ONCOSEC MEDICAL Inc
Form SC 13G
April 03, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. n/a)*

ONCOSEC MEDICAL Inc

(Name of Issuer)

Common Stock

(Title of Class of Securities)

0001444307

(CUSIP Number)

March 23, 2012

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)

x Rule 13d-1(c)

o Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 0001444307

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Ayer Capital Management, LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) o (b) o	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware, USA	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	**5**	SOLE VOTING POWER 0
	6	SHARED VOTING POWER 5,000,000
	7	SOLE DISPOSITIVE POWER 0
	8	SHARED DISPOSITIVE POWER 5,000,000

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,000,000

10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 5.16%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IA

FOOTNOTES

CUSIP No. 0001444307

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) ACM Capital Partners, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) o (b) o		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware, USA		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	**5**	SOLE VOTING POWER 0	
	6	SHARED VOTING POWER 5,000,000	
	7	SOLE DISPOSITIVE POWER 0	
	8	SHARED DISPOSITIVE POWER 5,000,000	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,000,000		

10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 5.16%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) HC

FOOTNOTES

CUSIP No. 0001444307

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Jay Venkatesan		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) o (b) o		
3	SEC USE ONLY		
4	CITIZENSHIP OR PLACE OF ORGANIZATION USA		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	**5**	SOLE VOTING POWER 0	
	6	SHARED VOTING POWER 5,000,000	
	7	SOLE DISPOSITIVE POWER 0	
	8	SHARED DISPOSITIVE POWER 5,000,000	
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,000,000		

10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 5.16%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) HC

FOOTNOTES

Item 1.

(a) Name of Issuer
ONCOSEC MEDICAL INCORPORATED

(b) Address of Issuer's Principal Executive Offices
4690 Executive Drive, Suite 250
San Diego, CA 92121
(855) 662-6732

Item 2.

(a) Name of Person Filing
Ayer Capital Management, LP
ACM Capital Partners, LLC
Jay Venkatesan

(b) Address of Principal Business Office or, if none, Residence
230 California, Suite 600
San Francisco, CA 94111

(c) Citizenship
Ayer Capital Management, LP - Delaware, USA
ACM Capital Partners, LLC - Delaware, USA
Jay Venkatesan - USA

(d) Title of Class of Securities
Common Stock

(e) CUSIP Number
0001444307

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a) o Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).

(b) o Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) o Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).

(d) o Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).

(e) o An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f) o An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

(g) o A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);

(h) o A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

(i) o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);

(j) o A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J).

(k) o A group, in accordance with § 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned: 5,000,000

(b) Percent of class: 5.16

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 0

(ii) Shared power to vote or to direct the vote: 5,000,000

(iii) Sole power to dispose or to direct the disposition of: 0

(iv) Shared power to dispose or to direct the disposition of: 5,000,000

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following o .

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Not applicable.

Item 8. Identification and Classification of Members of the Group

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Ayer Capital Management, LP

Date: April 03, 2012	By:	/s/ Jay Venkatesan Name: Jay Venkatesan Title: Managing Member

ACM Capital Partners, LLC

Date: April 03, 2012	By:	/s/ Jay Venkatesan Name: Jay Venkatesan Title: Managing Member

Jay Venkatesan

Date: April 03, 2012	By:	/s/ Jay Venkatesan Name: Jay Venkatesan Title: Jay Venkatesan

Footnotes:

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

270,642
TOTAL LIABILITIES
$713,088 $676,541
STOCKHOLDERS' DEFICIT

Series A convertible preferred stock, 400,000 shares authorizedwith a par value of $0.0001; 8,000 shares issued and outstanding;liquidation preference of $80,000 and $0, respectively
80,000 80,000
Undesignated preferred stock, 19,600,000 shares authorized with a par value of $0.0001; no shares issued or outstanding
- -
Common stock, 100,000,000 common shares authorized with a par value of $0.0001; 26,470,523 and 21,658,223 shares issued and outstanding, respectively
2,649 2,168
Additional paid in capital
5,515,441 4,045,371
Stock subscription receivable
(20,000) (20,000)
Accumulated deficit
(5,962,736) (4,419,657)
TOTAL STOCKHOLDERS' DEFICIT
(384,646) (312,118)
TOTAL LIABILITIES ANDSTOCKHOLDERS' DEFICIT
$328,442 $364,423

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

F-1

Table of Contents

PROTON LABORATORIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2007	2007	2006
SALES	$ 51,741	$ 50,922
COST OF GOODS SOLD	29,800	44,292
GROSS PROFIT	21,941	6,630
OPERATING EXPENSES		
Selling, general and administrative expenses (including equity-based expenses of $0 and $40,526, respectively)	87,538	128,030
Product development costs (including equity-based expenses of $1,470,551 and $0, respectively)	1,470,551	-
LOSS FROM OPERATIONS	(1,536,148)	(121,400)
OTHER INCOME AND (EXPENSE)		
Interest income	53	25
Interest expense	(5,384)	(17,737)
NET OTHER EXPENSE	(5,331)	(17,712)
NET LOSS	(1,541,479)	(139,112)
PREFERRED STOCK DIVIDEND	(1,600)	(1,600)
LOSS APPLICABLE TO COMMON SHAREHOLDERS	$ (1,543,079)	$ (140,712)
BASIC ANDDILUTED LOSS PER COMMON SHARE	$ (0.07)	$ (0.01)
BASIC ANDDILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	22,721,415	14,337,412

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

F-2

Table of Contents

PROTON LABORATORIES, INC.
CONSOLIDATED STATEMENTS OF CASHFLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31,	2007	2006
CASHFLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,541,479)	$ (139,112)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	10,634	7,649
Common stock issued for services	1,470,	0,526
Changes in operating assets and liabilities		
Accounts receivable	(1,325)	8,319
Inventory	27,927	4,139
Accounts payable	(23,145)	(28,644)
Accrued expenses	21,092	33,286
NET CASHFROM OPERATING ACTIVITIES	(35,745)	(73,837)
CASHFLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,554)	-
NET CASH FROM INVESTING ACTIVITIES	(3,554)	-
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from stockholder loans	37,000	73,852
NET CASH FROM FINANCING ACTIVITIES	37,000	73,852
NET INCREASE (DECREASE) IN CASH	(2,299)	15
CASH AT BEGINNING OF PERIOD	9,768	1,384
CASH AT END OF PERIOD	$ 7,469	$ 1,399
NON-CASHINVESTING ANDFINANCING ACTIVITIES:		
Stock issued for accrued legal services	$ -	$ 40,526
Accrual of preferred stock dividends	$ 1,600	$ 1,600

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

Table of Contents

PROTON LABORATORIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND NATURE OF OPERATIONS

BASIS OF PRESENTATION - The condensed consolidated financial statements include the accounts of Proton Laboratories, Inc., and its wholly owned subsidiary ("Proton" or the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

In April 2004, the Company changed its name from BentleyCapitalCorp.com, Inc. to Proton Laboratories, Inc. The Company's subsidiary also changed its name from Proton Laboratories, Inc. to Water Science, Inc.

CONDENSED FINANCIAL STATEMENTS - The accompanying unaudited condensed consolidated financial statements are condensed and, therefore, do not include all disclosures normally required by accounting principles generally accepted in the United States of America. These statements should be read in conjunction with the Company's annual financial statements included in the Company's December 31, 2006Annual Report on Form 10-KSB. In particular, the Company's significant accounting principles were presented as Note 1 to the consolidated financial statements in that report. In the opinion of management, all adjustments necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements and consist of only normal recurring adjustments. The results of operations presented in the accompanying condensed consolidated financial statements for the three months ended March 31, 2007are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007.

NATURE OF OPERATIONS - The Company's operations are located in Alameda, California. The core business of the Company consists of the sales and marketing of the Company's industrial, environmental and residential systems throughout the United States of Americawhich alter the properties of water to produce functional water. The Company acts as an exclusive importer and master distributor of these products to various companies. Additionally, the Company formulates intellectual properties under licensing agreements, supplies consumer products, consults on projects utilizing functional water, facilitates between manufacturer and industry and acts as educators on the benefits of functional water.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of Americarequires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BASIC AND DILUTED LOSS PER COMMON SHARE - Basic loss per common share is calculated by dividing net loss by the weighted-average number of common shares outstanding. Diluted loss per common share is calculated by dividing net loss by the weighted-average number of Series A convertible preferred shares and common shares outstanding to give effect to potentially issuable common shares except during loss periods when those potentially issuable shares are anti-dilutive. Potential common shares from convertible preferred stock have not been included as they are anti-dilutive.

Table of Contents

NOTE 2 - BUSINESS CONDITION

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The company has incurred losses applicable to common shareholders of $1,543,079 for the three months ended March 31, 2007. For March 31, 2007and December 31, 2006the Company had working capital deficits of $279,920 and $251,472, respectively. Loans and equity funding were required to fund operations.

The Company is working towards raising additional public funds to expand its marketing and revenues. The Company has spent considerable time in contracting with several major overseas corporations for the co-development of enhanced antioxidant beverages for distribution into the overseas markets. In addition, the Company is working with its Canadian business associates to identify institutional businesses to market various disinfection applications based upon functional water, pending government approval.

On February 20, 2007, the Board of Directors of Proton Laboratories, Inc. (the "Company") ratified an exclusive Marketing, Distribution and Sales Agreement ("Marketing Agreement") and a Manufacturing and Packaging Agreement ("Manufacturing Agreement"), each made with Aqua Thirst, Inc. Through the enactment of these agreements, the Company has been able to acquire what is views as key components necessary to strengthen its infrastructure for the manufacturing, marketing and sales of its products and applications.

The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flows to meet its obligations on a timely basis, to obtain additional financing as may be required, and ultimately to attain profitable operations. However, there is no assurance that profitable operations or sufficient cash flows will occur in the future.

NOTE 3 - RELATED PARTY TRANSACTIONS

Stockholder loans as of March 31, 2007and December 31, 2006 consist of the following:

	2007	2006
Note payable to CEOand majority shareholder; principal and interest due December 2009; interest is accrued at 7% per annum; unsecured.	$ 287,642	$ 270,642
Note payable to shareholder; principal and interest due December 2009; interest is accrued at 7% per annum; unsecured.	20,000	-
TOTAL STOCKHOLDER LOANS	307,642	270,642
Less: Current Portion	-	-
TOTAL STOCKHOLDER LOANS - LONG TERM	$ 307,642	$ 270,642

During the three months ended March 31, 2007, two shareholders advanced theCompany $37,000. The Company did not make any payments on notes during the threemonths ended March 31, 2007.

At March 31, 2007, the Company had accrued interest relating to shareholderloans of $56,938.

F-5

Table of Contents

During the three months ended March 31, 2007, the Company accrued $15,000 as salaries payable to the company's CEO, resulting in $210,091 of salaries payable at March 31, 2007.

NOTE 4 - COMMON STOCK

During January through March 31, 2007the Company issued 4,812,300 shares of common stock for various services and agreements. The value of the shares was $1,470,551 based on market prices ranging from $0.30 to $0.37 per share which was the market price of the Company's common stock on the dates of issuances.

NOTE 5 - COMMITMENTS

PRODUCTION AGREEMENT - In June 2005, the Company entered into an agreement with Mitachi, a Japanese electronics component manufacturer, to aid in the production of enhanced drinking water generators. Pursuant to this agreement, Mitachi agreed to pay the Company 25,000,000 Yen for engineering design, molding, tooling and preparation costs, and the exclusive product distribution rights for China, Taiwan, and Japan. As of March 31, 2007, Mitachi had paid 6,000,000 Yen, or $52,506, for the above mentioned distribution rights. Since the project is not yet completed and no units have been sold, this amount is classified as deferred revenue.

EQUITY LINE - In March 2007, the Company entered into an equity line agreement with EFUND SMALL CAPFUND II, LP, a Nevada Limited Partnership, (the "Equity Line Investor"). Under the equity line, the Company has the right to draw up to $10,000,000 from the Equity Line Investor. The Company is entitled to draw funds and to "put" to the Equity Line Investor shares of the Company's common stock in lieu of repayment of the draw. The Equity Line Investor has registration rights related to any common stock purchased under the equity line agreement.

NOTE 6 - SUBSEQUENT EVENTS

During April 2007, the Company issued 200,000 shares of common stock for services rendered.

F-6

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENT

Certain statements contained herein, including, without limitation, statements containing the words, "believes," "anticipates," "expects," and other words of similar meaning, 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. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. In addition to the forward-looking statements contained herein, the following forward-looking factors could cause our future results to differ materially our forward-looking statements: competition, funding, government compliance and market acceptance of our products.

INTRODUCTION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements and the accompanying notes thereto for the year ended December 31, 2006which appear in our Form 10-KSB for the year then ended, and our unaudited financial statements for the quarter ended March 31, 2007and the accompanying notes thereto and the other financial information appearing elsewhere herein. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the USA, which contemplates our continuation as a going concern. We have incurred losses applicable to common shareholders of $1,543,079 for the three months ended March 31, 2007. We had working capital deficit of $279,920 at March 31, 2007. Loans and equity funding were required to fund operations.

We had a stockholder deficit of $384,646 at March 31,2007 and a stockholders deficit of $312,118 at December 31, 2006.

Our independent auditors made a going concern qualification in their report dated April 13, 2007, which raises substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Our ability to continue as a going concern is dependent upon our ability to generate sufficient cash flows to meet our obligations on a timely basis, to obtain additional financing as may be required, and ultimately to attain profitable operations. However, there is no assurance that profitable operations or sufficient cash flows will occur in the future.

We have our primary office located in Alameda, California. During 2006 we created a presence in Quincy, Washingtonand Portland, Oregonby aligning ourselves with office spaces that were made available to us. These offices are used primarily for marketing and sales generation.

Table of Contents

Our business consists of the development, marketing and sales of the industrial, environmental, and residential systems through the United Stateswhich alter the properties of water to produce functional water. During 2006, we continued to import and resell systems manufactured by various Japanese companies; however, during the same time period the company started design, engineering, parts sourcing and assembly identification for developing its own brand labeled products. In Management's view, the company has successfully designed, engineered and developed five commercial systems and one residential unit. If the company can raise sufficient capital, of which there is no assurance, management believes these units will be ready for market introduction during the second quarter of 2007.

We continue to raise funds to bring inventory to market. The company in late 2006 started a dialogue with a funding sourcing entity to raise $10,000,000 to advance its market-ready products to production and revenue. These negotiations have been finalized in the first quarter of 2007.

We formulate intellectual properties under licensing agreements; supply consumer products; consult on projects utilizing functional water; facilitate usage, uses and users of functional water between manufacturer and industry; and act as educators on the benefits of functional water. Our business has been focused on marketing functional water equipment and systems. Alkaline-concentrated functional water may have health-beneficial properties and may be used for drinking and cooking purposes. Acidic-concentrated functional water may be used as a topical, astringent medium.

In February, 2007, the Company entered into an exclusive Marketing, Distribution and Sales Agreement and a Manufacturing and Packaging Agreement with Aqua Thirst, Inc. These agreements effectively provide that the Company will have access to Aquathirst's product distribution channels in domestic and international markets. These distribution channels will cover residential, cosmetic, medical, agricultural, food processing and consumer product areas.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions provide a basis for us to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions, and these differences may be material.

We recognize revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the selling price is both fixed and determinable and; (iv) collectibility is reasonably probable. Our revenues are derived from sales of our industrial, environmental and residential systems, which alter the properties of water to produce functional water. We believe that this critical accounting policy affects our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Table of Contents

Our fiscal year end is December 31.

At March 31, 2007, we had accrued interest relating to shareholder loans of $56,938 and outstanding principal due to shareholder loans of $307,642.

During the three months ended March 31, 2007we accrued $15,000 as salaries payable to our CEO, resulting in $210,091 of salaries payable at March 31, 2007.

RESULTS OF OPERATIONS-Three Months ended March 31, 2007 and 2006.

We had revenue of $51,741 for the three months ended March 31, 2007 compared to revenue of $50,922 for the three months ended March 31, 2006. During the period that the company is developing its new line of products, the revenue base will remain fairly consistent.

We incurred a net loss of $1,541,479 for the three months ended March 31, 2007and a net loss of $139,112 for the three months ended March 31, 2006. This was an increase in net loss attributable to in-kind consultant compensation expenses incurred in the sourcing of manufacturing, marketing and sales infrastructure necessary for the company.

Cash used by operating activities was $35,745 for the for the three months ended March 31, 2007compared to cash used by operating activities of $73,837 for the three months ended March 31, 2006.

We had total assets at March 31, 2007of $328,442, compared to $364,423 at December 31, 2006. During the period that the company is developing its new line of products, the total asset base will remain fairly consistent.

LIQUIDITY

At March 31, 2007, we had cash on hand of $7,469. Our growth is dependent on our attaining profit from our operations and our raising of additional capital either through the sale of stock or borrowing funds. There is no assurance that we will be able to raise any equity financing or sell any of our products to generate a profit.

At March 31, 2007, we owed stockholder loans of $307,642.

In 2007, we entered into an equity line of credit with a private investor by which we have the right to draw an aggregate of up to $10,000,000 from time to time. As of March 31, 2007we had not drawn funds under the equity line.

FUTURE CAPITAL REQUIREMENTS

Our growth is dependent on attaining profit from our operations, or our raising additional capital either through the sale of stock or borrowing. There is no assurance that we will be able to raise any equity financing or sell any of our products at a profit.

Our future capital requirements will depend upon many factors, including:

- The cost to acquire equipment that we then would resell.

- The cost of sales and marketing.

Table of Contents

- The rate at which we expand our operations.
- The results of our consulting business.
- The response of competitors.

Item 3. Controls and Procedures

a) Evaluation of disclosure controls and procedures.

Based on their evaluation of our disclosure controls and procedures (as defined in Rule 13a-15e under the Securities Exchange Act of 1934), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this quarterly report on Form 10-QSB such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us 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 and forms, because of certain adjustments required by our auditors in the area of equity.

In connection with its review of the Company's consolidated financial statements for the quarter ended September 30, 2007, Hansen, Barnett & Maxwell ("HB&M"), the Company's registered public accounting firm, advised the Audit Committee and management of internal control matters with respect to certain financial reporting controls that they considered to be a material weakness, which is described below. A material weakness is a control deficiency, or a combination of control deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The material weakness identified at September 30, 2007 was as follows:

A material weakness existed in our control environment relating to inadequate staffing of our technical accounting function, including a lack of sufficient personnel with skills, training and familiarity with certain complex technical accounting pronouncements that have or may affect our financial statements and disclosures.

In response to the observations made by HB&M, we are in the process of implementing enhancements to our internal controls, accounting staff and procedures, which we believe address the matters raised by HB&M, including the retaining of additional outside consultants and employees who will have the skills, training and familiarity with certain complex technical accounting pronouncements appropriate to preparing our financial statements and disclosures.

We are in the process of improving our internal controls in an effort to remediate these deficiencies. Our Chief Financial Officer has implemented revisions and instituted certain checks and balances to our accounting system. Additionally, he has addressed tighter controls over all aspects of financial revenue and expense recognition, as well as improving supervision and training of our accounting staff. We are continuing our efforts to enhance, improve and strengthen our control processes and procedures. Our management and directors will continue to work with our auditors and other outside advisors to ensure that our controls and procedures are adequate and effective.

(b) Changes in internal control over financial reporting.

During the quarter under report, our Chief Financial Officer has implemented revisions and instituted certain checks and balances to our accounting system. Additionally, he continues to address tighter controls over all aspects of financial revenue and expense recognition, as well as improving supervision and training of our accounting staff.

The evaluation of our disclosure controls included a review of whether there were any significant deficiencies in the design or operation of such controls and procedures, material weaknesses in such controls and procedures, any corrective actions taken with regard to such deficiencies and weaknesses and any fraud involving management or other employees with a significant role in such controls and procedures.

4

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES.

During January through March 31, 2007the Company issued 4,812,300 shares of restricted common stock for various services and agreements. The value of the shares was $1,470,551 based on market prices ranging from $0.30 to $0.37 per share which was the market price of the Company's common stock on the dates of issuances. These securities were issued in private transactions, with respect to Canadian residents, in reliance on the exemption from registration with the SEC provided by Regulation S, and with respect to U.S.citizens, in reliance on the exemption available under Section 4(2) of the 1933 Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE.

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

None.

ITEM 5. OTHER INFORMATION

N/A

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 31.1 Certification

Exhibit 31.2 Certification

Exhibit 32.1 Certification

Exhibit 32.2 Certification

Table of Contents

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrantcaused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROTON LABORATORIES, INC.

Date: January 4, 2008

By: /s/ Edward Alexander
EDWARD ALEXANDER
Chief Executive Officer, President, Principal Accounting officer and Chief Financial Officer