

Skkynet Cloud Systems, Inc.  
Form 10-Q  
June 10, 2014

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2014

OR

TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-54747

SKKYNET CLOUD SYSTEMS  
INC.

(Exact name of registrant as  
specified in its charter)

Nevada  
(State or other jurisdiction of incorporation  
or organization)

45-3757848  
(IRS Employer Identification No.)

20 Bay Street – Suite 1100, Toronto, Ontario, Canada M5J 2N8  
(Address of principal executive offices)

(888) 628-2028  
(Issuer's telephone number)

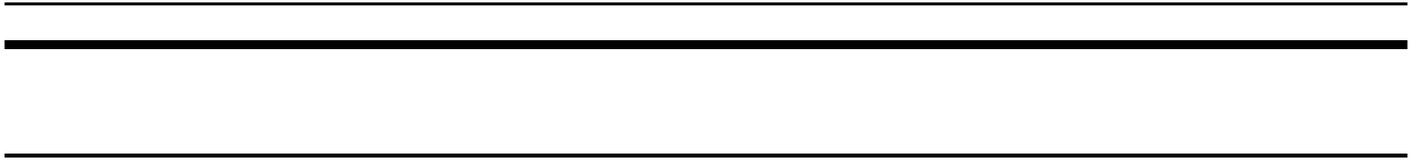
Indicate by check mark whether the Company (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes  No

Indicate by check mark whether the Company is a large accelerated filer, an accelerated file, non-accelerated filer, or a smaller reporting company.

Large accelerated filer	<input type="checkbox"/>	Accelerated filed	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

As of June 10, 2014 there were 49,844,000 shares of Common Stock of the issuer outstanding.



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## FORWARD LOOKING STATEMENTS

Statements made in this Form 10-Q that are not historical or current facts are forward-looking statements. These statements often can be identified by the use of terms such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “approximate” or “continue,” or the negative thereof. We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management’s best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. Among the factors that could cause actual results to differ materially from the forward-looking statements are the following: the Company’s ability to obtain necessary capital, the Company’s ability to meet anticipated development timelines, the Company’s ability to protect its proprietary technology and knowhow; the Company’s ability to identify and develop a network of physicians, the Company’s ability to establish a global market, clinical trial results, the Company’s ability to successfully consummate future acquisitions and such other risk factors identified from time to time in the Company’s reports filed with the Securities and Exchange Commission, including those filed with this Form 10-Q quarterly report. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

## PART I – FINANCIAL INFORMATION

## ITEM 1: FINANCIAL STATEMENTS

SKKYNET CLOUD SYSTEMS, INC.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	April 30, 2014	October 31, 2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 443,692	\$ 365,415
Accounts receivable	199,881	88,806
Total current assets	643,573	454,221
Property and equipment, net of accumulated depreciation of \$67,659 and \$70,484 respectively	4,319	5,398
Intangible assets	2,289	1,648
Total Assets	\$ 650,181	\$ 461,267
<b>LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 5,793	\$ 34,567
Accounts payable – related parties	--	52,432
Accrued liabilities – related party	137,968	143,872
Notes payable – related parties	156,351	197,424
Deferred income	93,350	59,312
Total current liabilities	393,462	487,617
Total liabilities	393,462	487,617
Stockholders' Deficit:		
Preferred stock; \$0.001 par value, 5,000,000 shares authorized, 5,000 shares issued and outstanding	5	5
Common stock; \$0.001 par value, 70,000,000 shares authorized, 49,844,000 and 49,334,000 shares issued and outstanding, respectively	49,844	49,334
Additional paid-in capital	1,097,595	555,773
Accumulative other comprehensive income (loss)	19,366	12,603
Accumulated deficit	(910,091 )	(644,065 )
Total stockholders' equity (deficit)	256,719	(26,350 )
Total Liabilities and Stockholders' Equity	\$ 650,181	\$ 461,267

The accompanying notes are an integral part of the unaudited consolidated financial statements.

SKKYNET CLOUD SYSTEMS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2014	2013	2014	2013
Revenue	\$ 248,298	\$ 250,878	\$ 535,347	\$ 405,635
Direct material costs	1,373	1,872	1,455	3,734
Operating Expenses:				
General & administrative	422,460	257,397	805,822	510,991
Depreciation	370	447	810	895
Loss from operations	(175,905 )	(8,838 )	(272,740 )	(109,985 )
Other Income (Expenses):				
Tax refund	--	--	--	85,840
Gain on debt forgiveness	11,982	--	11,982	--
Interest expense	(2,180 )	(3,881 )	(5,268 )	(7,730 )
Total other income (expenses)	9,802	(3,881 )	6,714	78,110
Net loss	\$ (166,103 )	\$ (12,719 )	\$ (266,026 )	\$ (31,875 )
Foreign currency translation adjustment	11,538	(2,072 )	(6,763 )	793
Comprehensive (loss)	(154,565 )	(14,791 )	\$(272,789 )	\$(31,082 )
Net loss per common share attributable to common stockholders (basic and diluted)	\$(0.00 )	\$(0.00 )	\$(0.01 )	\$(0.00 )
Weighted average common shares outstanding (basic and diluted)	49,844,000	49,334,000	49,632,674	49,334,000

The accompanying notes are an integral part of the unaudited consolidated financial statements.

SKKYNET CLOUD SYSTEMS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six Months Ended April	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$(266,026 )	\$(31,875 )
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation expense	810	895
Option based compensation	172,582	
Gain on debt forgiveness	(11,982 )	--
Changes in operating assets and liabilities:		
Accounts receivable	(111,075 )	(87,635 )
Accounts payable and accrued expenses	(9,624 )	30,459
Accrued liabilities – related parties	(58,336 )	188,515
Taxes payable	(7,168 )	(1,267 )
Deferred Income	34,038	--
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(256,781 )</b>	<b>99,092</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for the purchase of fixed assets	(735)	