

OLIN CORP  
Form 4  
June 12, 2013

**FORM 4**

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

Check this box  
if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
*See Instruction*  
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

OMB  
Number: 3235-0287  
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2005  
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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**ROMPALA RICHARD M**

(Last) (First) (Middle)

**C/O OLIN CORPORATION, 190  
CARONDELET PLAZA SUITE  
1530**

(Street)

**CLAYTON, MO 63105**

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol

**OLIN CORP [OLN]**

3. Date of Earliest Transaction  
(Month/Day/Year)

**06/10/2013**

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)

6. 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 (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock \$1 par value							
					500	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Phantom Stock Units <sup>(1)</sup>	\$ 0 <sup>(2)</sup>	06/10/2013		A	918.357	<sup>(1)</sup> <sup>(1)</sup>	Common Stock	918.357

## Reporting Owners

### Reporting Owner Name / Address

### Relationships

Director    10% Owner    Officer    Other

ROMPALA RICHARD M  
C/O OLIN CORPORATION  
190 CARONDELET PLAZA SUITE 1530  
CLAYTON, MO 63105

X

## Signatures

/s/ T. E. Murphy,  
Attorney-in-Fact

06/12/2013

                    Signature of Reporting Person

                    Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Dividend equivalents credited to the reporting person's account under the Amended and Restated 1997 Stock Plan for Non-employee Directors at \$24.61 per share as of 6/10/2013 in exempt transactions.

(2) Security converts to common stock on a one-for-one basis.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 14pt" align=justify>FIN No. 48 requires the recognition of a financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Revenue Recognition: The Company recognizes revenue when the earnings process is complete, evidenced by persuasive evidence of an agreement, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. The earning process completion is evidenced through the

shipment of goods, as the sales terms of our products are FOB shipping point, the risk of loss is transferred upon shipment and there are no significant obligations subsequent to that point. There are no significant estimates related to revenue recognition.

## RESULTS OF OPERATIONS

	Years ended May 31,		
	2009	2008	% Change
Revenue	\$ 769,616	\$ 977,469	-21.26%
Gross Profit	\$ 577,274	\$ 767,566	-24.79%
Net Loss	\$(1,219,382)	\$(1,457,068)	-16.31%
Basic and Diluted Net Loss per Share	\$ (0.03)	\$ (0.04)	-25%

## Year Ended May 31, 2009 Compared to Year Ended May 31, 2008

## Overview

Total revenue for the year ended May 31, 2009, was \$769,616 compared to \$977,469 in 2008. Gross profit declined to \$577,274 for the year ended May 31, 2009 compared to \$767,566 in 2008, as further discussed below. The net loss for the year ended May 31, 2009, was (\$1,219,382) compared to (\$1,457,068) in 2008.

## Revenue and Gross Margins

Revenues for the year ended May 31, 2009 decreased by 21% to \$769,616 compared to \$977,469 in 2008. Product sales were \$733,833 and \$909,381 for the years ended May 31, 2009 and 2008, respectively. Product sales included sales for the ImmunXT product line which were \$195,613 and \$53,190 for the years ended May 31, 2009 and 2008, respectively. The Company began selling the ImmunXT product in the North America market in February 2008. The revenue amount also includes \$35,783 and \$68,088 of royalty income received from Nordic Immotech for their sales of our ImmunXT product in Europe. The Company has continued to experience weaker demand for its existing products compared to last year and is actively developing new product offerings. Effective August 19, 2009, the Company no longer has the marketing and distribution rights for the ImmunXT product. The Company can continue to sell their remaining ImmunXT inventory over the next 12 months.

Gross profit in the year ended May 31, 2009 decreased to \$577,274 compared to \$767,566 in the same period ended in 2008 due primarily to the decline in product sales. Gross profit as a percentage of revenue decreased to 75% in the year ended May 31, 2009 compared to 78% in the same period ended in 2008. This was due to primarily to having to discount our products due to a continued decline of product sales.

## Royalty Expense-Related Party

The minimum royalty expense-related party accrued to Jurak Holdings Limited (related party) remained consistent for both years at \$500,000 (\$125,000 per quarter) per the contract terms.

## Distribution, Selling, and Administrative Expenses

Total distribution, selling and administrative expenses for the year ended May 31, 2009, were \$1,167,074 compared with \$1,541,999 for the year ended in 2008. Selling and administrative expenses decreased by approximately \$374,925 in 2009. This decrease is primarily related to the decrease in cash available to market the Company's product line and increased effort by management to control overall costs. During this past year, management has reduced headcount to its lowest possible level in order to still be able to effectively operate.

## Explanation of Responses:

**Other Income and Expense**

Interest expense for the year ended May 31, 2009, was \$129,582 compared with \$182,635 for the year ended in 2008. Current year interest costs decreased over prior year due to decreased

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interest expense on the debt agreement to buy the Nordic Immotech License. The expense for 2009 includes a beneficial conversion charge of \$96,140 in connection with the convertible note issued in payment of past due accrued royalty fees to a related party.

## **LIQUIDITY AND CAPITAL RESOURCES**

We have historically had more expenses and cost of sales than revenue in each year of our operations. The accumulated deficit as of May 31, 2009, was \$8,687,684 compared to \$7,468,302 as of May 31, 2008. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt securities and revenue. We intend to finance these expenses with further issuances of our securities and revenues from operations. Therefore, we expect the need to raise additional capital and increase our revenues to meet long-term operating requirements.

We currently are analyzing the opportunity for a private placement offering. We have not finalized the terms of a placement, if one were to occur. The proceeds of any new private placement would be used for regular corporate needs as well as funding any new product development.

At May 31, 2009, the Company had no unrestricted cash compared to \$16,336 of unrestricted cash at May 31, 2008. The Company had current assets of \$282,009 and current liabilities of \$2,628,524 at May 31, 2009, compared to current assets of \$316,781 and current liabilities of \$1,586,187 at May 31, 2008.

Net cash used in operating activities was \$243,602 during the year ended May 31, 2009, compared to net cash used in operating activities of \$943,919 in the year ended May 31, 2008. The decrease was due primarily to the decreased operating loss and a significant reduction in ImmunXT purchases inventory for the year ended May 31, 2009.

Net cash used in investing activities was \$20,361 in the year ended May 31, 2009, compared to \$6,220 in the year ended in 2008.

Net cash provided by financing activities was \$247,627 in the year ended May 31, 2009, compared to net cash provided by financing activities in the year ended in 2008 of \$769,137. The Company raised a significant amount of additional capital in 2008 compared to 2009 in order to market the ImmunXT product.

## **PLAN OF OPERATION**

We have been, since our inception, reliant on external investment to finance ongoing operations as we are not yet operating profitably. While we expect that we anticipate achieving profitable operations in the future, there can be no assurance that our revenue, margins, and profitability will increase or be sufficient to support our operations in the long term. We expect we will need to raise additional capital to meet short and long-term operating requirements. We believe that private placements of equity capital and debt financing may be adequate to fund our

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long-term operating requirements. We may also encounter business endeavors that require significant cash commitments or unanticipated problems or expenses that could result in a requirement for additional cash. If we raise additional funds through the issuance of equity or convertible debt securities other than to current shareholders, the percentage ownership of our current shareholders would be reduced, and such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective business endeavors or opportunities, which could significantly and materially restrict our business operations. We are continuing to pursue external financing alternatives to improve our working capital position and to grow our business to the greatest possible extent.

## **MATERIAL COMMITMENTS**

A significant commitment for fiscal year ending May 31, 2009, relates to the License Agreement with Jurak Holdings Limited (related party). As of fiscal year ended May 31, 2009, an aggregate amount of \$1,600,803 is due and owing to Jurak Holdings Limited for Accrued Minimum Royalty fees, accrued interest and a related note payable due to lack of timely payment. See Note 8 in financial statements for additional information.

On December 1, 2006, the Company finalized the closing of the exclusive global license and distribution agreement with Nordic Immotech Trading. As part of the closing for this agreement, the Company had a calendar year minimum raw product purchase commitment: The license agreement could be terminated by Nordic Immotech Trading if the minimum purchase commitment was not met. Effective August 19, 2009, Nordic Immotech has terminated the license agreement with the Company due to not meeting the required raw material purchase commitments.

As part of the license agreement noted above, Nordic Immotech Trading was required to pay a royalty of ten percent (10%) of net sales of products sold by Nordic and affiliates to independent third parties in Europe. This agreement was effectively terminated in August 2009, as well.

In a separate agreement, the Company was granted an option to purchase all the shares in Nordic Immotech Trading (the sole supplier of the raw material ingredient for our ImmunXT product). Subject to the terms and conditions of the separate agreement, the Company had the option to purchase all of the shares of Nordic (170,000 shares) at a fixed price of \$76.47 per share for a total of \$13,000,000. The Company could exercise the option anytime before December 1, 2008. The Company was able to negotiate with Nordic Immotech two extensions to their agreements through June 1, 2009. For those extensions, the Company issued 8,333,334 shares of common stock valued at \$1,645,833 to Nordic Immotech. These shares were to be used as a partial offset to the purchase price owed to Nordic Immotech if the Company was successful in purchasing Nordic Immotech. However, the Company was unsuccessful in their efforts and the value of these shares has been lost subsequent to year-end. See Notes 3 and 9 in the Company's financial statements for further information.



## **OFF-BALANCE SHEET ARRANGEMENTS**

As of the date of this Annual Report, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, that are material to our investors. The term off-balance sheet arrangement generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have: (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity, or market risk support for such assets.

## **FUTURE OUTLOOK**

The demand for our products is largely dependent upon the level of acceptance and understanding of herbal dietary supplements in the North American distributor and consumer sectors. Market size for herbal dietary supplement products and our relative share of this market will be affected by a number of factors, which include general understanding and awareness, continuing growth in homeopathic awareness, government regulations and general economic conditions. We are attempting to mitigate some of these risks through education and employing well-known persons to endorse our products.

As we continue to expand our operations internationally we must be aware of any inherent business risks associated with doing so. We have attempted to mitigate these risks by establishing a network marketing system utilizing persons who are familiar with the industry.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not required by smaller reporting companies.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

**LifeQuest World Corporation**

Audited Financial Statements

As of and for the years ended May 31, 2009 and 2008

**Index**

Report of Independent Registered Public Accounting Firm

Balance Sheets

Statements of Operations

Statements of Cash Flows

Notes to Financial Statements



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders

LifeQuest World Corporation

We have audited the accompanying consolidated balance sheets of LifeQuest World Corporation as of May 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeQuest World Corporation as of May 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and its current liabilities exceed its current assets. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Carver Moquist & O'Connor, LLC

Minneapolis, Minnesota

September 14, 2009

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**LIFEQUEST WORLD CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**MAY 31, 2009 AND 2008**

<b>Assets:</b>	<b>May 31 2009</b>	<b>May 31 2008</b>
	<hr/>	<hr/>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 16,336
Accounts receivable	24,203	11,646
Inventories, net	255,789	277,879
Prepaid expenses and advances	2,017	10,920
	<hr/>	<hr/>
Total current assets	282,009	316,781
	<hr/>	<hr/>
Office furnishings and equipment, net	19,301	6,024
	<hr/>	<hr/>
<b>Other assets:</b>		
Deposits and other	1,645,893	6,745
Intangible asset, net	2,385,974	2,388,699
	<hr/>	<hr/>
Total other assets	4,031,867	2,395,444
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 4,333,177</b>	<b>\$ 2,718,249</b>
	<hr/>	<hr/>
	<hr/>	<hr/>

**Liabilities and Stockholders' Equity:**

<b>Current liabilities:</b>		
Checks written in excess of bank balance	\$ 30,821	\$ -
Current portion of capital lease obligation	-	321
Accounts payable	259,477	134,766
Accounts payable-related party	96,912	96,912
Accrued compensation and benefits	305,651	218,306

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Other accrued liabilities	144,754	25,304
Convertible note payable to related party	1,350,724	-
Accrued royalties-related party	250,078	1,087,598
Payable to stockholder/officers	190,107	22,980
	<hr/>	<hr/>
Total current liabilities	2,628,524	1,586,187
	<hr/>	<hr/>
<b>Total liabilities</b>	2,628,524	1,586,187
	<hr/>	<hr/>
<b>Stockholders' equity:</b>		
Common stock, par value \$0.001 per share, 150,000,000 shares authorized, 49,062,164 and 40,478,830 shares issued and outstanding at		
May 31, 2009 and 2008, respectively	49,062	40,479
Series B preferred stock, par value \$0.001 per share, 10,000,000 shares authorized, 10,000,000 and no shares issued and outstanding at		
May 31, 2009 and 2008, respectively	10,000	-
Undesignated preferred stock, par value \$0.001 per share, 40,000,000 shares authorized, no shares issued or outstanding at		
May 31, 2009 and 2008, respectively	-	-
Additional paid-in capital	10,333,275	8,559,885
Accumulated deficit	(8,687,684)	(7,468,302)
	<hr/>	<hr/>
Total stockholders' equity	1,704,653	1,132,062
	<hr/>	<hr/>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 4,333,177</b>	<b>\$ 2,718,249</b>
	<hr/>	<hr/>

See accompanying notes to consolidated financial statements.





**LIFEQUEST WORLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED MAY 31, 2009 AND 2008**

	<b>Year Ended May</b>		
	<b>31</b>		
	<b>2009</b>		<b>2008</b>
<b>Revenue:</b>			
Sales-product	\$ 733,833	\$	909,381
Royalty income-immune booster	35,783		68,088
<b>Total Revenue</b>	<b>769,616</b>		<b>977,469</b>
<b>Cost of sales</b>	<b>192,342</b>		<b>209,903</b>
<b>Gross profit</b>	<b>577,274</b>		<b>767,566</b>
<b>Royalty expense-related party</b>	<b>500,000</b>		<b>500,000</b>
<b>Distribution, selling and administration expenses</b>	<b>1,167,074</b>		<b>1,541,999</b>
<b>Loss from operations</b>	<b>(1,089,800)</b>		<b>(1,274,433)</b>
<b>Other income and (expenses):</b>			
Interest expense	(129,582)		(182,635)
<b>Total other income and (expense), net</b>	<b>(129,582)</b>		<b>(182,635)</b>
<b>Net loss before income taxes</b>	<b>(1,219,382)</b>		<b>(1,457,068)</b>
<b>Income tax expense</b>	<b>-</b>		<b>-</b>
<b>Net loss</b>	<b>\$ (1,219,382)</b>	<b>\$</b>	<b>(1,457,068)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.03)</b>	<b>\$</b>	<b>(0.04)</b>

**Weighted average**

**outstanding common shares-  
basic and diluted**

43,175,177

38,125,837

See accompanying notes to consolidated financial statements.

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**LIFEQUEST WORLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED MAY 31, 2009 AND 2008**

	Common Stock		Preferred Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	TOTAL
<b>Balance -</b>							
<b>May 31, 2007</b>	34,245,499	34,246	-	-	6,316,153	(6,011,234)	339,165
Issuance of common stock at \$0.50 per share in Private Placement during July 2007	1,400,000	1,400			698,600		700,000
Issuance of common stock at \$0.20 per share in Private Placement during September 2007	2,500,000	2,500			497,500		500,000
Cancellation of common stock issued for compensation in April 2007, originally valued at \$0.70 per share, in February 2008	(166,669)	(166)			166		-

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Issuance of  
common stock  
at

\$0.42 per  
share in  
Private  
Placement

during  
November  
2007

1,190,476

1,190

498,775

499,965

Issuance of  
common stock  
at

\$0.42 per  
share in  
Private  
Placement

during  
December  
2007

595,238

595

249,405

250,000

Issuance of  
common stock  
at

\$0.42 per  
share in  
Private  
Placement

during  
February 2008

714,286

714

299,286

300,000

Net loss

(1,457,068) (1,457,068)

**Balance -**

**May 31, 2008**

40,478,830

\$ 40,479

-

\$

-

\$

8,559,885

\$

(7,468,302)

1,132,062

Issuance of  
preferred stock  
for

consideration  
of an  
employment  
agreement in

September  
2009

10,000,000

10,000

(10,000)

-

Explanation of Responses:

Issuance of common  
stock for consideration  
of a standstill agreement  
in connection with

the Nordic license in  
December 2008

valued at \$0.24 per share	4,166,667	4,167	995,833	1,000,000
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Issuance of common  
stock for consideration  
of a  
standstill  
agreement in  
connection  
with

the Nordic  
license in  
March 2008  
valued at

\$0.155 per share.	4,166,667	4,166	641,667	645,833
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Beneficial  
conversion  
feature charge  
in

Connection  
with a  
convertible  
note

agreement in  
April 2009

96,140	96,140
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Issuance of  
common stock  
at

\$0.20 per  
share in  
Private  
Placement

during May  
2009

250,000	250	46,750
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Net loss								(1,219,382)	(1,219,382)
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**Balance -**

<b>May 31, 2008</b>	49,062,164	\$ 49,062	10,000,000	\$	10,000	\$ 10,330,275	\$	(8,687,684)	\$ 1,704,653
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See accompanying notes to consolidated financial statements.

**LIFEQUEST WORLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MAY 31, 2009 AND 2008**

	2009	2008
	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (1,219,382)	\$ (1,457,068)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,329	7,370
Loss on disposal of assets	4,480	-
Non-cash interest expense	96,140	42,412
Changes in operating assets and liabilities:		
Accounts receivable	(12,557)	(4,024)
Inventories	22,090	(213,869)
Prepaid expenses and advances	8,903	2,934
Deposits	6,685	31,853
Accounts payable	124,711	63,844
Accrued expenses	719,999	582,629
	<hr/>	<hr/>
Net cash used in operating activities	(243,602)	(943,919)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquiring office furnishings and equipment	(20,361)	(6,220)
	<hr/>	<hr/>
Net cash used in investing activities	(20,361)	(6,220)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock, net of issuance costs	50,000	2,249,965
Payments on installment payable-immune booster license	-	(1,450,000)
Checks issued in excess of bank balance	30,821	-
Payments on capital lease obligations	(321)	(932)
Advances from (repayment to) stockholder/officer	167,127	(29,896)
	<hr/>	<hr/>
Net cash provided by financing activities	247,627	769,137
	<hr/>	<hr/>



NET INCREASE IN CASH AND CASH EQUIVALENTS	(16,336)	(181,002)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,336	197,338
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ -	\$ 16,336
	<hr/>	<hr/>
	<hr/>	<hr/>

**Supplemental disclosures of cash flow information:**

Interest paid	\$ -	\$ 140,233
Income tax payments	\$ -	\$ -
Common stock issued as consideration for standstill agreement	\$ 1,645,833	\$ -
Accrued royalties-related party converted into debt	\$ 1,345,957	\$ -

See accompanying notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**May 31, 2009 and 2008**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies:**

**Nature of business:**

LifeQuest World Corporation was incorporated under the laws of the State of Minnesota on November 1, 1997. The Company is located in Las Vegas, Nevada and develops and distributes dietary herbal supplement products.

The shares of the Company trade on the Over the Counter Bulletin Board under the symbol, "LQWC."

A summary of the Company's significant accounting policies is as follows:

**Principles of Consolidation:**

The consolidated financial statements include the accounts of LifeQuest World Corporation and its wholly owned subsidiary. All significant inter-company accounts and transactions have been eliminated in consolidation.

**Revenue recognition:**

The Company recognizes revenue when persuasive evidence of an arrangement exists, title and risk of ownership passes, the sales price is fixed or determinable, and collectability is probable. Generally, these criteria are met at the time product is shipped to our distributors or directly to a retail customer.

**Use of estimates:**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the financial statement date and revenues and expenses during the reporting period. Actual results could differ from Company estimates.

**Cash:**

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in a high quality financial institution. The balance at times may exceed the federally insured limits.

**Accounts Receivable:**

The Company collects payments from its customers almost entirely from credit cards. Primarily, any accounts receivable balance at the end of the reporting period is due to a two or three day lag in receiving the funds from the credit card processors. It also includes royalty payments due from Nordic Immotech for product sales made in Europe through May 31, 2009. Balances still

outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Historically, the Company has not experienced significant losses related to receivables from individual customers. At May 31, 2009 and 2008, the Company considers its accounts receivable to be fully collectible and therefore have not recorded an allowance for doubtful accounts.

### **Inventories:**

Inventories are valued at the lower of cost or market, using the first-in, first-out method (FIFO). The Company reviews inventory on a regular basis and provides for slow-moving, obsolete or unusable inventories by reducing inventory to its estimated useful or scrap value. Inventories are reported at their net amounts, and consist of the following:

	May 31	
	2009	2008
Raw materials	\$ 115,643	\$170,286
Finished goods and supplies	157,146	117,593
Allowance for obsolescence	(17,000)	(10,000)
	\$ 255,789	\$ 277,879

### **Office furnishings and equipment:**

Office furnishings and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful life of three to seven years. Maintenance and minor renewals are expensed when incurred. Depreciation expense for the years ended May 31, 2009 and 2008 was \$2,604 and \$5,348, respectively.

### **Intangible Asset-Immune Booster License:**

Intangible asset, entirely comprised of the immune booster license, is recorded at cost and is presented net of amortization. Amortization is being computed over the estimated sales volume that is anticipated over the remaining term of the licensed agreement to properly match revenue and expenses. There was \$2,725 and \$2,022 of amortization expense for the years ended May 31, 2009 and 2008, respectively. In August 2009, the Company has been notified that the distribution rights to this product have been terminated effective August 2009. (See Note 8 – Commitments and Note 9 – Subsequent Events)

### **Long-lived assets:**

Long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows,

an impairment charge is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the asset.

**Income taxes:**

Income taxes are accounted for in accordance with SFAS No. 109, as clarified by FIN No. 48, which requires an asset and liability approach to financial accounting and reporting for income taxes. Accordingly, deferred tax assets and liabilities arise from the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense or benefit is the tax payable or refundable, respectively, for the period plus or minus the change in deferred tax assets and liabilities during the period.

FIN No. 48 requires the recognition of a financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

**Advertising:**

The Company expenses advertising costs as they are incurred. Advertising costs were \$400 and \$8,810 for the years ended May 31, 2009 and 2008, respectively.

**Shipping and handling costs:**

Shipping and handling costs charged to customers have been included in sales. Inbound and outbound freight and handling costs incurred by the Company have been included in cost of sales.

**Research and development costs:**

Research and development costs consist of on-going product development and enhancement efforts. Total expenses amounted to \$15,471 and \$16,914 for the years ended May 31, 2009 and 2008, respectively.

**Fair value of financial instruments:**

The carrying value of the Company's financial instruments approximates fair value at May 31, 2009 and 2008. The carrying amounts for cash, accounts receivable, accounts payable, accrued liabilities and notes payable approximate fair value due to the short maturity of these instruments.

**Segment Reporting:**

The Company operates as one reporting segment.

**Reclassifications:**

Certain prior year amounts have been reclassified to conform to current year presentation.

### Loss per common share:

The Company computes earnings per share in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS 128"). SFAS 128 requires companies to compute earnings per share under two different methods, basic and diluted, and present per share data for all periods in which statements of operations are presented. Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share are computed by dividing net income by the weighted average number of common stock outstanding during the period increased by potentially dilutive common shares. Potentially dilutive common shares include stock warrants and shares to be issued under the Distributor Stock Bonus Plan (See Note 8 Commitments). Dilution is determined using the treasury stock method.

The following table provides a reconciliation of the numerators and denominators used in calculating basic and diluted earnings per share for the years ended May 31, 2009 and 2008.

	May 31	
	2009	2008
Basic earnings per share calculation:		
Net loss to common shareholders	\$(1,219,382)	\$(1,457,068)
Weighted average common shares outstanding	43,175,177	38,125,837
Basic net loss per share	\$(0.03)	\$(0.04)

### Diluted earnings per share calculation:

Net loss to common shareholders	\$(1,219,382)	\$(1,457,068)
Weighted average common shares outstanding	43,175,177	38,125,837
Warrants and dilutive shares <sup>(1)</sup>	-	-
Diluted weighted average common shares outstanding	43,175,177	38,125,837
Diluted net loss per share	\$(0.03)	\$(0.04)

<sup>(1)</sup>There were 250,000 stock warrants and 88,160 shares under the Distributor Stock Bonus Plan that were anti-dilutive due to the Company's net loss for the year ended May 31, 2009 and 2008, respectively, and therefore have been excluded from the calculation.

### Recent accounting pronouncements:

In April 2009, the Financial Accounting Standards Board ( FASB ) issued FASB Staff Position ( FSP ) No. FAS 157-4, Determining Fair Values When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. This FSP provides guidance on (1) estimating the fair

value of an asset or liability when the volume and level of the activity for the asset or liability have significantly declined and

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(2) identifying transactions that are not orderly. This FSP also amends certain disclosure provisions of SFAS No. 157 to require, among other things, disclosures in interim periods of the inputs and valuation techniques used to measure fair value. The Company is currently evaluating the impact of this standard, but would not expect it to have a material impact on our financial position, results of operations, or cash flows.

In June 2008, the FASB issued FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. This guidance states that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are participating securities and should be included in the computation of earnings per share using the two-class method outlined in SFAS No. 128, *Earnings per Share*. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. The adoption of this new guidance on June 1, 2009 should not have an effect on the Company's reported earnings per share.

In April 2008, the FASB issued FASB Staff Position (FSP) No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This guidance addresses the determination of the useful life of intangible assets which have legal, regulatory or contractual provisions that potentially limit a company's use of an asset. Under the new guidance, a company should consider its own historical experience in renewing or extending similar arrangements. The Company is required to apply the new guidance to intangible assets acquired after December 31, 2008.

In February 2008, the FASB issued FASB Staff Position FAS 157-2 ("FSP FAS 157-2") "Effective Date of FASB Statement No. 157" which delays the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis to fiscal years beginning after November 15, 2008. These non-financial items include assets and liabilities such as reporting units measured at fair value in a goodwill impairment test and non-financial assets acquired and non-financial liabilities assumed in a business combination. The Company has not applied the provisions of SFAS No. 157 to its non-financial assets and non-financial liabilities in accordance with FSP FAS 157-2. The Company does not expect FAS 157-2 to have an impact to the financial statements or reported earnings per share.

During March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (SFAS No. 161). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 also improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We do not believe the adoption of SFAS No. 161 will have a material effect on our results of operations or financial position.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification TM and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 ( SFAS 168 ), which establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles. SFAS 168 explicitly recognizes rules and interpretive releases of the Securities and Exchange Commission ( SEC ) under federal securities laws as authoritative GAAP for SEC registrants. SFAS 168 will become effective in the first quarter of fiscal year 2010 and will not have a material impact on the Company's consolidated financial statements.

**Note 2 - Company's Continued Existence:**

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. However, the Company has sustained substantial losses and has a significant working capital deficit. The Company intends to generate positive cash flows from operations through increased sales utilizing the network of distributors in place, from financing activities such as issuing additional stock through private placement, and obtaining necessary capital through additional advances from the Company's principal stockholder. However, there can be no assurance the Company will be able to obtain additional capital from private placements or advances from stockholders in the future. The Company has no other committed sources or arrangements for additional financing.

The financial statements do not include any adjustment relating to recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary should the Company be unable to continue to exist.

**Note 3 - Intangible Asset:**

On December 1, 2006, the Company purchased, through an exclusive license and distribution agreement, the worldwide marketing rights to the most powerful, natural immune booster discovered to date, as stated by the scientific research team that developed the product. These rights were being acquired from Nordic Immotech Trading APS. The license was purchased through installment payments totaling \$2,500,000, per the terms of the agreement, which are paid in full as of May 31, 2008. The agreement, however, was terminated on August 19, 2009 by Nordic Immotech Trading APS due to not meeting the minimum raw material purchase commitments. (See Notes 8 and 9).

The Company has imputed interest on these installments at a rate of 10% because the payment schedule was non-interest bearing. The discounted value of the licensed asset totals \$2,373,190. Additional costs for legal services were also incurred for \$17,531. The total cost of the license is \$2,390,721. The Company began marketing the product domestically in February 2008. The Company began amortizing the license at this time. The accumulated amortization for the years ended May 31, 2009 and 2008, was \$4,748 and \$2,022, respectively.



In a separate agreement, the Company was granted an option to purchase all the shares in Nordic Immotech (the sole supplier of the raw material ingredient for our ImmunXT product). Subject to the terms and conditions of the separate agreement, the Company has the option to purchase all of the shares of Nordic Immotech (170,000 shares) at a fixed price of \$76.47 per share for a total of \$13,000,000. The Company could exercise the option anytime before December 1, 2008. The Company has been notified that both agreements have been terminated effective August 2009 (See Note 9 Subsequent Events).

In December 2008, the Company and Nordic Immotech entered into a Standstill Addendum to the purchase agreement and distribution and sublicense agreements related to their exclusive license agreement for the ImmunXT product, as noted above. The primary intent of this Addendum was to extend the time period to acquire Nordic Immotech and to extend the required minimum purchase commitment of raw product for the calendar year 2008 to March 31, 2009. In consideration for this Addendum, the Company has issued Nordic Immotech 4,166,667 shares of common stock with a fair value of \$1,000,000 or \$0.24 per share which was the Company's stock closing price on December 8, 2008. This deposit has been classified in other assets on the Company's balance sheet. Following the terms of the Standstill Addendum, this has been recorded as a non-refundable advance deposit against the purchase price for the potential acquisition of Nordic Immotech.

On March 31, 2009, the Company and Nordic Immotech entered into a second Standstill Addendum (II) to the purchase agreement and distribution and sublicense agreements related to their exclusive license agreement for the ImmunXT product. The primary intent of this Addendum was as follows:

1. To extend the time period to exercise the option to purchase Nordic Immotech.
2. To extend the required minimum purchase commitment of raw product for the calendar year 2008.

In consideration of these extensions, the Company issued, on March 31, 2009, 4,166,667 common shares at a fair value of \$645,833 or \$0.155 per share which was the Company's stock closing price on March 31, 2009 to Nordic Immotech. If the Company and Nordic Immotech come to an agreement to purchase all of the outstanding shares of Nordic Immotech, the value of these common shares and the 4,166,667 common shares already issued on December 8, 2008 will be used to offset the purchase price outlined in the purchase agreement.

The Company and Nordic Immotech have a preliminary agreement on the terms of purchase outlined in a preliminary Letter of Intent. Any consideration made to Nordic Immotech as defined in the agreement is non-refundable if the acquisition transaction is not closed. As of August 19, 2009, Nordic Immotech has terminated both of these agreements due to non-performance of the terms. Because of this termination, the Company will record an impairment loss against the Nordic license intangible asset and the two advance deposits for the acquisition of Nordic Immotech all totaling \$4,031,867 in the 1<sup>st</sup> quarter ending August 31, 2009.

As of the date of this 10-K filing, the Company is still in negotiations to attempt to complete this acquisition and the advance of these shares would be considered a payment against the purchase price. Unless these continuing negotiations are successful, a full writeoff of the Company's

assets pertaining to this agreement, as previously noted, will be recorded in 1<sup>st</sup> quarter ending August 31, 2009. The Company's remaining ImmunXT inventory as of May 31, 2009 totals \$212,589. Under the termination provisions, the Company has the right to continue selling the product for the next 12 months or offer it back to Nordic Immotech at cost.

**Note 4 - Capital Lease Obligations:**

The Company has one capital lease for new computer equipment, expiring October 2008. The lease bears interest at 5%. The obligation is collateralized by the equipment under lease. Total cost of the lease equipment was \$20,406 and was fully depreciated at May 31, 2009 and 2008, respectively. The lease was paid in full during the year ended May 31, 2009.

**Note 5 - Stockholders Equity:**

In September 2008, the Board of Directors has designated 10,000,000 of 50,000,000 total authorized preferred shares as Series B. The Series B preferred shares have no liquidating or other preference, cannot be converted to common stock or sold and has no dividend rights. However, each Series B preferred share has the equivalent of ten common shares for voting rights. The Company will vote with Series B preferred stock and common stock shareholders as one class. The Company issued 10,000,000 shares of the Series B preferred stock to our CEO for his consideration in signing a 2-year employment agreement effective October 15, 2008. If for any reason the CEO terminates his contract and employment with the Company, these preferred shares will be returned to the treasury of the Company.

On December 8, 2008, the Company issued 4,166,667 shares of its common stock valued at \$1,000,000 (\$0.24 per share) in connection with the first extension agreement with Nordic Immotech (See note 3).

On March 31, 2009, the Company issued 4,166,667 shares of its common stock valued at \$645,833 (\$0.155 per share) in connection with the 2<sup>nd</sup> extension agreement with Nordic Immotech (see note 3).

In May 2009, the Company had a single private placement and issued 250,000 shares of our restricted common stock at \$0.20 per share for \$50,000. In addition, there were 250,000 warrants attached with an exercise price of \$0.30 per common share. The warrants expire in one year.

In July 2007, the Company had a single private placement and issued 1,400,000 shares of our restricted common stock at \$0.50 per share for \$700,000. No warrants were issued with this issuance.

In September 2007, we subsequently authorized a private placement of up to 12,000,000 shares of our common stock without warrants on a best efforts basis. The Company sold 2,500,000 shares at \$0.20 per share for \$500,000 in September 2007. From November 2007 to February 2008, the Company sold 2,500,000 shares at \$0.42 per share for total net proceeds of \$1,049,965.

In April 2007, we issued 83,335 shares of our restricted common stock to an officer/employee and 83,334 shares of restricted stock to an employee as compensation for services provided. The

shares were valued at their fair value of \$0.70 per share for a total compensation charge of \$350,000.

During the year ended May 31, 2008, the employees forfeited the shares due to personal tax ramifications and the Company does not intend to replace this form of compensation. During the year ended May 31, 2009 and 2008, no shares were issued to our distributors under the Company's distributor bonus plan (See Note 8 - Commitments).

#### **Note 6 - Income Taxes:**

The provision for income taxes differs from the amount computed by applying the U.S. federal income tax rate to loss before income taxes as follows:

	May 31	
	2009	2008
Expected (benefit) at statutory rate	34%	34%
State taxes	-	-
Increase in valuation allowance	(34% )	(34%)
Effective tax rate	0%	0%

The income tax provision consists of the following for the years ended May 31:

	2009	2008
Current tax provision	\$ -	\$ -
Deferred tax (benefit)	(371,000)	(487,000)
Change in valuation allowance	371,000	487,000
Total income tax provision	\$ -	\$ -

The following is a summary of the significant components of the Company's deferred tax, assets and liabilities:

	May 31	
	2009	2008
Deferred tax assets:		
Net operating loss	\$ 2,172,000	\$ 1,975,000
Related party accruals	582,000	408,000
Valuation allowance	(2,754,000)	(2,383,000)
Net deferred tax assets	\$ -	\$ -

Tax law provides for limitation on the use of future net operating loss carryovers should significant ownership changes occur. The Company has net operating loss carry forwards of

approximately \$6,386,000 that begin to expire in 2018 and continue to expire through the year 2028.

**Note 7 - Related Party Transactions:**

**Jurak Intellectual Property License Agreement**

In January 1999, we entered into an intellectual property license agreement (the "License Agreement") with Jurak Holdings Limited ("JHL"), a corporation organized under the laws of the Province of Alberta, Canada and an affiliate of our Chief Executive Officer and one of our directors. Pursuant to the terms and provisions of the License Agreement, we are required to pay the greater of \$500,000 for fiscal year 2003 and each calendar year thereafter, during the first ten years of the License Agreement (the "Minimum Royalty Fee"), or eight percent of the net sales price of all licensed products sold under the License Agreement (the "Continuing Royalty Fee"). After fiscal 2013, we are required to make payments in the amount of the Continuing Royalty Fee. On any amounts past due on this agreement, interest will accrue at prime plus 1%.

For the year ended May 31, 2009 and 2008, the Minimum Royalty Fee in the amount of \$500,000 was expensed. The accrued payments due and owing to JHL under the License Agreement for the Minimum Royalty Fee and the Continuing Royalty Fee were \$250,078 and \$1,087,598 at May 31, 2009 and 2008, respectively. The amount owed as of May 31, 2009 and 2008, respectively, includes interest of \$144,591 and \$129,494 due to continued delinquent payments. Total interest expense of \$15,097 and \$61,610 was recorded for the years ended May 31, 2009 and 2008, respectively.

In April 2009, the Company and Jurak Holdings Limited have entered into an agreement to convert \$1,345,957 of the accrued royalties related party outstanding related to the Intellectual Property License Agreement into a formal convertible note effective April 24, 2009. The note will pay interest at prime rate plus 1% and is due upon demand. Jurak Holdings Limited has the right to convert this debt at any time into common stock at a value of \$0.14 per share adjusted for any stock split or adjustment. Because the fair value of the Company's stock was \$0.15 on the date of this convertible note, a \$96,140 beneficial conversion feature charge was recorded to interest expense. The remaining accrued royalties in excess of the note balance will continue with payment terms based on the Intellectual Property License Agreement including accumulating new royalties and interest per the agreement. The outstanding balance of the convertible note to related party at May 31, 2009, including interest of \$4,767, is \$1,350,274.

**Payable to stockholder/officer**

The Company has a payable due to its majority stockholder totaling \$190,107 and \$22,980 at May 31, 2009 and 2008, respectively. These liabilities are for reimbursement of business expenses due the stockholder and for working capital advances made to the Company. No interest is being charged on these balances.

**Accounts Payable Related Party**



The Company has included in accounts payable related party balances due to an entity owned by the majority stockholder totaling \$96,912 at May 31, 2009 and 2008, respectively. These liabilities are for consulting services and reimbursement of business expenses due the entity. No interest is being charged on these outstanding balances.

## **Note 8 Commitments:**

### **Distributor Stock Bonus Plan**

Prior to June 1, 2007, the Company offered to its distributors a plan whereby the distributors could earn a stock bonus based on sales and "bonus points." Distributors earned certificates redeemable for one share of the Company's common stock three years after the certificate has been earned. The number of certificates outstanding at May 31, 2009 was 88,160. The liability recorded by the Company for these bonus points was \$111,695 at May 31, 2009 and 2008, respectively, which was recorded by the Company at the fair market value of the common stock on the date that they were earned. This liability balance is classified with accrued compensation and benefits on the balance sheet.

During the years ended May 31, 2009 and 2008, respectively, no shares were issued to various distributors under this plan. Effective June 1, 2007, this plan was discontinued and all distributors who had earned certificates under the plan became fully vested. As of September 14, 2009, all 88,160 certificates remain outstanding.

### **License Agreement-Related Party:**

The Company has entered into an intellectual property license agreement with an entity owned by the majority stockholder. Pursuant to the terms and provisions of the License Agreement, we are required to pay the greater of \$500,000 for fiscal year 2003 and each calendar year thereafter, during the first ten years of the License Agreement (the "Minimum Royalty Fee"), or eight percent of the net sales price of all license products sold under the License Agreement (the "Continuing Royalty Fee"). After fiscal 2013, we are required to make payments in the amount of the Continuing Royalty Fee. The agreement also requires interest payments of prime plus one percent if the royalty fees are in arrears at the end of a calendar year. The Company is currently in arrears on royalty fees. Accrued royalties and related interest charges due under this license agreement are \$250,078 and \$1,087,598 at May 31, 2009 and 2008, respectively. (See Note 7 Related Party Transactions)

### **Other Asset Immune Booster License Agreement:**

The Company has a license agreement with Nordic Immotech to purchase raw product to distribute. See Note 3 for additional information. As defined in the agreement, the Company has a minimum purchase commitment of raw product. The supplier has the right to terminate the license agreement, without recourse, if the purchase commitment is not met. The commitment is based on the calendar year as follows: 1,000 kg (\$490,000) in 2007, 2,000 kg (\$980,000) in 2008 (as amended), 9,000 kg (\$4,410,000) in 2009, 15,000 kg (\$7,350,000) in 2010 and 20,000 kg (\$9,800,000) in 2011. The value of these commitments was determined with pricing effective as of May 31, 2009.

The supplier has entered into a sublicense agreement with the Company to distribute the product in defined markets, primarily Europe. The Company will receive a royalty of ten percent of sales.

The Company has earned \$35,783 and \$68,088 in royalties for the years ended May 31, 2009 and 2008, respectively.

The agreement permits the Company to include 100% of raw product sold by the supplier, during calendar year 2007 and 2008, and 50% of raw product sold by the supplier, during subsequent calendar years, along with the Company's own purchases, in the determination of meeting the minimum commitment as defined in the agreement. The Company has met the minimum purchase commitment for calendar year 2007 and not for 2008. Because the Company has not met the required minimum purchases, the agreement has been terminated effective August 19, 2009 for this non-performance.

### **Endorsement and Consulting Agreement**

The Company has entered into an endorsement and consulting agreement with a film and television actor to promote the immune booster product line. The one year agreement was effective May 1, 2008, with a Company option to extend two years. The Company has terminated this agreement during the year ended May 31, 2009. The Company has negotiated a settlement where the actor is owed \$55,000 for prior services at May 31, 2009. The entire \$55,000 settlement amount is accrued as of May 31, 2009 and is classified in other accrued liabilities on the balance sheet.

### **Operating Lease**

The Company rented office and warehouse space in Las Vegas, Nevada under terms of an operating lease which calls for an initial base monthly rental of approximately \$6,700, increasing annually, plus common area operating expenses, through June 2009. Rent expense plus common area operating expenses under this agreement for the years ended May 31, 2009 and 2008, was \$118,033 and \$115,083, respectively. The Company vacated the premises in February 2009. As of May 31, 2009, the Company has back due amounts on this lease totaling \$33,172 which is classified in other accrued liabilities on the balance sheet.

The Company relocated in February 2009 to the home of an employee on a temporary basis. The employee was compensated by issuance of 1,000,000 shares of common stock in June 2009 with fair value of \$170,000. The value of these shares is being expensed over the 1-year term of the agreement. The term of the lease is one year ending February 2010. Rent expense under this agreement for the year ended May 31, 2009 was \$35,000. There are no minimum lease payments. (See Note 9 Subsequent Events)

### **NOTE 9 Subsequent Events:**

#### Private Placement Sale

In September 2009, the Company had a single private placement and issued 175,000 shares of our restricted common stock at \$0.20 per share for \$35,000. In addition, there were 175,000

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warrants attached with an exercise price of \$0.30 per common share. The warrants expire in one year.

Cancellation of Nordic Immotech License Agreement

The Company has received, on August 19, 2009, a termination notification to the Exclusive License and Distribution Agreement date December 1, 2006 (See Note 3 Intangible Asset) from Nordic Immotech. Per the agreement, we are responsible for the remaining minimum raw material purchase commitment for the year 2008 and a scientific study performed by Nordic Immotech. The total obligation is estimated to be approximately \$850,000. Scandinavian Clinical Nutrition, the parent of Nordich Immotech APS, is working with the Company to sell raw material to a new distributor to minimize the liability for this obligation. Due to the loss of this Nordic Immotech license agreement, the Company will write-off in 1<sup>st</sup> quarter ending August 31, 2009, the value of the assets pertaining to this agreement totaling \$4,031,867 (see Note 3 for more information).

Agreement to Provide Auto-Dial Telemarketing

The Company entered into a one year marketing agreement on June 2009. This marketing agreement calls for the vendor to provide telemarketing and promotional advertising to assist with increasing sales of our product and developing additional distributors and marketers. As a part of the compensation for these services, the Company was required to issue 12,000,000 common shares. The Company issued 10,000,000 restricted common shares at fair value of \$1,700,000 or \$0.17 per share which was the Company's stock closing price on June 25, 2009. In addition, an existing shareholder transferred 2,000,000 tradeable common shares to the company at fair value of \$340,000 or \$0.17 per share which was the Company's stock closing price on June 29, 2009. The marketing company is required to return the 10,000,000 restricted common shares if it doesn't achieve certain agreed upon performance measures. If the marketing company is not successful in increasing the Company's active customer accounts by 50% within 90 days, the company can terminate the agreement.

In addition to the stock compensation, cash payments will be due each month at a rate of 50% of new gross sales proceeds and repeat orders will incur a 40% commission rate. There is no maximum commission that can be earned under this agreement.

Office Lease Change

In February 2009, the Company vacated their leased office space and moved to the home of an employee. On June 1, 2009, the Company issued 1,000,000 restricted common shares at fair value of \$170,000 or \$0.17 per share which was the Company's stock closing price on June 1, 2009. The term of the lease is one year through February 2010.

**ITEM 9. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## ITEM 9AT. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in its reports filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Such information is accumulated and communicated to management, including our Chief Executive Officer / Principal Accounting Officer as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance the objectives of the control system are met.

As of May 31, 2009 our management, with the participation of our Chief Executive Officer / Principal Accounting Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) under the Exchange Act. Based on this evaluation, the Chief Executive Officer / Principal Accounting Officer concluded that the Company's disclosure controls and procedures were not effective as of May 31, 2009, because of the identification of the material weaknesses in internal control over financial reporting described below. Notwithstanding the material weaknesses that existed as of May 31, 2009, our Chief Executive Officer / Principal Accounting Officer has concluded that the financial statements included in this Annual Report on Form 10-K present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with accounting principles generally accepted in the United States of America ("GAAP").

### **Report of Management on LifeQuest World Corporation's Internal Control Over Financial Reporting**

Our principal executive officer (Chief Executive Officer and Principal Accounting Officer), and other members of management of LifeQuest World Corporation, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) or 15d-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, our internal controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can

provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. The following material weaknesses have been identified by members of our management and reported to the board of directors:

o

Currently, the sole Board Member acts in the capacity of the Audit Committee. This individual lacks independence and is not considered a financial expert. It is management's view that such a committee, including financial expertise and independent membership, is an utmost important entity level control over the Company's financial statement.

o

We did not maintain proper segregation of duties for the preparation of our financial statements. As of May 31, 2009, the majority of the preparation of the financial statements was carried out by an independent contractor. The independent contractor prepared routine and non-routine journal entries, processed certain transactions, prepared certain account reconciliations, selected accounting principles, and prepared interim and annual financial statements (including report combinations, consolidation entries and footnote disclosures) in accordance with generally accepted accounting principles without review and approval by someone with financial expertise for overseeing such duties.

o

The Company had insufficient resources to adequately review and approve certain account reconciliations and journal entries prepared by personnel without technical accounting and reporting expertise.

o

We have a history of entering into legal arrangements or agreements with significant financial statement implications without timely and complete supporting documentation, such as private equity placements. This has potential for improper application of accounting principles and related financial reporting of such transactions.

o

The Company has not adopted a Code of Ethics and Code of Conduct to provide guidance for our directors, officers and employees.

As of May 31, 2009, our management with the participation of our chief executive officer and principal accounting officer, documented our control environment, however, management did not assess our internal control over financial reporting based on criteria for effective internal control over financial reporting as described in "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. As a result of this review, material weaknesses were identified, as described above, and, management has concluded that our internal controls over financial reporting were not effective as of May 31, 2009. Carver, Moquist & O'Connor, an independent registered public accounting firm, was not required to and has not issued a report concerning the effectiveness of our internal control over financial reporting as of May 31, 2009.

(c) *Changes in Internal Control Over Financial Reporting.* There have not been any changes in the Company's internal control over financial reporting during the most recent fiscal quarter ended May 31, 2009, that materially affected, or are reasonably likely to materially effect, the Company's internal control over financial reporting.

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The Company is continuing its efforts to address deficiencies in internal control over financial reporting. Management and the Board of Directors believe, as the Company receives further funding through private placements and growth in operations, it will be able to invest in remediating the identified weaknesses.

## **ITEM 9B. OTHER INFORMATION**

None.

## **Part III**

## **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

### **IDENTIFICATION OF DIRECTORS AND EXECUTIVE OFFICERS**

All of our directors hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. Our officers are appointed by our Board of Directors and hold office until their earlier death, retirement, resignation or removal.

As of the date of this Annual Report, our directors and executive officers, their ages and positions held are as follows:

<u><b>NAME</b></u>	<u><b>AGE</b></u>	<u><b>OFFICES HELD</b></u>
Anthony C. Jurak	71	

Explanation of Responses:

Director, Chairman of the Board and Chief Executive  
Officer, President and Secretary

## BIOGRAPHIES

The backgrounds of our directors and executive officers are as follows:

**Anthony C. Jurak.** Mr. Jurak is the founder of our company, and a director and Chairman of the Board and our Chief Executive Officer/Secretary. Mr. Jurak was also a co-chairman and secretary/treasurer for more than the five years of Matol Partners Corporation, terminating his position in February 1997, and since has worked primarily for us. While with Matol Partners Corporation, Mr. Jurak was in charge of finances and then committed his time to marketing and sales. Mr. Jurak has broad marketing and financial experience, including wholesale and retail companies.

## FAMILY RELATIONSHIPS

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There are no family relationships among our directors or officers.

## **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

During the past five years, none of our directors, executive officers or persons that may be deemed promoters is or have been involved in any legal proceeding concerning (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (ii) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) being subject to any order, judgment or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities or banking activity; or (iv) being found by a court, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law (and the judgment has not been reversed, suspended or vacated).

## **COMMITTEES OF THE BOARD OF DIRECTORS**

### **Audit Committee**

The audit committee operates under a written charter adopted by the Board of Directors during June 2004. As of the date of this Annual Report, Anthony Jurak has been appointed to our audit committee. Mr. Jurak is not independent within the meaning of Rule 10A-3 under the Exchange Act. The Board of Directors has determined that there is not a financial expert serving on the audit committee.

The audit committee's primary function is to provide advice with respect to our financial matters and to assist the Board of Directors in fulfilling its oversight responsibilities regarding finance, accounting, and legal compliance. The audit committee's primary duties and responsibilities will be to: (i) serve as an independent and objective party to monitor our financial reporting process and internal control system; (ii) review and appraise the audit efforts of our independent accountants; (iii) evaluate our quarterly financial performance as well as our compliance with laws and regulations; (iv) oversee management's establishment and enforcement of financial policies and business practices; and (v) provide an open avenue of communication among the independent accountants, management, and the Board of Directors.

## **COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

Section 16(a) of the Exchange Act requires directors and officers, and the persons who beneficially own more than 10% of common stock of certain companies, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. We are not required to file reports under Section 16 of the Exchange Act.

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**ITEM 11. EXECUTIVE COMPENSATION**

During fiscal years ended May 31, 2009 and 2008, certain officers were compensated for their role as executive officers. As of the date of this Annual Report, we do not have any stock option, pension, annuity, insurance, profit sharing or similar benefit plans. Executive compensation is subject to change concurrent with our requirements. We have employment agreement with our officer. This agreement is for two years and expires October 14, 2010.

Generally, our director does not receive salary or fees for serving as director nor does he receive any compensation for attending meetings of the Board of Directors. However, we may adopt a director compensation policy in the future. We do not currently have any standard arrangement pursuant to which our directors are compensated for services provided as a director or for committee participation or special assignments. Directors are, however, entitled to reimbursement of expenses incurred in attending meetings.

**SUMMARY COMPENSATION TABLE****Compensation**

We do not currently have a compensation committee. Compensation decisions are made from time-to-time by our Board of Directors with no established policies or formulas. The following table sets forth the compensation received by officers.

Name and Principal Position	Year	<u>Annual Compensation</u>		Other Annual Compensation (\$)	<u>Long Term Compensation</u>			
		Salary (\$)	Bonus (\$)		<u>Awards</u>		<u>Payouts</u>	
					Restricted Stock Award(s) (\$)	Securities Underlying Options/SARs (#)	LTIP Payouts (\$)	All Other Compensation (\$)
<b>Anthony Jurak</b> Chief Executive Officer/ Secretary, Chairman of the Board, Director,	2009	\$90,000	Nil	Nil	None	Nil	None	\$27,651
	2008	\$66,000	Nil	Nil	None	Nil	None	\$23,661

Explanation of Responses:

President

**Stock Options/SAR Grants In Fiscal Year Ended May 31, 2009**

As of the date of this Annual Report, we do not have a stock option plan in effect. The following reflects the information for fiscal year ended May 31, 2009, regarding stock options. No stock options were granted in any previous fiscal years.

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Name	Number of Securities Under Options/SARs Granted	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Expiration Date
Not Applicable	Nil	Nil	Nil	Not applicable

#### Long Term Incentive Plan ( LTIP ) Awards Table

We have no long-term incentive plans in place and therefore there were no awards made under any long-term incentive plan to any of the above executive officers during fiscal year ended May 31, 2009.

#### EMPLOYMENT AGREEMENTS

As of the date of this Annual Report, our President and Director have an employment agreement that expires in October 2010.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

As of the date of this Annual Report, the following table sets forth certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. As of May 31, 2009, there are 49,062,164

shares of common stock issued and outstanding.

<u>Title of Class</u>	<u>Amount and Nature</u>			<u>Preferred Shares</u>
	<u>Name and Address of Beneficial Owner</u>	<u>Beneficial Ownership</u>	<u>Percentage of Class</u>	
Common	Anthony C. Jurak (1) (2)	16,564,769	33.94%	10,000,000
	Chief Executive Officer/ Secretary, Chairman of the Board, Director			
Common	Executive Officers/Directors as a group	16,564,769	33.94%	

(1) The address for all management is 8022 S. Rainbow Blvd, Suite 345, Las Vegas, NV 89139.

(2) 9,837,284 shares held by Jurak Holdings Limited, 4478 97th Street, Edmonton, Alberta, Canada T6E 5R9, of which Anthony Jurak is the sole beneficiary.

## CHANGES IN CONTROL

Our Board of Directors is unaware of any arrangement or understanding among the individuals listed in the beneficial ownership table with respect to election of our directors or other matters. We are unaware of any contract or other arrangement of which may at a

subsequent date result in a change in control of our company.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On approximately January 1, 1999, we entered into an intellectual property license agreement (the License Agreement ) with Jurak Holdings Limited, a corporation organized under the laws of the Province of Alberta and an affiliate of our Chief Executive Office and director, Anthony Jurak. Pursuant to the terms and provisions of the License Agreement, beginning with fiscal year 2003, for a term of ten (10) years, we are required to pay annually the greater of \$500,000 ( Minimum Royalty Fee ) or eight percent (8%) of the net sales revenue ( Continuing Royalty Fee ) of all licensed products sold under the license agreement. After fiscal 2013, we are required to make payments in the amount of the Continuing Royalty Fee. As of May 31, 2009, the amount of the Accrued Minimum Royalty Fee due and owing is \$250,078.

The Company and Jurak Holdings Limited have entered into an agreement to convert \$1,345,957 of the accrued royalties related party outstanding related to the Intellectual Property License Agreement into a formal convertible note effective April 24, 2009. The note will pay interest at prime rate plus 1% and is due upon demand. Jurak Holdings Limited has the right to convert this debt into common stock at a value of \$0.14 per share adjusted for any stock split or adjustment. The outstanding balance on the convertible note at May 31, 2009, including interest of \$4,767, is \$1,350,274.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

#### AUDIT AND NON-AUDIT FEES

The following table presents fees for audit and other services provided by Carver Moquist & O'Connor, LLC for the years ended May 31, 2009 and 2008:

	Year Ended	
	May 31, 2009	May 31, 2008
Audit fees (1)	\$ 33,800	\$ 36,260

Audit-related fees (2)	-	8,999
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Tax fees (3)	6,345	5,620
All other fees (4)	--	--
Total Fees	\$ 40,145	\$ 50,879

(1) Audit fees consist of fees for services provided in connection with the audit of our financial statements and reviews of our quarterly financial statements.

(2) Audit-related fees consist of assurance and related services that include, but are not limited to, consultation concerning financial accounting and reporting standards and regulatory filing reviews.

(3) Tax fees consist of the aggregate fees billed for professional services rendered by Carver Moquist & O'Connor, LLC for tax compliance, tax advice, and tax planning.

(4) All Other Fees relate to services rendered that do not meet the above category descriptions. We did not engage the services of Carver Moquist & O'Connor, LLC to render other professional services.

## PART IV

### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

#### Exhibit List

31.1 Certificate pursuant to Rule 13a-14(a)

31.2 Certification pursuant to Rule 13a-14(a)

32.1 Certificate pursuant to 18 U.S.C. Subsection 1350

32.2 Certificate pursuant to 18 U.S.C. Subsection 1350

**SIGNATURES**

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

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LifeQuest World Corporation

(Registrant)

By

/s/ Anthony Jurak

Anthony Jurak

Chairman, Chief Executive Officer, Principal Accounting Officer, Director and President

Date

September 14, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By

/s/ Anthony Jurak

Anthony Jurak

Chairman, Chief Executive Officer, Principal Accounting Officer, Director and President

Date

September 14, 2009