

ASTEC INDUSTRIES INC
 Form 5
 February 07, 2003

1. Name and Address of Reporting Person
 HALL, FRED M.
 4101 JEROME AVENUE
 CHATTANOOGA, TN 37407-
2. Issuer Name and Ticker or Trading Symbol
 ASTEC INDUSTRIES, INC. (ASTE)
3. IRS or Social Security Number of Reporting Person (Voluntary)
4. Statement for Month/Year
 12/2002
5. If Amendment, Date of Original (Month/Year)
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 CHIEF FINANCIAL OFFICER AND VP
7. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

TABLE I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Trans- action Date (Month/ Day/ Year)	2A.Execu- action Date (Month/ Day/ Year)	3. Trans- action Code	4. Securities Acquired (A) or Disposed of (D) Amount A/D Price	5. Amo Securi Benefi Owned Follow Yea
Common Stock	12/31/2002		A	1335.7421 A \$0.0000	6061.1

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)

Other Item

Foreign Exchange Loss

(4,334

)

-

Total Other Item

(4,334

)

-

Net Loss

\$
(1,006,051
)

(1,149,885
)

Revenues

We had no revenues for the nine month periods ended September 30, 2017 and 2016.

Gross Profit and Expenses

The Company's net loss was \$1,006,051 for the nine month period ended September 30, 2017 compared to \$1,149,885 for the nine month period ended September 30, 2016. These expenses were primarily incurred for professional fees, consulting services related to the operations of the Company's business, research and development and other general and administrative expenses. Significant changes from the prior nine month period ended September 30, 2016 include:

Professional fees decreased by \$38,154 from \$147,977 to \$109,823 primarily as a result of a decrease in legal fees associated with Company operations and the Company no longer being subject to Canadian reporting requirements. Research and development decreased by \$126,959 from \$355,089 to \$228,130 primarily as a result of completion of needed testing for inclusion in the Investigational Testing Authorization Application to Health Canada by the Governors of the University of Alberta.

Share-based compensation increased by \$12,949 from \$574,128 to \$587,077 primarily as a result of an increase in stock option valuation for the current year.

Liquidity and Capital Resources

The following summarizes our statements of cash flows at September 30, 2017 and December 31, 2016:

	September 30, 2017	December 31, 2016
Cash	\$ 386,142	\$ 371,029
Working Capital	\$ 464,047	\$ 396,118

At September 30, 2017, we had \$386,142 in cash and \$483,865 in total current assets. As of September 30, 2017 we had a working capital position of \$464,047. Based upon our working capital equity as of September 30, 2017, we require additional equity and/or debt financing in order to meet cash flow projections and carry forward our business objectives. There can be no assurance that in the future 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 effect on our plan of operation and results therefrom and a corresponding negative impact on stockholder liquidity.

Sources and Uses of Cash

Net Cash Used in Operating Activities

Net cash used in operating activities decreased by \$169,807 from \$654,518 to \$484,711 for the nine months ended September 30, 2016 and 2017, respectively. This decrease was predominantly due to a decrease in payments made to the Company's vendors along with a decrease in prepaid expenses and deposits.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$40,176 for the nine month period ended September 30, 2017 while the Company had net cash used in investing activities of \$7,589 for the comparative period. The difference is attributable to an increase in the purchase of intangible assets.

Net Cash Provided by Financing Activities

Net cash provided by financing activities increased by \$160,000 from \$380,000 to \$540,000 for the nine months ended September 30, 2016 and 2017, respectively due to an increase in private placements.

Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"), 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.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information required by paragraph (a)(5) of this Item.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements.

Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operation and/or financial condition. Our significant accounting policies are disclosed in Note 2 to the Financial Statements included in this Form 10-Q.

While all of the significant accounting policies are important to the Company's financial statements, the following accounting policies and the estimates derived there from have been identified as being critical.

Share-Based Compensation

On July 1, 2015, the Board of Directors of the Company adopted the 2015 Stock Option and Stock Bonus Plan (the "Plan"). The Company has granted warrants and options to purchase shares of the Company's common stock to various parties for consulting services outside of the Plan, and beginning July 1, 2015 and ending December 31, 2016 pursuant to the Plan. On December 30, 2016, the Board of Directors of the Company adopted the 2017 Stock Option and Stock Bonus Plan (the "2017 Plan"). During the nine month period ended June 30, 2017, the Company granted options pursuant to the 2017 Plan. The fair values of the warrants and options issued have been estimated using the Black-Scholes Option Pricing Model.

The Company accounts for stock compensation with persons classified as employees for accounting purposes in accordance with ASC 718 "Compensation – Stock Compensation", which recognizes awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes Option Pricing Model. The fair value of common shares issued for services is determined based on the Company's stock price on the date of issuance.

The Company accounts for stock compensation arrangements with persons classified as non-employees for accounting purposes in accordance with ASC 505-50 "Stock-Based Transactions with Nonemployees", which requires that such equity instruments are recorded at their fair value on the measurement date. The measurement of share-based compensation is subject to periodic adjustment as the underlying instruments vest. The fair value of stock options is estimated using the Black-Scholes Option Pricing Model and the compensation charges are amortized over the vesting period.

Sales and Marketing

The Company is currently not selling or marketing any products.

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 nine months ended September 30, 2017.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 (the “1934 Act”) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the 1934 Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, under the direction of our Chief Executive Officer (who is our principal executive officer), and Chief Financial Officer (who is our principal accounting officer) has evaluated the effectiveness of our disclosure controls and procedures as required by 1934 Act Rule 13a-15(b) as of September 30, 2017 (the end of the period covered by this report). Based on that evaluation, our principal executive officer and our principal accounting officer concluded that these disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms.

The Company, including its Chief Executive Officer and Chief Financial Officer, does not expect that its internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated by the SEC under the 1934 Act) during the nine months ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Other than reported in the Company's Quarterly Report on Form 10-Q for the nine month period ended September 30, 2017, the Company and its management are not aware of any regulatory or legal proceedings or investigations pending involving the Company, any of its subsidiaries or affiliates, or any of their respective officers, directors or employees.

Item 1A. Risk Factors

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item. However, our current risk factors are set forth in our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC on February 21, 2017, and such risk factors are incorporated herein by this reference.

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

Other than previously reported, there have been no unregistered sales of equity securities during the nine month period ended September 30, 2017.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

Effective June 30, 2017, the Company entered into a Material Transfer Agreement with Proactive Immune Sciences Corporation ("Proactive") for a term of one year. The Company will furnish AAGP™ at no cost to Proactive so that they may test and evaluate AAGP™ for possible use in Immune Cell Banking.

Effective upon filing of this Quarterly Report on Form 10-Q, the Company's address has been changed to: 412 Mulberry St., Marietta, Ohio 45750.

On November 3, 2017, the Company and Susan M. Woodward agreed that Ms. Woodward will leave her position as chief financial officer (CFO), effective upon the filing of the Company's quarterly report for the quarter ended September 30, 2017, in satisfactory form, but will remain engaged to assist the Company through December 31, 2017, and to transition books and records of the Company. The Company is working on securing a successor CFO who will take over upon Ms. Woodward's departure from the Company. Ms. Woodward's departure from her position as chief financial officer will be prior to the natural expiration of her consulting agreement, dated December 30, 2016 and due to expire on December 31, 2017 (the "Consulting Agreement"). Upon the filing of the Company's quarterly report for the quarter ended September 30, 2017, and Ms. Woodward's subsequent resignation, the Consulting Agreement will terminate.

On October 23, 2017, the Company issued an unsecured promissory note to Clarence E. Smith in the amount of \$86,000. The outstanding principal balance on the promissory note is due on demand by Clarence E. Smith and shall accrue simple interest at a rate of 8% per annum from the date the principal balance was advanced.

On November 3, 2017 the Company issued a second unsecured promissory note to Clarence E. Smith in the amount of \$30,000. The outstanding principal balance on the promissory note is due on demand by Clarence E. Smith and shall accrue simple interest at a rate of 8% per annum from the date the principal balance was advanced.

The above-listed promissory notes were issued by the Company in order to acquire the funds necessary to re-purchase Susan M. Woodward's stock options to purchase up to 12 million shares of common stock of the Company pay Ms. Woodward's compensation for December 2017 pursuant to the settlement agreement discussed above.

Item 6. Exhibits

The following is a complete list of exhibits filed as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this Quarterly Report on Form 10-Q.

Exhibit	Description
3.1	<u>Certificate of Incorporation¹</u>
3.2	<u>Bylaws¹</u>
4.1	<u>2015 Stock Option and Stock Bonus Plan²</u>
4.2	<u>2017 Stock Option and Stock Bonus Plan⁷</u>
10.1	<u>Assignment of Patents and Patent Application between the Company and Institut National des Sciences Appliquées de Rouen dated January 5, 2015³</u>
10.2	<u>Settlement and Indemnity Agreement by and between the Company and Standard Bankcorp Inc. and Mark Ralston dated March 2, 2015³</u>
10.3	<u>Royalty Agreement between the Company and The Governors of the University of Alberta, dated April 8, 2015³</u>
10.4	<u>Technology Transfer Agreement between the Company and Grant Young, dated April 22, 2015⁴</u>
10.5	<u>ITR Master Contract between the Company and ITR Laboratories Canada Inc., dated April 19, 2016⁸</u>
10.6	<u>Universal Agreement between the Company and Grant Young, dated May 20, 2016⁹</u>
10.7	<u>Collaborative Research Agreement between the Company and the University of British Columbia, dated May 31, 2016⁹</u>
10.8	<u>Consulting Agreement between the Company and Clarence E. Smith, dated December 30, 2016⁷</u>
10.9	<u>Consulting Agreement between the Company and Susan M. Woodward, dated December 30, 2016⁷</u>
10.10	<u>Director Consulting Agreement between the Company and Edward P. McDonough, dated December 30, 2016⁷</u>
10.11	<u>First Amendment to Consulting Agreement between Clarence E. Smith and the Company dated September 1, 2017¹⁰</u>
10.12	<u>First Amendment to Consulting Agreement between Edward P. McDonough and the Company dated September 1, 2017¹⁰</u>
10.13	<u>Consulting Agreement between the Company and Grant Young, dated December 30, 2016[*]</u>
10.14	<u>First Amendment to Consulting Agreement between Grant Young and the Company dated September 1, 2017¹⁰</u>
10.15	<u>Settlement Agreement and General Release between the Company and Susan M. Woodward, dated November 3, 2017.¹¹</u>
10.16	<u>Unsecured Promissory Note issued by the Company to Clarence E. Smith dated October 23, 2017.¹¹</u>
10.17	<u>Unsecured Promissory Note issued by the Company to Clarence E. Smith dated November 3, 2017.¹¹</u>
14.1	<u>Code of Ethics⁶</u>
31.1	<u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002[*]</u>
31.2	<u>Certification of the Principal Financial Officer and Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002[*]</u>
32.1	<u>Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002^{**}</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

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101.LAB XBRL Label Linkbase Document

101.PRE XBRL Presentation Linkbase Document

1. Incorporated by reference from the Company's registration statement on Form 10-SB filed on June 22, 2001 with the SEC.
2. Incorporated by reference from the Company's Quarterly Report on Form 10-Q filed on August 14, 2015 with the SEC.
3. Incorporated by reference from the Company's Annual Report on Form 10-K filed on April 14, 2015 with the SEC.
4. Incorporated by reference from the Company's Quarterly Report on Form 10-Q filed on May 20, 2015 with the SEC.
5. Incorporated by reference from the Company's Annual Report on Form 10-K filed on March 30, 2016 with the SEC.
6. Incorporated by reference from the Company's Annual Report on Form 10-K filed on April 13, 2006 with the SEC.
7. Incorporated by reference from the Company's Annual Report on Form 10-K filed on February 21, 2017 with the SEC.
8. Incorporated by reference from the Company's Quarterly Report on Form 10-Q filed on May 16, 2016 with the SEC.
9. Incorporated by reference from the Company's Quarterly Report on Form 10-Q filed on August 15, 2016 with the SEC.
10. Incorporated by reference from the Company's Current Report on Form 8-K filed on September 7, 2017 with the SEC.
11. Incorporated by reference from the Company's Current Report on Form 8-K filed on November 9, 2017 with the SEC.

*. Filed herewith.

** Furnished, not filed herewith.

SIGNATURES

Pursuant to the requirements of Section 12 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.

Date: November 13, 2017 PROTOKINETIX, INCORPORATED

By: /s/ Clarence E. Smith
Clarence E. Smith
Chief Executive Officer

By: /s/ Susan M. Woodward
Susan M. Woodward
Chief Financial Officer