

CepTor CORP  
Form 10QSB  
November 14, 2007

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

\_\_\_\_\_  
**FORM 10-QSB**  
\_\_\_\_\_

(MARK ONE)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number: 333-105793

**CEPTOR CORPORATION**

(Name of Small Business Issuer in Its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**11-2897392**

(IRS Employer Identification No.)

**462 Seventh Avenue, Suite 1200  
New York, New York 10018**

(Address of principal executive offices) (Zip Code)

**(212) 629-0804**

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Edgar Filing: CepTor CORP - Form 10QSB

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

As of October 25, 2007, there were 15,550,069 shares of the issuer's common equity outstanding.

Transitional Small Business Disclosure Format (Check one): Yes  No

---

Table of Contents**Table of Contents**

	<b>Page</b>
<b>Part</b>	
<b>I FINANCIAL INFORMATION</b>	
Item 1.	1
<u>Financial Statements (Unaudited)</u>	
<u>Balance Sheet – September 30, 2007</u>	1
<u>Statements of Operations for the three and nine month periods ended September 30, 2007 and 2006, and for the period from August 11, 1986 (date of inception) to September 30, 2007</u>	2
<u>Statement of Changes in Stockholders' Deficiency for the period from August 11, 1986 (date of inception) to September 30, 2007</u>	3
<u>Statements of Cash Flows for the nine-month period ended September 30, 2007 and 2006 and for the period from August 11, 1986 (date of inception) to September 30, 2007</u>	13
<u>Notes to Condensed Financial Statements</u>	15
Item 2.	33
<u>Managements Discussion and Analysis or Plan of Operation</u>	
Item 3.	35
<u>Controls and Procedures</u>	
<b>Part II OTHER INFORMATION</b>	
Item 1.	36
<u>Legal Proceedings</u>	
Item 2.	36
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	
Item 3.	36
<u>Defaults Upon Senior Securities</u>	
Item 4.	36
<u>Submission of Matters to a Vote of Security Holders</u>	
Item 5.	36
<u>Other Information</u>	
Item 6.	37
<u>Exhibits</u>	

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Condensed Balance Sheet**  
**(Unaudited)**

	<b>September 30, 2007</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,342
Prepaid services and other current assets (note 5)	305
<b>Total current assets</b>	<b>1,647</b>
Deferred financing costs (note 6)	233,397
<b>Total assets</b>	<b>\$ 235,044</b>
<b>Liabilities and Stockholders' Deficit</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 4,014,667
Accrued liabilities (note 7)	1,500,386
Unsecured Advances	583,000
Convertible notes, net of discounts \$652,910 (note 8)	5,315,270
Warrant liability (note 4)	485,516
Conversion option liability (note 4)	163,364
<b>Total current liabilities</b>	<b>12,062,203</b>
<b>Commitments and Contingencies</b>	<b>-</b>
<b>Stockholders' deficit</b>	
Preferred stock, \$0.0001 par value, authorized 20,000,000 shares, issued and outstanding 216.4 shares of Series A Convertible	5,410,000
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 15,550,069 shares issued and outstanding at September 30, 2007 (note 9)	1,555
Additional paid-in capital	27,045,028
Deficit Accumulated during the Development Stage	(44,283,742)
<b>Total stockholder's deficit</b>	<b>(11,827,159)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 235,044</b>

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



Table of Contents**Ceptor Corporation****(A Development Stage Company)  
Condensed Statements of Operations  
(Unaudited)**

	<b>For the Three Months Ended September 30, 2007</b>	<b>For the Three Months Ended September 30, 2006</b>	<b>For the Nine Months Ended September 30, 2007</b>	<b>For the Nine Months Ended September 30, 2006</b>	<b>Cumulative from Inception (August 11, 1986) September 30, 2007</b>
<b>Revenue:</b>					
Other income	\$ -	\$ -	\$ -	\$ -	\$ 75,349
<b>Operating expenses:</b>					
Impairment of fixed assets	-	-	35,562	-	35,562
Research and development	-	238,947	-	1,282,699	14,165,974
In-process research and development	-	-	-	-	5,034,309
General and administrative expenses	54,061	326,504	398,769	2,083,257	12,761,939
Gain on extinguishment of debt	-	-	-	(387,362)	(698,643)
Change in fair value of derivative financial instruments	(1,375,921)	7,544,948	(5,561,133)	5,218,363	(15,006,995)
Interest (income) expense, net	464,475	5,421,577	3,332,470	10,716,217	18,877,915
<b>Total operating (income) expenses</b>	<b>(857,385)</b>	<b>13,531,976</b>	<b>(1,794,332)</b>	<b>18,913,174</b>	<b>35,170,061</b>
<b>Net income (loss)</b>	<b>857,385</b>	<b>(13,531,976)</b>	<b>1,794,332</b>	<b>(18,913,174)</b>	<b>(35,094,712)</b>
Preferred dividends	-	-	-	-	(10,100,616)
<b>Net income (loss) available to common shareholders</b>	<b>\$ 857,385</b>	<b>\$(13,531,976)</b>	<b>\$ 1,794,332</b>	<b>\$(18,913,174)</b>	<b>\$(45,192,328)</b>
<b>Net income (loss) per share - basic</b>	<b>\$ 0.06</b>	<b>\$ (0.87)</b>	<b>\$ 0.12</b>	<b>\$ (1.32)</b>	
<b>Net income (loss) per share - fully diluted</b>	<b>\$ 0.03</b>	<b>\$ (0.87)</b>	<b>\$ 0.07</b>	<b>\$ (1.32)</b>	
<b>Weighted average shares outstanding - basic</b>	<b>15,550,096</b>	<b>15,500,069</b>	<b>15,550,096</b>	<b>14,363,623</b>	
<b>Weighted average shares outstanding - fully diluted</b>	<b>26,905,209</b>	<b>15,500,069</b>	<b>26,905,209</b>	<b>14,363,623</b>	

The accompanying notes are an integral part of these

unaudited condensed financial statements.

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Subscription Receivable	Deferred Compensation	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated During the Development Stage	Total Stockholders' (Deficiency) Equity
<b>Balance, August 11, 1986 and December 31, 1986</b>	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	-	\$ -
Issuance of common stock for cash (\$0.0012)	-	-	840,818	84	-	-	916	-	-	-	1,000
<b>Balance, December 31, 1987</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ -	\$ 1,000
<b>Balance, December 31, 1988</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ -	\$ 1,000
<b>Balance, December 31, 1989</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ -	\$ 1,000
<b>Balance, December 31, 1990</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ -	\$ 1,000
<b>Balance, December 31, 1991</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ -	\$ 1,000
Net loss	-	-	-	-	-	-	-	-	-	(8,006)	(8,006)
<b>Balance, December 31, 1992</b>	-	\$ -	840,818	\$ 84	\$ -	\$ -	\$ 916	-	\$ -	\$ (8,006)	\$ (7,006)
Net loss	-	-	-	-	-	-	-	-	-	(1,169)	(1,169)
Convertible notes	-	-	176,572	18	-	-	3	-	-	-	21
	-	-	176,572	18	-	-	2,482	-	-	-	2,500

Issuance of common stock in exchange for services rendered (\$ 0.0142)													
<b>Balance, December 31, 1993</b>	-	\$ -	1,193,962	\$ 120	\$ -	\$ -	\$ 3,401	-	\$ -	\$ (9,175)	\$ (5,654)		
Net income	-	-	-	-	-	-	-	-	-	10,222	10,222		
Distribution to stockholders	-	-	-	-	-	-	-	-	-	(4,260)	(4,260)		
<b>Balance, December 31, 1994</b>	-	\$ -	1,193,962	\$ 120	\$ -	\$ -	\$ 3,401	-	\$ -	\$ (3,213)	\$ 308		
Net loss	-	-	-	-	-	-	-	-	-	(1,342)	(1,342)		
<b>Balance, December 31, 1995</b>	-	\$ -	1,193,962	\$ 120	\$ -	\$ -	\$ 3,401	-	\$ -	\$ (4,555)	\$ (1,034)		
Net loss	-	-	-	-	-	-	-	-	-	(8,727)	(8,727)		
<b>Balance, December 31, 1996</b>	-	\$ -	1,193,962	\$ 120	\$ -	\$ -	\$ 3,401	-	\$ -	\$ (13,282)	\$ (9,761)		

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Net loss	-	-	-	-	-	-	-	-	-	(3,975)	(3,975)
Issued pursuant to acquisition (\$3.3501)	-	-	59,700	6	-	-	199,994	-	-	-	200,000
Issuance of common stock for cash (\$3.3501)	-	-	29,850	3	-	-	99,997	-	-	-	100,000
Capital contribution by stockholder	-	-	-	-	-	-	50,000	-	-	-	50,000
Expense pursuant to grant of stock option	-	-	-	-	-	-	20,356	-	-	-	20,356
<b>Balance, December 31, 1997</b>	-	\$ -	1,283,512	\$ 129	\$ -	\$ -	\$ 373,748	-	\$ -	\$ (17,257)	\$ 356,620
Net loss	-	-	-	-	-	-	-	-	-	(21,102)	(21,102)
<b>Balance, December 31, 1998</b>	-	\$ -	1,283,512	\$ 129	\$ -	\$ -	\$ 373,748	-	\$ -	\$ (38,359)	\$ 335,518
Net loss	-	-	-	-	-	-	-	-	-	(25,172)	(25,172)
<b>Balance, December 31, 1999</b>	-	\$ -	1,283,512	\$ 129	\$ -	\$ -	\$ 373,748	-	\$ -	\$ (63,531)	\$ 310,346
Net loss	-	-	-	-	-	-	-	-	-	(36,256)	(36,256)
Issuance of common stock for cash (\$3.1409)	-	-	15,919	2	-	-	49,998	-	-	-	50,000
<b>Balance, December 31, 2000</b>	-	\$ -	1,299,431	\$ 131	\$ -	\$ -	\$ 423,746	-	\$ -	\$ (99,787)	\$ 324,090
Net loss	-	-	-	-	-	-	-	-	-	(233,958)	(233,958)

Edgar Filing: CepTor CORP - Form 10QSB

Issued pursuant to funding agreement (\$0.0838)	-	-	1,083,729	108	-	-	90,659	-	-	-	90,767
<b>Balance, December 31, 2001</b>	-	\$ -	2,383,160	\$ 239	\$ -	\$ -	\$ 514,405	-	\$ -	\$ (333,745)	\$ 180,899
Net loss										(654,599)	(654,599)
Issued pursuant to funding agreement (\$0.0838)	-	-	1,515,053	151	-	-	126,742	-	-	-	126,893
<b>Balance, December 31, 2002</b>	-	\$ -	3,898,213	\$ 390	\$ -	\$ -	\$ 641,147	-	\$ -	\$ (988,344)	\$ (346,807)
Net income	-	-	-	-	-	-	-	-	-	72,498	72,498
<b>Balance, December 31, 2003</b>	-	\$ -	3,898,213	\$ 390	\$ -	\$ -	\$ 641,147	-	\$ -	\$ (915,846)	\$ (274,309)

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Acquisition by Xechem International, Inc. and application of push-down accounting	-	-	-	-	-	-	4,118,463	-	-	915,846	5,034,309
Option granted pursuant to spinoff agreement	-	-	-	-	-	-	2,082,500	-	-	-	2,082,500
Common stock subject to repurchase under put right	-	-	(401,305)	(40)	-	-	(1,637,285)	-	-	-	(1,637,325)
Common stock issued May 2004, in connection with bridge loans (\$1.22)	-	-	451,597	45	-	-	549,955	-	-	-	550,000
Common stock issued May 2004, to placement agent for bridge loans (\$2.50)	-	-	36,000	4	-	-	89,996	-	-	-	90,000
Common stock issued September 2004, net of offering expenses of \$70,760 (\$1.68)	-	-	554,413	55	-	-	929,176	-	-	-	929,231
Common stock issued December 2004 to advisors for past services (\$2.50)	-	-	675,690	68	-	-	1,689,157	-	-	-	1,689,225
Reclassification in December 2004 of	-	-	-	-	-	-	350,310	-	-	-	350,310

advances from Xechem as contribution to capital											
Minority shareholders pursuant to recapitalization	-	-	1,850,000	185	-	-	(185)	-	-	-	-
Common stock issued December 2004 pursuant to exercise of options granted pursuant to spinoff agreement (\$0.00001)	-	-	3,031,943	303	(303)	-	-	-	-	-	-
Intrinsic value of beneficial conversion feature of replacement notes	-	-	-	-	-	-	1,111,240	-	-	-	1,111,240
Common stock issued December 2004 in conversion of convertible note (\$1.25)	-	-	167,610	17	-	-	209,495	-	-	-	209,512
Common stock issued December 2004 in connection with litigation settlement (\$2.50)	-	-	125,000	12	-	-	312,488	-	-	-	312,500

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Warrants issued in connection with litigation settlement	-	-	-	-	-	-	109,500	-	-	-	109,500
Common stock issued December 31, 2004 pursuant to placement agreement (2,500)	-	-	150,000	15	-	-	(15)	-	-	-	-
Warrants issued to employees for services	-	-	-	-	-	-	396,000	-	-	-	396,000
Preferred stock and warrants issued pursuant to units sold December 31, 2004 in a private placement (25,000)	145	3,626,750	-	-	-	-	(822,510)	-	-	-	2,804,240
Acquisition December 31, 2004 of treasury stock under put right (2,500)	-	-	-	-	-	-	-	145,070	(362,675)	-	(362,675)
Dividend of beneficial conversion feature of units sold in private placement	-	-	-	-	-	-	936,116	-	-	(936,116)	-
Amortization of deferred compensation	-	-	-	-	-	-	604,350	-	-	-	604,350

Net loss	-	-	-	-	-	-	-	-	-	-	(14,547,889)	(14,547,889)
Balance, December 31, 2004	145	\$ 3,626,750	10,539,161	\$ 1,054	\$(303)	\$-	\$ 11,669,898	145,070	\$(362,675)	\$(15,484,005)	\$	(549,280)
Preferred stock and warrants issued pursuant to units sold on January 5, 2005 in a private placement (\$25,000)	48	1,208,750	-	-	-	-	(159,359)	-	-	-	-	1,049,391
Deemed dividend of beneficial conversion feature of units sold January 5, 2005 in private placement	-	-	-	-	-	-	1,208,750	-	-	(1,208,750)	-	-
Acquisition January 5, 2005 of treasury stock under put right (\$2.50)	-	-	-	-	-	-	-	48,350	(120,875)	-	-	(120,875)
Preferred stock and warrants issued pursuant to units sold on January 18, 2005 in a private placement (\$25,000)	76	1,906,250	-	-	-	-	(252,624)	-	-	-	-	1,653,626
Deemed dividend of beneficial conversion feature of units sold January 18, 2005 in	-	-	-	-	-	-	1,906,250	-	-	(1,906,250)	-	-

private  
placement  
6

---

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Acquisition January 18, 2005 of treasury stock under put right (\$2.50)	-	-	-	-	-	-	-	76,250	(190,625)	-	(190,625)
Common stock issued January 2005 in connection with payment of legal fees (\$3.04)	-	-	23,000	2	-	-	69,998	-	-	-	70,000
Common stock issued January 2005 pursuant to amendment of placement agent agreement (\$2.50)	-	-	150,000	15	-	-	(15)	-	-	-	-
Common stock issued February 2005 to advisors for past services (\$6.25)	-	-	7,500	1	-	-	46,874	-	-	-	46,875
Preferred stock and warrants issued pursuant to units sold on February	224	5,612,000	-	-	-	-	(851,447)	-	-	-	4,760,553

Edgar Filing: CepTor CORP - Form 10QSB

3, 2005 in a private placement (\$25,000)												
Deemed dividend of beneficial conversion feature of units sold February 3, 2005 in private placement	-	-	-	-	-	-	5,612,000	-	-	(5,612,000)	-	-
Acquisition February 3, 2005 of treasury stock under put right (\$2.50)	-	-	-	-	-	-	-	224,480	(561,200)	-	(561,200)	-
Preferred stock and warrants issued pursuant to units sold on February 11, 2005 in a private placement (\$25,000)	18	437,500	-	-	-	-	(256,681)	-	-	-	180,819	-
Deemed dividend of beneficial conversion feature of units sold February 11, 2005 in private placement	-	-	-	-	-	-	437,500	-	-	(437,500)	-	-
Acquisition February 11, 2005 of treasury stock under put right (\$2.50)	-	-	-	-	-	-	-	17,500	(43,750)	-	(43,750)	-
Common stock issued	-	-	100,191	10	-	-	(10)	-	-	-	-	-

February  
2005  
pursuant to  
cashless  
exercise of  
option  
(\$3.05)

7

---

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Common stock issued March 2005 upon conversion of preferred shares (\$2.50)	(44)	(1,100,000)	440,000	44	-	-	1,099,956	-	-	-	-
Payment for common stock issued December 2004 pursuant to exercise of options granted pursuant to spinoff agreement (\$0.00001)	-	-	-	-	303	-	-	-	-	-	303
Common stock issued March 2005 pursuant to exercise of warrants (\$1.25)	-	-	5,000	1	-	-	6,249	-	-	-	6,250
Common stock issued April 2005 upon conversion of preferred shares (\$2.50)	(15)	(375,000)	150,000	15	-	-	374,985	-	-	-	-
Common stock issued May 2005 pursuant to financing letter agreement (\$3.00)	-	-	25,000	2	-	-	74,998	-	-	-	75,000

Edgar Filing: CepTor CORP - Form 10QSB

Common stock issued May 2005 upon conversion of preferred shares (\$2.50)	(41)	(1,025,000)	410,000	41	-	-	1,024,959	-	-	-	-
Common stock issued June 2005 upon conversion of preferred shares (\$2.50)	(29)	(725,000)	290,000	29	-	-	724,971	-	-	-	-
Capital contribution for repurchase of common stock pursuant to Stock Purchase Agreement	-	-	-	-	-	-	424,818	-	-	-	424,818
Common stock repurchased June 2005 pursuant to Stock Repurchase Agreement (\$0.80)	-	-	-	-	-	-	-	2,886,563	(2,734,068)	-	(2,734,068)
Common stock issued July 2005 pursuant to Regulatory Milestone Plan (\$2.70)	-	-	100,000	10	-	-	269,990	-	-	-	270,000
Common stock issued July 2005 upon conversion of preferred shares (\$2.50)	(20)	(500,000)	200,000	20	-	-	499,980	-	-	-	-



Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Common stock issued August 2005 upon conversion of preferred shares (\$2.50)	(84)	(2,087,500)	835,000	84	-	-	2,087,416	-	-	-	-
Common stock issued September 2005 upon conversion of preferred shares (\$2.50)	(25)	(625,000)	250,000	25	-	-	624,975	-	-	-	-
Common stock issued September 2005 pursuant to Stock Purchase Agreement	-	-	25,000	2	-	-	(2)	-	-	-	-
Expenses incurred pursuant to entering into Stock Purchase Agreement	-	-	-	-	-	-	(89,340)	-	-	-	(89,340)
Net proceeds from October 2005 sale of common stock issued December 2004 pursuant to exercise of options granted	-	-	-	-	-	-	163,014	-	-	-	163,014

pursuant to spinoff agreement (\$0.63) Common stock issued October 2005 pursuant to Stock Purchase Agreement	-	-	377,359	38	-	-	(38)	-	-	-	-
Common stock issued November 2005 upon conversion of preferred shares (\$2.50)	(2)	(50,000)	20,000	2	-	-	49,998	-	-	-	-
Common stock issued December 2005 pursuant to Securities Purchase Agreement	-	-	268,817	27	-	-	37,343	-	-	-	37,370
Warrant liability established	-	-	-	-	-	-	(3,350,697)	-	-	-	(3,350,697)
Common stock issued December 2005 upon conversion of replacement notes (\$0.375)	-	-	485,000	48	-	-	181,827	-	-	-	181,875
Common stock issued December 2005 upon conversion of preferred shares (\$2.50)	(4)	(100,000)	40,000	4	-	-	99,996	-	-	-	-

Table of Contents

**Ceptor Corporation**  
**(A Development Stage Company)**  
**Statements of Changes in Stockholders' (Deficiency) Equity**  
**(Unaudited)**  
**(Continued)**

Discount of secured convertible debenture upon fair value allocation of proceeds	-	-	-	-	-	-	250,000	-	-	-	250,000
Retirement of treasury shares	-	-	(3,398,213)	(340)	-	-	(4,012,853)	(3,398,213)	4,013,193	-	-