

Edgar Filing: SAMARITAN PHARMACEUTICALS INC - Form 10QSB

SAMARITAN PHARMACEUTICALS INC  
Form 10QSB  
August 16, 2004

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

FORM 10-QSB

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

For The Quarterly Period Ended June 30, 2004

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

For the transition period from \_\_\_\_\_ TO \_\_\_\_\_

Commission File Number 000-26775

SAMARITAN PHARMACEUTICALS, INC.  
(Exact name of registrant as specified in charter)

NEVADA  
-----

88-0431538  
-----

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer I.D. No.)

101 Convention Center Drive, Suite 310  
Las Vegas, Nevada  
-----

89109  
-----

(Address of principal executive offices)

(Zip)

Issuer's telephone number, including area code

(702)-735-7001  
-----

-----  
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 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[ ]

Indicate by check mark whether the registrant has filed all documents  
and reports required to be filed by Section 12, 13 or 15(d) of the Securities  
Exchange Act of 1934 subsequent to the distribution of securities under a plan  
confirmed by a court.

Yes[x] No[ ]

The number of shares of common stock issued and outstanding as of June 30, 2004  
was 130,667,291.

Transitional Small Business Disclosure Format (check one).

Yes[ ] No[x]

SAMARITAN PHARMACEUTICALS, INC.  
(A DEVELOPMENT STAGE COMPANY)  
CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

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PART I  
Financial Information

Item 1. Financial Statements

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SAMARITAN PHARMACEUTICALS, INC.  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET  
(UNAUDITED)  
June 30, 2004

ASSETS

CURRENT ASSETS:	
Cash	\$ 4,999,400
Prepaid expenses	19,479
	-----
TOTAL CURRENT ASSETS	5,018,879
	-----
PROPERTY AND EQUIPMENT	39,164
	-----
OTHER ASSETS:	
Patent registration costs	246,060
Purchased technology rights	36,327
Certificates of Deposit, held-to-maturity	2,005,914
Deposits	2,779
	-----
TOTAL OTHER ASSETS	2,291,080
	-----
	\$ 7,349,123
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 345,618
Common stock to be issued	64,500
	-----
TOTAL CURRENT LIABILITIES	410,118
	-----
SHAREHOLDERS' EQUITY:	
Common stock, 200,000,000 shares authorized at \$.001 par value, 130,667,291 issued and outstanding	130,667
Additional paid-in capital	32,224,482
Treasury stock	(250,248)
Deficit accumulated during development stage	(25,165,896)
	-----
TOTAL SHAREHOLDERS' EQUITY	6,939,005
	-----
	\$ 7,349,123
	=====

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See accompanying notes to the consolidated financial statements (unaudited).

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

FROM INCEPTION (SEPTEMBER 5, 1994), AND FOR THE FOR THE SIX MONTHS S  
AND THREE MONTHS ENDED JUNE 30, 2004 AND 2003

	From Inception (September 5, 1994) To	For the Six Months Ended	
	June 30, 2004	2004	2003
REVENUES:	\$ 300,000	\$ -	\$ -
EXPENSES:			
Research and development	5,126,244	386,695	386,695
Interest	50,148	142	6,088
General and administrative	19,293,207	1,451,122	889,951
Forgiveness of debt	(137,780)	-	-
Depreciation and amortization	1,134,077	13,461	12,674
	25,465,896	1,851,420	1,295,408
NET INCOME (LOSS)	\$ (25,165,896)	\$ (1,851,420)	\$ (1,295,408)
Loss per share, basic and diluted:	\$ (0.90)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding:			
Basic and diluted	27,959,366	118,256,477	70,589,969

See accompanying notes to the consolidated financial statements.

SAMARITAN PHARMACEUTICALS, INC.  
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT  
(UNAUDITED)  
FROM INCEPTION (SEPTEMBER 5, 1994) TO March 31, 2004

	Number of Shares	Par Value Common Stock	Shares Reserved for Conversion	Additional Paid in Capital	Warrant
	-----	-----	-----	-----	-----
Inception at September 5, 1994	-	\$ -	\$ -	-	\$
Shares issued for cash, net of offering costs	6,085,386	609	-	635,481	
Warrants issued for cash	-	-	-	-	5,0
Shares issued as compensation for services	714,500	71	-	1,428,929	
Net loss	-	-	-	-	
December 31, 1996	6,799,886	680	-	2,064,410	5,0
Issuance of stock, prior to acquisition	206,350	21	-	371,134	
Acquisition of subsidiary for stock	1,503,000	150	-	46,545	
Shares of parent redeemed, par value \$.0001	(8,509,236)	(851)	-	851	
Shares of public subsidiary issued, par value \$.001	7,689,690	7,690	820	(8,510)	
Net loss	-	-	-	-	
December 31, 1997	7,689,690	7,690	820	2,474,430	5,0
Conversion of parent's shares	696,022	696	(696)	-	
Shares issued for cash, net of offering costs	693,500	694	-	605,185	
Shares issued in cancellation of debt	525,000	525	-	524,475	
Shares issued as compensation	400,000	400	-	349,600	

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Net loss	-	-	-	-	-
December 31, 1998	10,004,212	10,005	124	3,953,690	5,0
Conversion of parent's shares	13,000	13	(13)	-	
Shares issued in cancellation of debt	30,000	30	-	29,970	
Shares issued for cash, net of offering costs	45,000	45	-	41,367	
Shares issued as compensation	3,569,250	3,569	-	462,113	
Detachable warrants issued	-	-	-	-	152,1
Detachable warrants exercised	100,000	100	-	148,900	(149,0
Debentures converted to stock	1,682,447	1,682	-	640,438	
Net loss	-	-	-	-	
December 31, 1999	15,443,909	15,444	111	5,276,478	8,1
Conversion of parent's shares	128,954	129	(111)	(18)	
Shares issued for cash, net of offering costs	1,575,192	1,575	-	858,460	
Shares issued in cancellation of debt	875,000	875	-	660,919	
Shares issued in cancellation of accounts payable	100,000	100	-	31,165	
Shares issued as compensation	3,372,945	3,373	-	2,555,094	
Warrants exercised	38,807	39	-	3,086	(3,1
Warrants expired	-	-	-	5,000	(5,0
Net loss	-	-	-	-	
December 31, 2000	21,534,807	21,535	-	9,390,184	

See accompanying notes to the consolidated financial statements.(unaudited)

Shares issued for cash, net of offering cost	6,497,088	6,497	-	1,257,758	
Shares issued as compensation	9,162,197	9,162	-	1,558,599	
Shares issued for previously purchased shares	342,607	342	-	188,208	
Shares issued in cancellation of accounts payable	200,000	200	-	68,880	
Amortization of deferred compensation	-	-	-	-	
Stock options issued for services	-	-	-	439,544	
Net loss	-	-	-	-	
December 31, 2001	37,736,699	37,736	-	12,903,173	
Shares issued for cash, net of offering costs	18,657,500	18,658	-	2,077,641	
Shares issued as compensation	3,840,525	3,841	-	1,044,185	
Shares issued for previously purchased shares	50,000	50	-	4,950	

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Shares issued in cancellation of accounts payable	4,265,184	4,265	-	539,291	
Amortization of deferred compensation	-	-	-		
Shares issued in cancellation of notes payable	-	-	-	-	
Stock options issued for services	-	-	-	225,000	
Net loss	-	-	-	-	
	-----	-----	-----	-----	-----
December 31, 2002	64,549,908	64,550		16,794,240	
Shares issued for cash, net of offering costs	17,493,664	17,493	-	2,392,296	
Shares issued as compensation	4,062,833	4,063	-	549,779	
Shares issued for previously purchased shares	1,160,714	1,161	-	161,339	
Shares issued in cancellation of accounts payable and accrued compensation	9,615,870	9,616	-	3,448,950	
Shares issued in cancellation of notes payable	0	0	-	0	
Shares issued in connection with equity financing	3,125,000	3,125		(3,125)	
Exercise of stock options	7,770,892	7,771	-	1,112,077	
Shares reacquired in settlement of judgement	(1,564,048)	(1,564)	-	251,812	
Stock options issued for services	-	-	-	145,000	
Net loss	-	-	-	-	
	-----	-----	-----	-----	-----
December 31, 2003	106,214,833	\$ 106,214	\$ -	\$24,852,369	\$
	=====	=====	=====	=====	=====
Shares issued for cash, net of offering costs	11,297,733	11,298	-	4,210,140	
Shares issued as compensation	597,341	597	-	664,378	
Shares issued for previously purchased shares	83,332	83	-	12,417	
Shares issued in connection with equity financing	8,758,240	8,758	-	3,091,243	
Exercise of warrants	635,000	635	-	516,865	
Excercise of stock options	16,950,468	16,951	-	4,841,869	
Stock retired in settlement of subscriptions receivable	(13,869,656)	(13,870)	-	(5,964,798)	
Net Loss	-	-	-	-	
	-----	-----	-----	-----	-----
June 30, 2004	130,667,291	\$ 130,667	\$ -	\$32,224,482	\$
	=====	=====	=====	=====	=====

See accompanying notes to the consolidated financial statements.(unaudited)

SAMARITAN PHARMACEUTICALS, INC.  
(A DEVELOPMENT STATE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

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FROM INCEPTION (SEPTEMBER 5, 1994) TO DECEMBER 31, 2003

	Deferred Compensation	Stock Subscriptions Receivable	Treasury Shares	Accumulated Deficit	T Share De
	-----	-----	-----	-----	-----
Inception at September 5, 1994	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued for cash, net of offering costs	-	-	-	-	
Warrants issued for cash	-	-	-	-	
Shares issued as compensation for services	-	-	-	-	
Net loss	-	-	-	(2,152,843)	(
December 31, 1996	-----	-----	-----	(2,152,843)	-----
Issuance of stock, prior to acquisition	-	-	-	-	
Acquisition of subsidiary for stock	-	-	-	-	
Shares of parent redeemed, par value \$.0001	-	-	-	-	
Shares of public subsidiary issued, par value \$.001	-	-	-	-	
Net loss	-	-	-	(979,635)	(
December 31, 1997	-----	-----	-----	(3,132,478)	-----
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Net loss	-	-	-	(1,009,945)	(
December 31, 1998	-----	-----	-----	(4,142,423)	-----
Conversion of parent's shares	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Detachable warrants issued	-	-	-	-	
Detachable warrants exercised	-	-	-	-	
Debentures converted to stock	-	-	-	-	
Net loss	-	-	-	(1,671,255)	(
December 31, 1999	-----	-----	-----	(5,813,678)	-----
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation	-	-	-	-	



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of debt	-	-	-	-
Shares issued in cancellation of accounts payable	-	-	-	-
Shares issued as compensation	(759,560)	-	-	-
Warrants exercised	-	-	-	-
Warrants expired	-	-	-	-
Net loss	-	-	-	(3,843,308)
December 31, 2000	(759,560)	-	-	(9,656,986)

See accompanying notes to the consolidated financial statements.(unaudited)

Shares issued for cash, net of offering costs	-	-	-	-
Shares issued as compensation	(230,512)	-	-	-
Shares issued for previously purchased shares	-	-	-	-
Shares issued in cancellation of accounts payable	-	-	-	-
Amortization of deferred compensation	495,036	-	-	-
Stock options issued for services	-	-	-	-
Net loss	-	-	-	(4,079,806)
December 31, 2001	(495,036)	-	-	(13,736,792)

Shares issued for cash, net of offering costs	-	-	-	-
Shares issued as compensation	-	-	-	-
Shares issued for previously purchased shares	-	-	-	-
Shares issued in cancellation of accounts payable	-	-	-	-
Amortization of deferred compensation	495,036	-	-	-
Shares issued in cancellation of notes payable	-	-	-	-
Stock options issued for services	-	-	-	-
Net loss	-	-	-	(4,057,153)
December 31, 2002				(17,793,945)

Shares issued for cash, net of offering costs	-	-	-	-
Shares issued as compensation	-	-	-	-
Shares issued for previously purchased shares	-	-	-	-
Shares issued in cancellation of accounts payable and accrued compensation	-	-	-	-
Shares issued in cancellation of notes payable	-	-	-	-
Shares issued in connection with equity financing	-	-	-	-

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Exercise of stock options	-	(1,119,848)	-	-	-
Shares reacquired in settlement of judgement	-	-	(250,248)	-	-
Stock options issued for services	-	-	-	-	-
Net loss	-	-	-	(5,520,531)	(
December 31, 2003	\$ -	\$ (1,119,848)	\$ (250,248)	\$ (23,314,476)	\$
Shares issued for cash, net of offering costs	-	-	-	-	-
Shares issued as compensation	-	-	-	-	-
Shares issued for previously purchased shares	-	-	-	-	-
Shares issued in connection with equity financing	-	-	-	-	-
Exercise of warrants	-	-	-	-	-
Excercise of stock options	-	(4,858,820)	-	-	-
Stock retired in settlement of subscriptions receivable	-	5,978,668	-	-	-
Net Loss	-	-	-	(1,851,420)	(
June 30, 2004	-	\$ 0	\$ (250,248)	\$ (25,165,896)	\$

See accompanying notes to the consolidated financial statements.(unaudited)

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE SIX MONTHS  
ENDED JUNE 30, 2004 AND 2003

	From Inception (September 5, 1994) To June 30, 2004	For the E Jun
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (25,165,896)	\$ (1,851,420)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	143,076	13,461
Stock based compensation	9,496,775	161,706
Stock options issued for services	1,312,813	503,269
Amortization of deferred compensation	990,072	-
(Increase) decrease in assets:	-	-
Accounts receivable and prepaids	(16,999)	1,778
Accrued interest	(5,914)	(5,914)

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Deposits	(2,779)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,206,433	(42,691)
NET CASH USED IN OPERATING ACTIVITIES	(11,042,419)	(1,219,811)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of technology	(108,969)	-
Purchase of furniture and equipment	(109,598)	(10,951)
Purchase of certificates of deposit	(2,000,000)	(2,000,000)
Patent registration costs	(255,479)	(43,862)
NET CASH USED IN INVESTING ACTIVITIES	(2,474,046)	(2,054,813)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from warrants	674,625	517,500
Proceeds from debentures	642,120	-
Proceeds from stock issued for cash and short-term loan proceeds	17,216,992	7,321,439
Common stock to be issued	270,550	64,500
Short-term loan repayments	(288,422)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	18,515,865	7,903,439
CHANGE IN CASH	4,999,400	4,628,815
CASH AT BEGINNING OF PERIOD	-	370,585
CASH AT END OF PERIOD	\$ 4,999,400	\$ 4,999,400
NON-CASH FINANCING & INVESTING ACTIVITIES:		
Purchase of net, non-cash assets of subsidiary for stock	\$ 195	\$ -
Issuance of common stock, subscriptions receivable- private placement	\$ -	\$ -
Issuance of common stock, previously subscribed	\$ -	\$ 12,500
Treasury stock acquired through settlement of judgement	\$ -	\$ -
Stock subscriptions receivable	\$ -	\$ (1,440,787)
Stock issued in cancellation of accounts payable and accrued salaries	\$ -	\$ -

See accompanying notes to the consolidated financial statements (unaudited)

Samaritan Pharmaceuticals, Inc.  
Notes to Consolidated Financial Statements  
(Unaudited)  
June 30, 2004

Note 1. - Basis of Presentation

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The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2003, included in the Form10-KSB for the year then ended.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of June 30, 2004, and the results of operations and cash flows for the three month period ending June 30, 2004 have been included. The results of operations for the three month period ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB/A as filed with the Securities and Exchange Commission for the year ended December 31, 2003.

### Note 2 - Stock Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123"), encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. Accordingly, compensation cost for the Company's stock at the date of the grant over the amount of an employee must pay to acquire the stock. The Company has adopted the "disclosure only" alternative described in SFAS 123 and SFAS 148, which require pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied. During the three months ended June 30, 2004 the Company recorded \$312,500 of compensation expense using the intrinsic value method for shares to employees. The Company also recorded \$190,769 of compensation expense for options issued to non-employees using the fair value method.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options issued to employees under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net loss would have been reported as follows:

	Three months ended June 30, 2004 -----	Six months ended June 30, 2004 -----
Net Loss:		
As reported	\$ (710,355)	\$ (1,538,920)
Pro Forma	\$ (1,810,355)	\$ (2,638,920)
Basic and diluted loss per common share:		
As reported	\$ (0.01)	\$ (0.01)
Pro Forma	\$ (0.01)	\$ (0.02)

### Note 3 - Stockholders' Equity

The officers of the company repaid the amounts due for stock options exercised with shares previously owned by them. Such shares were then retired.

### Note 4 - Employment agreement

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In June 2004, the Company entered into an employment agreement with an individual for a four year period, with an annual salary of \$300,000 plus a bonus upon terms of agreement.

### Item 2. Management's Discussion and Analysis or Plan of Operation

THE FOLLOWING ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES THERETO OF THE COMPANY, CONTAINED ELSEWHERE IN THE FORM 10-KSB.

#### General

Samaritan Pharmaceuticals is working to ensure a longer and better life, for patients suffering with AIDS, Alzheimer's, Cancer and Cardiovascular disease. Samaritan is a pipeline-driven Biopharmaceutical with a clear focus on advancing early stage innovative drugs through clinical development, to become commercially valuable compounds. Samaritan has shaped its current pipeline of drugs by in-licensing innovative discoveries through its Samaritan Labs/Georgetown University collaboration; and its strategic focus is to use this model, with other top tier Universities, to create a substantial pipeline and gain its own commercial presence.

Concurrently, Samaritan is advancing four drug programs with Georgetown University, SP-01A (HIV) Clinical trials, SP-10 (HIV) preIND status, SP-233 (Alzheimer's) preIND status and SP-1000 (Cardiovascular) animal studies; along with an STTR NIH grant to develop a simple blood test to diagnose Alzheimer's.

Samaritan's proprietary HIV drug SP-01A is the closest to commercialization. SP-01A is an easy to take, oral, "Entry Inhibitor" drug that works by blocking the HIV virus' ability to infect a cell. Preclinical In Vitro studies suggest that SP-01A might be a promising drug for drug resistance; as well, as having a new sought-after "mechanism of action". The action appears to take place in the earliest stage of the HIV lifecycle, blocking the virus rather than attacking the virus, suggesting that SP-01A may also block the development of drug resistance, an ever increasing problem with almost every drug presently on the market. Resistance is the ability of HIV to reproduce itself despite the presence of HIV drugs.

Although Anti-HIV data from Phase I and Phase II human studies are never considered conclusive, it often serves as "proof of concept" or proof that the compound is active against HIV in the body. SP-01A, with its FDA Phase I/II trial for HIV-1 positive patients on stable antiretroviral therapy, generated encouraging data, suggesting SP-01A as a promising drug for patients on antiretroviral therapy experiencing drug resistance to available drugs. SP-01A was safe and well tolerated; and moreover saw clinically significant decreases in viral load; and enhancement of quality of life measures with values rapidly retuning to baseline after discontinuing SP-01A.

To date, Samaritan has in-licensed twelve breakthrough technologies from Georgetown University, building a unique pipeline of novel drugs, to clinically develop, and commercialize, for its future growth. In addition, Samaritan currently has filed sixteen patent applications to protect its growing pipeline of innovation.

Samaritan Pharmaceuticals Product Pipeline

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xxx = Completed

x = In Pro

Drug Candidates -----	Patent -----	Pre -Clinical -----	IND ---	Phase I -----
SP-01A	xxx	xxx	xxx	xxx
SP-03	x	x		
SP-10	xxx	x		
SP-04	xxx	x		
SP-08	x	x		
SP-233	xxx	x		
SP-sc4, Stem Cell Therapy	xxx	x		
SP-sc7, Stem Cell Therapy	xxx	x		
SP-C007	xxx	x		
SP-1000	xxx	x		
AD Rat Model Tool: To Test AD Drugs			In Vitro Testing xxx	In Vivo Tes xxx
Diagnostics			In Vitro Testing	Human Test Sma
Breast Cancer (BC Tumor Agress-Analysis)			xxx	xxx
Alzheimer's (AD Blood Test Diagnostic)			xxx	xxx

Current Research Agreement

Samaritan Pharmaceuticals has a research collaboration agreement with Georgetown University with the objectives: (1) to develop "one molecule" drugs and extend clinical studies to in vivo experiments in animal models simulating Alzheimer's disease, (2) to develop an accurate, reliable diagnostic for nuero-degeneration (Alzheimer's), and (3) to focus on new drug development in Oncology and Neurology with the ability to protect the brain from neuronal damage and tumor growth.

Starting with the quarter beginning April 1, 2004, the research collaborat