

OPERATING LOSS

(4,879)

(9,409)

(14,709)

(24,347)

(1,398,117)

OTHER EXPENSE:

Related party interest expense	(1,864)	(1,295)	(3,573)

(2,351)

(1,575,108)

LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

(6,743)

(10,704)

(18,282)

(26,698)

(2,973,225)

PROVISION FOR
INCOME TAXES

-

-

-

-

	-
LOSS FROM CONTINUING OPERATIONS	
	(6,743)
	(10,704)
	(18,282)
	(26,698)
	(2,973,225)

DISCONTINUED OPERATIONS:

Income (loss) from operations of discontinued research business

-

-

-

-

(2,207,579)

Income tax expense

-

-

-

-

-

INCOME (LOSS) FROM DISCONTINUED OPERATIONS

-

-

-

-

(2,207,579)

NET INCOME (LOSS)

$

(6,743)

$

(10,704)

$

(18,282)

$

(26,698)

$

(5,180,804)

BASIC AND
DILUTED LOSS
PER SHARE

(0.01)

$

(0.01)

$

(0.01)

$

(0.02)

WEIGHTED
AVERAGE
SHARES

OUTSTANDING
1,305,344
1,305,344
1,305,344
1,305,344

The accompanying notes are an integral part of these unaudited condensed financial statements.

LIPIDVIRO TECH, INC.

(A Development Stage Company)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

For the Six Months Ended

June 30,

For the Period From Inception on May 6, 2003 Through June 30, 2010

2010

2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss)	$ (18,282)	$ (26,698)	$ (5,180,804)
Adjustments to reconcile net income (loss) to net cash used by operating activities:			
Depreciation	-		

-

3,393

Expense costs related to unsuccessful financing transaction

-

-

31,900

Gain on settlement of debt

-

-

(250,082)

Imputed interest expense

-

-

42,377

Noncash expenses paid by a shareholder

-

-

6,900

Noncash expenses paid by issuance of common stock

-

-

1,346,919

Noncash services paid by issuance of common stock

-

-

1,239,726

Noncash services paid by grant of warrants

-

-

1,460,695

Net increase (decrease) in operating liabilities:	
Accounts payable	4,276
	5,581
	343,415
Related party loans accrued interest	3,573
	2,351

96,541

Related party accrued interest

-

-

90,020

Net Cash Used by Operating Activities

(10,433)

(18,766)

(769,000)

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash of LTU

-

-

(25)

Payments for property and equipment

-

-

(3,675)

Payments for definite-life intangible assets	
	-
	-
	(33,632)
Payments for goodwill	
	-
	-
	(269,006)
Net Cash Used by Investing Activities	
	-

-

(306,338)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from related party loans

10,433

18,766

717,695

Payments on related party loans

-

-

(8,700)

Proceeds from capital contributions

-

-

34,133

Proceeds from common stock issuances

-

-

293,700

Proceeds from sale of warrants

-

-

38,510

Net Cash Provided by Financing Activities

10,433

18,766

1,075,338

NET INCREASE (DECREASE) IN CASH

-

-

-

CASH AT BEGINNING OF PERIOD

-

-

-

CASH AT END OF PERIOD

$

-

$

-

$

-

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest

$

-

$

-

$

-

Income taxes

$

-

$

-

$

-

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Liabilities settled by disposition of LTU with $25 in cash, $282 in net property and equipment, $290,317 in goodwill, and $19,074 in accounts payable at the time of disposition

$

-

$

-

$

1,209,297

Liabilities settled by transferring patents of $34,637

$

-

$
-
$
284,719

Definite-life intangible asset fees accrued in accounts payable

$
-
$
-
$
1,005

Deferred financing costs paid through issuance of common stock

$
-
$
-
$

31,900

Common stock repurchased through issuance of $600,000 note payable and $1 paid by a shareholder

$

-

$

-

$

600,001

Common stock issued to purchase minority interest

$

-

$

-

$

21,311

The accompanying notes are an integral part of these unaudited condensed financial statements.

LIPIDVIRO TECH, INC.

(A Development Stage Company)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared by the Company in accordance with Article 8 of U.S. Securities and Exchange Commission Regulation S-X. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at June 30, 2010 and 2009 and for the periods then ended have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2009 audited financial statements. The results of operations for the periods ended June 30, 2010 and 2009 are not necessarily indicative of the operating results for the full year.

NOTE 2 GOING CONCERN

The Company s financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. At June 30, 2010, the Company had incurred losses since inception, had no revenue-generating activities, had negative cash flows from operating activities, and had current liabilities in excess of current assets. These factors create an uncertainty about the Company s ability to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds not provided by operations through loans or through additional sales of common stock. There is no assurance that the Company will be successful in raising this additional capital or in achieving profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 DISCONTINUED OPERATIONS

Operations of the research business have been reclassified in the statements of operations for all periods presented. The following is a summary of the results of operations of the discontinued research business.

For the Six Months Ended

June 30,

For the Period From Inception on May 6, 2003 Through June 30, 2010

2010

2009

Revenue

$

-

$

-

$

-

General and administrative

-

-

(47,246)

Research and development

-

-

(2,410,307)

Gain on settlement of debt

-

-

250,082

Interest income

-

-

23

Foreign currency transaction gain (loss)

-

-

(131)

Income taxes

-

-

-

Net income (loss)

$

-

	$	-
	$	(2,207,579)

NOTE 4 RELATED PARTY TRANSACTIONS

Related Party Loans During the six months ended June 30, 2010, shareholders or entities controlled by them loaned \$10,433 to the Company. At June 30, 2010, the Company owed a total of \$96,545 to related parties, all of which accrues interest at 8% per annum and is due on demand. During the six months ended June 30, 2010 and 2009, the Company accrued interest expense on related party loans totaling \$3,573 and \$2,351, respectively.

LIPIDVIRO TECH, INC.

(A Development Stage Company)

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

NOTE 5 INCOME TAXES

At June 30, 2010, the Company has available unused federal net operating loss carryovers of approximately $164,000 which may be applied against future taxable income and which expire as follows: approximately $106,000 in 2028, approximately $39,000 in 2029 and approximately $19,000 in 2030.

The amount of and ultimate realization of the benefits from the net operating loss carryovers for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company and other future events, the effects of which cannot be determined. Additionally, if there are substantial changes in the Company s ownership, there may be an annual limitation on the amount of net operating loss carryovers that can be utilized. Because of the uncertainty surrounding the realization of the net operating loss carryovers, the Company has established a valuation allowance equal to the tax effect of the loss carryovers and, therefore, no deferred tax asset has been recognized in the financial statements. The net deferred tax assets are approximately $24,600 and $21,800 as of June 30, 2010 and December 31, 2009, respectively, with an offsetting valuation allowance of the same amount, resulting in a change in the valuation allowance of approximately $2,800 during the six months ended June 30, 2010.

NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were issued and determined there were no items to report.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Forward-looking Statements

Statements made in this Quarterly Report which are not purely historical are forward-looking statements with respect to the goals, plan objectives, intentions, expectations, financial condition, results of operations, future performance and our business, including, without limitation, (i) our ability to raise capital, and (ii) statements preceded by, followed by or that include the words may, would, could, should, expects, projects, anticipates, believes, plans, intends, targets or similar expressions.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following, general economic or industry conditions, nationally and/or in the communities in which we may conduct business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting our current or potential business and related matters.

Accordingly, results actually achieved may differ materially from expected results in these statements. Forward-looking statements speak only as of the date they are made. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Plan of Operation

Our plan of operation for the next 12 months is to: (i) consider guidelines of industries in which we may have an interest; (ii) adopt a business plan regarding engaging in the business of any selected industry; and (iii) to commence such operations through funding and/or the acquisition of a going concern engaged in any industry selected.

During the next 12 months, our only foreseeable cash requirements will relate to the payment of our Securities and Exchange Commission and Exchange Act reporting filing expenses, including associated legal and accounting fees; costs incident to reviewing or investigating any potential business venture; and maintaining our good standing as a corporation in our state of organization. We anticipate that these funds will be provided to us in the form of loans from Jenson Services, of which our President, Thomas J. Howells, is the Secretary/Treasurer and a director. There are no written agreements requiring Jenson Services to provide these cash resources; and to the extent funds are provided, such funds will bear no interest (though an interest expense of 8% has been imputed on funds advanced) and will be due on demand. As of the date of this Quarterly Report, we have not actively begun to seek any business or acquisition candidate.

Results of Operations

During the quarters ended June 30, 2010, and 2009, we had losses from continuing operations of $6,743 and $10,704 and income from discontinued operations of $0 and $0 for a net income and (loss) of ($6,743) and ($10,704), respectively.

During the six months ended June 30, 2010, and 2009, we had losses from continuing operations of $18,282 and $26,698 and income from discontinued operations of $0 and $0 for a net income and (loss) of ($18,282) and ($26,698), respectively.

Liquidity

We have no cash. During the six months ended June 30, 2010, we received related party loans of $10,433 to pay our expenses, and at June 30, 2010, we owed a total of $96,545 to related parties, all of which accrues interest at 8% per annum and is due on demand.

During the next 12 months, our only foreseeable cash requirements will relate to the payment of our Securities and Exchange Commission and Exchange Act reporting filing expenses, including associated legal and accounting fees; costs incident to reviewing or investigating any potential business venture; and maintaining our good standing as a corporation in the State of Nevada. We do not have any cash reserves to pay for our administrative expenses for the next 12 months. In the event that additional funding is required in order to keep us in good standing, we may attempt to raise such funding through loans or through additional sales of our common stock.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required.

Item 4T. Controls and Procedures.

Evaluation of disclosure controls and procedures

Our management, with the participation of our chief executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on that evaluation, our chief executive officer and principal financial officer concluded that, as of June 30, 2010, our disclosure controls and procedures were, subject to the limitations noted above, effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules, regulations and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

Our management, with the participation of the chief executive officer and principal financial officer, has concluded there were no significant changes in our internal controls over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 1A. Risk Factors.

Not required.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits.

Exhibit No.	Identification of Exhibit
31.1	Certification of Thomas J. Howells Pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification of Shelley Goff Pursuant to Section 302 of the Sarbanes-Oxley Act.
32	Certification of Thomas J. Howells and Shelley Goff pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

LIPIDVIRO TECH, INC.

Date:

August 2, 2010

By:

/s/Thomas J. Howells

Thomas J. Howells, President, Chief Executive Officer and Director

Date:

August 2, 2010

By:

/s/Shelley Goff

Shelley Goff, Treasurer and Director