SAMARITAN PHARMACEUTICALS INC
Form 10QSB/A
August 18, 2004

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

FORM 10-QSB/A

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

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

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,		
	June 30, 2004	2004	2003	
REVENUES:	$ 300,000	$ -	$ -	$
EXPENSES:				
Research and development	5,160,138	420,589	386,695	
Interest	50,148	-	6,088	
General and administrative	19,259,455	1,417,370	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	

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	

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	
Excersise 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

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					

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	-	-	-	-	

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					
Excersise 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

CASH FLOWS FROM OPERATING ACTIVITIES:	From Inception (September 5, 1994) To June 30, 2004	For the E Jun 2004
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)

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

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	$ (1,022,835)	$ (1,851,420)
Pro Forma	$ (2,122,835)	$ (2,951,420)
Basic and diluted loss per common share:		
As reported	$ (0.01)	$ (0.02)
Pro Forma	$ (0.02)	$ (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

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

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	In Vivo Tes
	xxx	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 collaboration between Georgetown University and Samaritan budget has been increased to a total of $1,000,000 per year to further develop Samaritan's pipeline. The $1,000,000 is paid by Samaritan over four quarterly payments of $250,000, is unallocated, and covers the general research and development effort.

Under the agreement, Samaritan receives worldwide exclusive rights, to any novel therapeutic agents or diagnostic technologies that may result from the research collaboration. Dr. Vassilios Papadopoulos and Dr. Janet Greeson lead their team of eight research professionals (including five Ph.D. level research scientists) who have expertise in the fields of endocrinology, pharmacology, cell biology, organic and steroid chemistry and computer modeling. We are not obligated to pay Georgetown any milestone payments. Georgetown is entitled to receive royalties based on our revenue from product sales and sublicenses, if any. Samaritan has, at its own expense, assumed responsibility for the process of seeking any regulatory approvals for and conducting clinical trials with respect to any licensed product or application of the licensed technology. Samaritan controls and has the financial responsibilities for the prosecution and maintenance in respect to any patent rights related to the licensed technology.

Significant Accounting Policies

A summary of significant accounting policies is included in Note 3 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the Company's operating results and financial condition.

Results of Operations

Three months ended June 30, 2004 as compared to the three months ended June 30, 2003

The Company continued to have no significant revenues. During the second quarter of 2004, we continued our research and development efforts in connection with our drug programs for HIV/AIDS. We incurred research and development expenses of $315,436 for the quarter; up from $199,000 in the year-earlier period primarily due to increase in financial commitment with Georgetown University. General and administrative expenses increased to $700,626 for the second quarter of 2004 from $499,953 in the same period in 2003.

Depreciation and amortization amounted to $6,773 and $6,337 for three months ended June 30, 2004 and 2003, respectively. Interest expense amounted to $0 and $2,141 for the three months ended June 30, 2004 and 2003, respectively. The decrease is due to the retirement of notes payable during 2003.

As a result of the factors noted above, the net loss since inception on September 5, 1994 to June 30, 2004 was $24.8 million. We had a net loss of $1,022,835 and $647,431 for three months ended June 30, 2004 and 2003, respectively and the loss per share stayed the same at $(0.01) per share in the year-earlier period.

Six months ended June 30, 2004 as compared to the Six months ended June 30, 2003

The Company continued to have no significant revenues. During the first six months of 2004, we continued our research and development efforts in connection with our drug programs for HIV/AIDS. We incurred research and development expenses of $420,589 for the six months ended June 30, 2004, up from $386,695 for the six months ended June 30, 2003. General and administrative expenses for the six months ended June 30, 2004 increased to $1,417,370 from $889,951 in the year-earlier period.

Depreciation and amortization amounted to $13,461 and $12,674 for six months ended June 30, 2004 and 2003, respectively. Interest expense amounted to $0 and $6,288 for the six months ended June 30, 2004 and 2003, respectively. The decrease is due to the retirement of notes payable during 2003.

We had a net loss of $1,851,420 for six months ended June 30, 2004 and a net loss of $1,295,408 for the year earlier period. The loss per share was $(0.01) for the 2004 period and $(0.02) for the 2003 period.

Liquidity and Capital Resources

Cash used in operating activities during the six months period ended

June 30, 2004 was $1,219,811, compared to $1,147,652 for the same period a year earlier. The increase related to the Company's increased net loss, offset by $161,706 in stock based compensation and $503,269 in stock options issued for services.

Cash used in investing activities was $2,054,813 for the six months period ended June 30, 2004, compared to $8,447 in for the same period in 2003. The increase was almost entirely due to the purchases of $2,000,000 of certificates of deposit.

Cash provided by financing activities was $7,903,489 for the six months period ended June 30, 2004, compared to $1,094,177 in the same period for 2003. The cash provided in the 2004 period was almost entirely from $517,500 in proceeds from the purchase of warrants, $7,321,439 in proceeds from stock issued for cash.

Current assets as of June 30, 2004 were $5,018,879 as compared to current liabilities of $410,118.

To date, none of our proprietary products has reached a commercial stage, and hence, we do not have, nor do we anticipate revenue in the near future. We have been unprofitable since our inception and have incurred significant losses. We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our collaboration with Georgetown University, and patent prosecution. We have funded our operations through a series of private placements and through our agreement with Fusion Capital dated April 22, 2003, described below, which we believe will assist the Company in meetings its cash needs. Except for an agreement to sell shares to Fusion Capital, discussed below, no commitment exists for continued investments, or for any underwriting.

Even with our financing arrangement with Fusion Capital, we may require substantial additional funds to sustain our operations and grow our business. The amount of which will depend, among other things, on the rate of progress and the cost of our research and product development programs and clinical trial activities, the cost of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights, and the cost of developing manufacturing and marketing capabilities, if we decide to undertake those activities. The clinical development of a therapeutic product is a very expensive and lengthy process and may be expected to utilize $5 to $20 million over a three to six year development cycle. Although we believe we could license the manufacturing and marketing rights to our products in return for up-front licensing and other fees and royalties on any sales, there can be no assurance that we will be able to do so in the event we seek to do so. We need to obtain additional funds to develop our therapeutics products and our future access to capital is uncertain. The allocation of limited resources is an ongoing issue for us as we move from research activities into the more costly clinical investigations required to bring therapeutic products to market.

The extent we rely on Fusion Capital as a source of funding will depend on a number of factors including, the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient financing from Fusion Capital were to prove prohibitively expensive, we will need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the full $10.0 million under the common stock purchase agreement with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. If we are unable to obtain additional financing we might be required to delay, scale back or eliminate certain of our research and product development programs or clinical trials, or be required to license

third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together, any of which might have a material adverse effect upon us. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to existing holders of shares. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would be a material adverse effect on our business, operating results, financial condition, and prospects.

The SEC declared effective the Company's registration statement on Form SB-2, Commission Registration No. 333-105818, on October 9, 2003 (as amended and supplemented from time to time, "Registration Statement"). Under the Registration Statement, certain selling shareholders may sell shares of Common Stock, acquired from the Company. The Company will not receive any proceeds from the sale of securities being offered by the selling shareholders under the Registration Statement. The Company registered the shares for sale to provide the selling shareholders with freely tradable securities, but the registration of the shares does not necessarily mean that any of the shares will be offered or sold by the selling shareholders. However, we may receive payments under agreements relating to the shares and may receive proceeds from the exercise of warrants. Such proceeds are intended for use as to working capital and other corporate purposes. The Registration Statement registered a total of 18,125,000 shares (inclusive of the 3,125,000 shares issued to Fusion Capital as a commitment fee) assuming Fusion Capital purchases all $10.0 million of common stock. There were no proceeds under this registration statement during this quarter.

We have been able to substantially meet our cash needs during the past 12 months. We believe we will be able to continue to fund our operations for the next 12 months with the cash on hand. We continue to explore avenues to obtain the capital needed for our operations through private placements and by sale of our shares to Fusion Capital.

Forward-Looking Statements

This report and other oral and written statements made by us to the public contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations that are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in our forward-looking statements. Such statements address the following subjects: our need for and ability to obtain additional capital, including from the sale of equity and/or from federal or other grant sources; our expected future losses; the sufficiency of cash and cash equivalents; our ability to generate revenues; our ability to develop commercially successful products, including our ability to obtain FDA approval to initiate further studies of our potential products and our technologies; the high cost and uncertainty of the research and development of pharmaceutical products; the unpredictability of the duration and results of the U.S. Food and Drug Administration's review of new drug applications; the possible impairment of our existing, and the inability to obtain new, intellectual property rights and the cost of protecting such rights as well as the cost of obtaining rights from third parties when needed on acceptable terms; our ability to enter into successful partnering relationships with respect to the development and/or commercialization of our product candidates; our dependence on third parties to research, develop, manufacture and commercialize and sell any products developed; our ability to improve awareness and understanding of our Company, our technology and our business objectives; whether our predictions about market size and market acceptability of our products will prove true; and our

understandings and predictions regarding the utility of our potential products and our technology.

Statements in this report expressing our expectations and beliefs regarding our future results or performance are forward-looking statements that involve a number of substantial risks and uncertainties. When used in this Form 10-QSB, the words "anticipate," "believe," "estimate," "expect," "intend," may be," "seek," "plan," "focus," and "potential" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Our actual future results may differ significantly from those stated in any forward-looking statements.

As a result of the foregoing and other factors, we may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect our business, financial condition, operating results and stock price. We are not under any duty to update any of the forward-looking statements in this report to conform these statements to actual results, unless required by law. For further information, refer to the more specific risks and uncertainties discussed above and throughout this report.

Item 3. Controls and Procedures

(A) Evaluation Of Disclosure Controls And Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Financial Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

(B) Changes In Internal Controls Over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's quarter ended June 30, 2004, the Company's Principal Executive Officer and Principal Financial Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

Securities, unregistered, were sold by the Company in the second quarter of 2004 under an exemption from registration. The title of these securities was the Common Stock of the Company. They were sold for cash unless

otherwise noted in this section. They were sold in private transactions to persons believed to be of a class of private investors acting on their own comprised of "accredited investors" (as such term is defined in Regulation D of the U.S. Securities and Exchange Commission or "SEC") and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, not affiliated with the Company, purchased the shares with apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. It's reliance on said exemption was based upon the fact that no public solicitation was used by the Company in the offer or sale, and that the securities were legended shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

Management notes that stock was issued as follows during the three months ended June 30, 2004.

No. of shares	Issued Pursuant	To Price/valuation
2,114,496	Sale of restricted stock	$1,007,305

The total offering price, during the third quarter as to these shares, was $1,007,305 less expenses, estimated the total to be $8,500 for printing, legal, postage, and other expenses related to respective offering.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The company held its Annual meeting on June 18, 2004.

(b) The two matters voted upon at the meeting were: (i) To elect three directors for a term expiring at the Annual Meeting of Stockholders in year indicated ("Proposal 1"); (ii) To ratify the appointment of Sherb & Co., LLP, as our independent auditors for the fiscal year ending December 31, 2004 ("Proposal 2").

(i) With respect to "Proposal 1", Janet Greeson, Ph.D. (2007) received 87,385,196 shares in favor for and 243,645 shares against, Welter Holden (2007) received 87,378,419 shares in favor for and 250,442 shares against, Erasto R.C. Saldi, M.D. (2007) received 87,674,716 shares in favor for and 0 shares against, and there were 195,925 abstentions for each director. All nominees were declared to have been elected as directors to hold office until the annual meeting of stockholders in the year indicated.

(ii) With respect to "Proposal 2", 87,551,998 shares were in favor for and 12,775 shares were against, 260,003 shares abstained. Proposal 2 was declared to have been approved.

Item 6. Exhibits and Reports on Form 8-K.

(b) Exhibits

Listed below are all exhibits filed as part of this report. Some exhibits are filed by the Registrant with the Securities and Exchange Commission pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

Exhibits No.	Description
2.1	Agreement and Plan of Reorganization (1)
3.1	Articles of Incorporation, as amended and restated (6)
3.2	By-laws (3)

4.1.....Form of common stock certificate (1)
4.2.....2001 Stock Option Plan (Provided herewith)
10.1....Assignment between Linda Johnson and the Company dated September 6, 2000. (5)
10.2....Assignment between Linda Johnson and Spectrum Pharmaceuticals Corporation dated May 14, 1999. (5)
10.3....Agreement containing the assignment of U.S. Patent Application 07/233,247 with improvements dated May 22, 1990. (5)
10.4....Common Stock Purchase Agreement between Company and Fusion Capital Fund II, LLC, dated April 22, 2003 (2)
10.5....Registration Rights Agreement between Company and Fusion Capital Fund II, LLC dated April 22, 2003. (2)
10.6 ...Agreement between Samaritan Pharmaceuticals, Inc. and Thomas Lang (Provided herewith)
10.7....Agreement between Samaritan Pharmaceuticals, Inc. and Eugene Boyle (5)
10.8....Agreement between Samaritan Pharmaceuticals, Inc and Janet Greeson (5)
10.9....Research Collaboration and Licensing Agreement between Georgetown University and Samaritan Pharmaceuticals, Inc., dated June 8, 2001 (6)
10.9....Research Collaboration and Licensing Agreement between Georgetown University and Samaritan Pharmaceuticals, Inc., dated June 8, 2001 (6)
14.1....Code of Ethics (8)
16.1....Letter on change in certifying accountant (7)
21.1....List of Subsidiaries (1)
31.1....Certification of Chief Executive Officer
31.2....Certification of Chief Financial Officer
32.1....Certification re: Section 906

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(1).....Filed as an exhibit to Samaritan Pharmaceutical's Form 10-SB, filed on July 21, 1999, and incorporated herein by reference. (2).....Filed as an exhibit to Samaritan Pharmaceutical's Report on Form 8-K filed on April 25, 2003, and incorporated herein by reference.
(3).....Filed as an exhibit to Samaritan Pharmaceutical's Annual Report on Form 10K- SB, filed on April 3, 2001, and incorporated herein by reference.
(4).....Filed as an exhibit to Samaritan Pharmaceutical's Schedule 14A filed on April 3, 2001, and incorporated herein by reference (5).....Filed as an exhibit to Samaritan Pharmaceutical's Quarterly Report on Form 10-QSB filed on August 14, 2002, and incorporated herein by reference.
(6).....Filed as an exhibit to Samaritan Pharmaceutical's Registration Statement on Form SB-2 (SEC file number 333-105818) an incorporated herein by reference.
(7).....Filed as an exhibit to Form 8-K, on September 27, 2002 and incorporated herein by reference.
(8).....Filed as an exhibit to Form 10-KSB on April 15, 2003 and incorporated herein by reference.

SIGNATURES

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

SAMARITAN PHARMACEUTICAL, INC

Dated: August 18, 2004 By: /s/ Eugene Boyle

Eugene Boyle, CFO, COO, Director