GAMMACAN INTERNATIONAL INC
Form 424B3
May 31, 2007

Reg. No. 333-141670
Filed Pursuant to Rule 424(b)(3)

Prospectus

16,250,000 Shares

Common Stock

This is an offering (the *Offering*) of up to an aggregate of 16,250,000 shares (the *Shares*) of common stock, $0.0001 par value, of GammaCan International, Inc., a Delaware corporation (*we*, *us*, or *GammaCan*), by the selling stockholders named in this prospectus (the *Selling Stockholders*). The Shares issued by us in private placements of securities or other transactions exempt from the registration requirements of the Securities Act of 1933, as amended (the *Securities Act*) together with warrants (the *Warrants*) to acquire an aggregate of 16,250,000 shares of common stock.

Our common stock is quoted on the OTC Bulletin Board (the *OTCBB*) under the symbol *GCAN.OB*. On May 29, 2007, the closing sales price of our common stock on the OTCBB was $0.61 per share.

See Risk Factors beginning on page 7 for a discussion of factors that you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We will receive no proceeds from the sale of the Shares sold by the Selling Stockholders.

The date of this prospectus is May 30, 2007.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read the entire prospectus, especially the risks of investing in our common stock discussed under Risk Factors . Unless we state otherwise, the terms we , us , our , company , management , or similar terms collectively refer to GammaCan International, Inc., a Delaware corporation, and its subsidiary, as well as their respective predecessors. Some of the statements in this Prospectus Summary are forward-looking statements. See Special Note Regarding Forward-Looking Statements . All dollar amounts refer to US dollars unless otherwise indicated.

Our Business

General

We are a life sciences company focused upon the development of immunotherapy and related approaches to treat cancer. To date, we have focused upon the use of intravenous immunoglobulin, or *IgG*, derived from human plasma provided by healthy donors to treat melanoma, prostate, and colon cancers. We believe that IgG may be the basis of more effective and efficient cancer treatment both, as mono- or combination therapy and adjuvant cancer treatments. Our business objective is to become a recognized leader in the development of immunotherapy and related approaches to treat cancer.

Based upon our research, it appears that non-specific IgG has anti-cancer properties. These properties appear to be due to both the immunomodulatory effects of IgG, as well as direct effects of certain antibody populations present in the IgG mixture. We have demonstrated a reduction in metastatic lesions and an improved survival in mice injected with human sarcoma or human melanoma cells when the animals were treated with IgG. There is also anecdotal clinical evidence suggesting that IgG-based therapy is efficacious in some human cancers, including melanoma, soft tissue sarcoma, and Kaposi s sarcoma. IgG has also been found to dramatically reduce the white blood count in chronic lymphocytic leukemia. Based upon the foregoing, we recognize that IgG-based therapies possess the following distinctive features as a result of an excess of thirty years of clinical experience from treating immune deficiency and autoimmune diseases as well as manufacturing know-how:

Superior product safety **-** IgG is *safe* and *non-toxic*; and

Minimal manufacturing risk The manufacturing process for IgG is well established and optimized as a result of the numerous products that have been developed from human plasma to date.

We have developed and are developing additional product candidates on the basis of our research and development to date. Our lead product candidate, VitiGam , is a first-in-class anti-cancer immunotherapy derived entirely from the plasma of donors with vitiligo, a benign autoimmune skin condition affecting up to 2% of the general population. We are initially utilizing VitiGam to target melanoma. We have demonstrated that plasma from individuals with vitiligo contains anti-melanoma activities and we are using this discovery to develop VitiGam for the treatment of Stage III and Stage IV melanoma. The incidence of melanoma, despite new developments in other cancers, continues to increase and has experienced little if any therapeutic progress in the last ten years. In addition to VitiGam , we are developing the following:

Adjuvant therapies - IgG-based adjuvant therapies to modulate both the proliferation of cancer cells and the metastasis of tumor cells.

Next generation (recombinant) VitiGam - VitiGam is currently manufactured as a mixture that largely consists of IgG molecules (antibodies of the IgG type). We anticipate that within that mixture, only a subset of IgG molecules will be responsible for the biological activity of VitiGam . Next generation VitiGam will be composed of *only the IgGs required to exert the anti-melanoma effect*, thereby creating a more effective compound. Identifying the relevant IgGs will also allow cost reductions.

Cancer Vaccines Based on VitiGam - An off-the-shelf cancer vaccine is considered a silver bullet in cancer therapy. We anticipate that based on our evolving understanding of the mechanism associated with VitiGam , we may be in a position to develop such a vaccine in the future.

We have embarked on a non-FDA Phase II clinical trial to test the safety and efficacy of standard (e.g., collected and manufactured from healthy donors) IgG in patients with three types of late stage malignancies that have failed to respond to all other standard therapies as well as certain experimental therapies The cancers evaluated in the non-FDA, open-label Phase II trial were:

melanoma, prostate, and colon cancer. Patients in the study receive standard IgG at a consistent dose every 28 days (a cycle). Patients were evaluated by standard criteria for tumor progression and other markers after three cycles, and if stable or improved, such treatment continues for three additional cycles. We expect the study to close by mid-year 2007. Results from melanoma patients are promising and can be summarized as follows:

No serious untoward effects of IgG were noted; and

One patient with melanoma (out of 8) and one with prostate cancer (out of 9) have been stable or improved at six cycles of therapy or beyond. Indeed, the melanoma patient has completed twelve cycles, after which tumor progression was noted.

In addition to the body of pre-clinical evidence accumulated using vitiligo derived plasma or IgG, observations with melanoma patients in this study provide a clinical foundation for the current plan to develop VitiGam .

We plan to file an Investigational New Drug Application, or *IND*, for VitiGam in late 2007. We believe that the FDA is well acquainted with IgG-based therapies and their non-toxic characteristics from a long history of approvals of products based on plasma.

We own a significant portfolio of patents and patent applications covering our technology and are aggressively protecting our technology developments on a worldwide basis. In addition to protecting our intellectual property, we are currently applying for a U.S. Orphan Drug Status designation for VitiGam . Orphan Drug Status is granted by the U.S. FDA to promote the development of drugs for diseases affecting less than 200,000 people in the United States. This status will provide, if granted, a seven year period of market exclusivity as well as regulatory and income tax advantages. We are continuously evaluating in-licensing and/or acquisition opportunities to broaden our product portfolio and technology base.

We are led by a highly-experienced management team knowledgeable in applying immunotherapy for the treatment of cancer. Our management team has access to an internationally recognized Scientific Advisory Board whose members are thought-leaders in their respective areas. Our Chief Scientist, Professor Yehuda Shoenfeld, M.D., FRCP, is a world-recognized immunologist and the innovator responsible for much of our IgG-based technology development and know-how.

Our Background

We were incorporated under the laws of the state of Delaware on October 6, 1998 under the name of San Jose International, Inc. We engaged in several businesses and acquisition plans. On August 17, 2004, pursuant to an agreement for the purchase and sale of intellectual property between our newly formed Israeli subsidiary, GammaCan, Ltd., and ARP Biomed, Ltd. (*ARP*), GammaCan Ltd. completed the acquisition of ARP s intellectual property (the *Intellectual Property*) in consideration for the issuance to ARP of 12.5% of the common shares of GammaCan, Ltd. As a result, we own beneficially and of record 87.5% of the outstanding capital stock of our subsidiary, GammaCan, Ltd. On August 19, 2004, we changed the name of our company to GammaCan International, Inc. in the State of Delaware.

The Offering

Common stock offered	16,250,000 shares
Common stock outstanding after this offering	61,125,164 shares (1)
Use of proceeds after expenses	For general corporate purposes and working capital. See Use of Proceeds.
OTC Bulletin Board Trading Symbol.	GCAN.OB

(1) Assumes the exercise in full of the Warrants.

Unless otherwise indicated, the information contained in this prospectus does not give effect to the issuance of shares of our common stock upon exercise of the Warrants.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, prospects, financial condition, and results of operations may have changed since that date.

Summary Consolidated Financial Data of Gammacan International, Inc.

The following statement of operations data for the years ended September 30, 2006 and 2005, and the balance sheet data at September 30, 2006 and 2005, are derived from our audited consolidated financial statements and the related notes. Our consolidated financial statements and the related notes as of September 30, 2006 and 2005 and for the two years then ended are included elsewhere herein. The statement of operations data for the six months ended March 31, 2007 and 2006, and the balance sheet data at March 31, 2007 and 2006, are derived from our unaudited consolidated financial statements, which have been prepared on a basis consistent with our audited financial statements except for the change in accounting for stock based compensation upon the adoption of FAS 123R on October 1, 2006, and, in the opinion of management, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations. The results of operations for any interim period are not necessarily indicative of results to be expected for the entire year. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

Statement of Operations Data:

	Years Ended September 30,		Period from October 6, 1998 through September 30,	Six Months Ended March 31,		Period from October 6, 1998 through March 31,
	2006	2005	2006	2007	2006	2007
Research and development costs	$ 802,254	$ 545,928	$ 1,515,174	$ 482,870	$ 599,543	$ 1,998,044
General and administrative expenses	1,263,070	666,477	2,288,711	1,631,800	455,188	3,920,511
Operating losses	2,065,324	1,212,405	3,803,885	2,114,670	1,054,731	5,918,555
Financial income	(44,130)	(20,703)	(64,833)	(32,138)	(23,787)	(96,971)
Financial expenses	14,979	6,830	22,144	21,467	6,699	43,581
Loss before taxes on income	2,063,173	1,198,532	3,761,166	2,103,999	1,037,643	5,865,165
Taxes on income	28,622		28,622	16,856		45,478
Loss from operations of the company and its consolidated subsidiary	2,064,795	1,198,532	3,789,788	2,120,855	1,037,643	5,910,643
Minority interests in losses of a subsidiary			(12,375)			(12,375)
Net loss	$ (2,064,795)	$ (1,198,532)	$ (3,777,413)	$ (2,120,855)	$ (1,037,643)	$ (5,898,268)
Earnings per Share Information:						
Basic and diluted net loss per share	$ (0.074)	$ (0.046)		$ (0.068)	$ (0.038)	
Shares used in computing basic and diluted loss per common share	28,052,065	26,099,260		31,204,923	27,650,399	

Balance Sheet Data:

At September 30,		At March 31,

	2006	2005	2007
Cash and cash equivalents	$ 538,738	$ 713,342	$ 1,463,098
Short-term deposit			4,300,000
Working capital	222,133	567,753	4,964,896
Total assets	619,820	764,787	5,914,903
Long-term debt	31,531	13,725	45,924
Stockholders equity	259,190	577,028	4,996,637

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this prospectus before buying shares of our common stock. Our business, prospects, financial condition, and results of operations may be materially and adversely affected as a result of any of the following risks. The trading of our common stock could decline as a result of any of these risks. You could lose all or part of your investment in our common stock. Some of the statements in Risk Factors are forward looking statements. See Special Note Regarding Forward Looking Statements .

Risks Related to Our Business

There is substantial doubt as to our ability to continue as a going concern.

Our financial statements were prepared on the assumption that we will continue as a going concern. If sufficient capital is not available, we would likely be required to scale back or terminate our research and development efforts. We estimate that, as a result of the 2007 Private Placement, our cash reserves will be sufficient to permit us to continue our anticipated level of operations for at least eight months from the date of this prospectus. However, we plan to increase research and development, product development, and administrative expenses relating to our business during 2007 and 2008, including expenses related to research and development related to our IgG technology. We intend to use these resources, as well as others in the event that they shall be available on commercially reasonable terms, to fund these activities and other activities described herein, although we can provide no assurance that these additional funds will be available in the amounts or at the times we may require. See Risk Factors We will need additional capital in order to satisfy our business objectives .

As we have a limited operating history, investors may not have a sufficient history on which to base an investment decision.

Although we were incorporated in 1998, we acquired our operating subsidiary in August 2004 and are in the development stage. Accordingly, we have a limited operating history upon which investors may evaluate our prospects for success. Investors must consider the risks and difficulties frequently encountered by early stage companies, particularly in rapidly evolving markets such as the life science industry. Such risks include, without limitation, the following:

- competition;
- need for acceptance of products;
- ability to anticipate and adapt to a competitive market and rapid technological developments;
- amount and timing of operating costs and capital expenditures relating to expansion of our business, operations, and infrastructure; and
- dependence upon key personnel.

We cannot be certain our strategy will be successful or that we will successfully address these risks. In the event that we do not successfully address these risks, our business, prospects, financial condition, and results of operations could be materially and adversely affected. Information regarding all of our past operations can be found in our reports and registration statements that have been previously filed with the Securities and Exchange Commission.

We are a development stage company with a history of losses and can provide no assurance as our future operating results.

We are a development stage company with no revenues from our contemplated principal business activity. Consequently, we have incurred net losses and negative cash flows since inception. We currently have no product revenues, and may not succeed in developing or commercializing any products which will generate product or licensing revenues. We do not expect to have any products on the market for several years. In addition, development of our product candidates requires a process of pre-clinical and clinical testing, during which our products could fail. We may not be able to enter into agreements with one or more companies experienced in the manufacturing and marketing of therapeutic drugs and, to the extent that we are unable to do so, we will not be able to market our product candidates. Eventual profitability will depend on our success in developing, manufacturing, and marketing our product candidates. We have experienced net losses and negative cash flows from operating activities since inception and expect such losses and negative cash flows to continue in the foreseeable future. As of September 30, 2006 and 2005 and as of March 31,

2007, we had working capital of $222,133, $567,753, and $4,964,896, respectively, and stockholders equity of $259,190, $577,028, and $4,996,637, respectively. See the consolidated financial statements and the related notes. We have generated no revenues to date. We have incurred net losses since inception and expect to continue to operate at a loss for the foreseeable future. For the period from our inception in October 6, 1998 through March 31, 2007, the years ended September 30, 2006 and 2005, and for the six months ended March 31, 2007, we incurred net losses of $(5,898,268), $(2,064,795), $(1,198,532), and $(2,120,855), respectively. We may never achieve profitability. See Management s Discussion and Analysis of Financial Condition and Results of Operations .

At present, our success depends solely on the successful commercialization of IgG-based therapies for our proposed use as a cancer therapy alternative.

The successful commercialization of IgG-based cancer immunotherapies is crucial for our success. Our proposed products and their potential applications are in an early stage of clinical and manufacturing/process development and face a variety of risks and uncertainties. Principally, these risks include the following:

- future clinical trial results may show that IgG based therapy is not well tolerated by recipients at its effective doses or is not efficacious as compared to placebo;
- future clinical trial results may be inconsistent with ARP s previous preliminary testing results and data from our earlier studies may be inconsistent with clinical data;
- even if our IgG based therapies are shown to be safe and effective for their intended purposes, we may face significant or unforeseen difficulties in obtaining or manufacturing sufficient quantities at or at reasonable prices;
- our ability to complete the development and commercialization of IgG-based therapies for our intended use is significantly dependent upon our ability to obtain and maintain experienced and committed partners to assist us with obtaining clinical and regulatory approvals for, and the manufacturing, marketing and distribution of, IgGs on a worldwide basis;
- even if IgG products are successfully developed, commercially produced and receive all necessary regulatory approvals, there is no guarantee that there will be market acceptance of the products; and
- our competitors may develop therapeutics or other treatments which are superior or less costly than our own with the result that our products, even if they are successfully developed, manufactured and approved, may not generate significant revenues

If we are unsuccessful in dealing with any of these risks, or if we are unable to successfully commercialize our IgG products for some other reason, it would likely seriously harm our business.

We can provide no assurance of the successful and timely development of our new products.

Our product candidates are at various stages of research and development. Further development and extensive testing will be required to determine their technical feasibility and commercial viability. Our success will depend on our ability to achieve scientific and technological advances and to translate such advances into reliable, commercially competitive products on a timely basis. Products that we have developed and may in the future develop are not likely to be commercially available for some time. The proposed development schedules for our products may be affected by a variety of factors, including technological difficulties, proprietary technology of others, and changes in governmental regulation, many of which will not be within our control. Any delay in the development, introduction, or marketing of our products could result either in such products being marketed at a time when their cost and performance characteristics would not be competitive in the marketplace or in the shortening of their commercial lives. In light of the long-term nature of our projects, the nature technology involved, and the other factors, described elsewhere in Risk Factors , there can be no assurance that we will be able to complete successfully the development or marketing of any new products.

We will need additional capital in order to satisfy our business objectives.

To date, we have financed our operations principally through offerings of securities exempt from the registration requirements of the Securities Act. We believe that our available resources and cash flow will be sufficient to meet our anticipated working capital needs for at least the next eight months from the date of this prospectus. Notwithstanding the foregoing, we estimate that we will require substantial additional financing at various intervals in order to continue our research and development programs, including significant requirements for operating expenses including intellectual property protection and enforcement, for pursuit of

regulatory approvals, and for commercialization of our products. We can provide no assurance that additional funding will be available on a timely basis, terms acceptable to us, or at all. In the event that we are unable to obtain such financing, we will not be able to fully develop and commercialize our technology. Our future capital requirements will depend upon many factors, including:

- continued scientific progress in our research and development programs;
- costs and timing of conducting clinical trials and seeking regulatory approvals and patent prosecutions;
- competing technological and market developments;
- our ability to establish additional collaborative relationships; and
- effects of commercialization activities and facility expansions if and as required.

If we cannot secure adequate financing when needed, we may be required to delay, scale back or eliminate one or more of our research and development programs or to enter into license or other arrangements with third parties to commercialize products or technologies that we would otherwise seek to develop ourselves and commercialize ourselves. In such event, our business, prospects, financial condition, and results of operations may be adversely affected as we may be required to scale-back, eliminate, or delay development efforts or product introductions or enter into royalty, sales or other agreements with third parties in order to commercialize our products.

In the future, we may rely upon our collaborative agreements with large pharmaceutical companies.

In the future, we may rely heavily on collaborative agreements with large pharmaceutical companies, governments, or other parties for our revenues. Our inability to obtain any one or more of these agreements, on commercially reasonable terms, or at all, or to circumvent the need for any such agreement, could cause significant delays and cost increases and materially affect our ability to develop and commercialize its product candidates. Some of our programs may require the use of multiple proprietary technologies, especially patented drugs. Obtaining licenses for these technologies may require us to make cumulative royalty payments or other payments to several third parties, potentially reducing amounts paid to us or making the cost of our products commercially prohibitive. Manufacturing of drug products may also require licensing technologies and intellectual property from third parties.

We rely upon patents to protect our technology. We may be unable to protect our intellectual property rights and we may be liable for infringing the intellectual property rights of others.

Our ability to compete effectively will depend on our ability to maintain the proprietary nature of our technologies, including IgG technologies. We currently hold several patents and pending patent applications in the United States and corresponding patents and patent applications filed in certain other countries covering IgG and its proposed use in cancer therapeutics. Further, we intend to rely on a combination of trade secrets and non-disclosure, and other contractual agreements and technical measures to protect our rights in our technology. We intend to depend upon confidentiality agreements with our officers, directors, employees, consultants, and subcontractors, as well as collaborative partners, to maintain the proprietary nature of our technology. These measures may not afford us sufficient or complete protection, and others may independently develop technology similar to ours, otherwise avoid our confidentiality agreements, or produce patents that would materially and adversely affect our business, prospects, financial condition, and results of operations. We believe that our technology is not subject to any infringement actions based upon the patents of any third parties; however, our technology may in the future be found to infringe upon the rights of others. Others may assert infringement claims against us, and if we should be found to infringe upon their patents, or otherwise impermissibly utilize their intellectual property, our ability to continue to use our technology or the licensed technology could be materially restricted or prohibited. If this event occurs, we may be required to obtain licenses from the holders of this intellectual property, enter into royalty agreements, or redesign our products so as not to utilize this intellectual property, each of which may prove to be uneconomical or otherwise impossible. Licenses or royalty agreements required in order for us to use this technology may not be available on terms acceptable to us, or at all. These claims could result in litigation, which could materially adversely affect our business, prospects, financial condition, and results of operations.

The patent position of biopharmaceutical and biotechnology firms is generally uncertain and involves complex legal and factual questions. We do not know whether any of our current or future patent applications will result in the issuance of any patents. Even issued patents may be challenged, invalidated or circumvented. Patents may not provide a competitive advantage or afford protection against competitors with similar technology. Competitors or potential competitors may have filed applications for, or may have received patents and may obtain additional and proprietary rights to compounds or processes used by or competitive with ours. In addition, laws of certain foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States or Canada.

Patent litigation is becoming widespread in the biotechnology industry and we cannot predict how this will affect our efforts to form strategic alliances, conduct clinical testing or manufacture and market any products under development. If challenged, our patents may not be held valid. We could also become involved in interference proceedings in connection with one or more of our patents or patent applications to determine priority of invention. If we become involved in any litigation, interference or other administrative proceedings, we will likely incur substantial expenses and the efforts of our technical and management personnel will be significantly diverted. In addition, an adverse determination could subject us to significant liabilities or require us to seek licenses that may not be available on favorable terms, if at all. We may be restricted or prevented from manufacturing and selling our products in the event of an adverse determination in a judicial or administrative proceeding or if we fail to obtain necessary licenses.

Our commercial success will also depend significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Patent applications are, in many cases, maintained in secrecy until patents are issued. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and patent applications are filed. In the event of infringement or violation of another party s patent, we may be prevented from pursuing product development or commercialization. See Business Patents and Licenses .

We can provide no assurance that our products will obtain regulatory approval or that the results of clinical studies will be favorable.

The testing, marketing and manufacturing of any of our products will require the approval of the FDA. We cannot predict with any certainty the amount of time necessary to obtain such FDA approvals and whether any such approvals will ultimately be granted. In any event, review and approval by the FDA is anticipated to take a number of years. Preclinical and clinical trials may reveal that one or more of our products are ineffective or unsafe, in which event further development of such products could be seriously delayed or terminated. Moreover, obtaining approval for certain products may require the testing on human subjects of substances whose effects on humans are not fully understood or documented. Delays in obtaining FDA or any other necessary regulatory approvals of any proposed product and failure to receive such approvals would have an adverse effect on the product s potential commercial success and on our business, prospects, financial condition, and results of operations. In addition, it is possible that a product may be found to be ineffective or unsafe due to conditions or facts which arise after development has been completed and regulatory approvals have been obtained. In this event we may be required to withdraw such product from the market. To the extent that our success will depend on any regulatory approvals from governmental authorities outside of the United States which perform roles similar to that of the FDA, uncertainties similar to those stated above will also exist. See Business Governmental Regulation .

If our products are commercialized, we may be subject to product liability claims.

The testing, marketing, and sale of pharmaceutical products entail inherent risks. If we succeed in developing new pharmaceutical products, the sale of such products may expose us to potential liability resulting from the use of such products. Such liability might result from claims made directly by consumers or by pharmaceutical companies or others selling such products. While we may seek to obtain product liability insurance, there can be no assurance that we will be able to obtain such insurance or, if obtained, that such insurance can be acquired in amounts sufficient to protect us against such potential liability or at a reasonable cost. We do not maintain product liability insurance.

As we have no sales, marketing, and distribution capabilities, we will be required to either develop such capabilities or to outsource these activities to third parties.

We currently have no sales, marketing or distribution capabilities. In order to succeed, we ultimately will be required to either develop such capabilities or to outsource these activities to third parties. We can provide no assurance that third parties will be interested in acting as our outsourced sales, marketing, and distribution arms on a timely basis, on commercially reasonable terms, or at all. If we are unable to establish sales, marketing, or distribution capabilities either by developing our own organization or by entering into agreements with others, we may be unable to successfully sell any products that we are able to begin to commercialize, which would have a material adverse effect upon our business, prospects, financial condition, and results of operations. Further, in the event that we are required to outsource these functions on disadvantageous terms, we may be required to pay a relatively large portion or our net revenue to these organizations, which would have a material adverse effect upon our business, prospects, financial condition, and results of operations.

We have no experience manufacturing our products.

We currently lack the resources to manufacture any of our product candidates on a large scale. Our ability to conduct clinical trials and commercialize our product candidates will depend, in part, on our ability to manufacture our products, either directly or, as currently intended, through contract manufacturers, at a competitive cost and in accordance with current Good Manufacturing Practices (*cGMP*) and other regulatory requirements. We anticipate that we will be required to depend on contract manufacturers or collaborative partners for the manufacturing of our product candidates for preclinical studies and clinical trials and intend to use

contract manufacturers to produce any products we may eventually commercialize. If we are not able to obtain contract manufacturing on commercially reasonable terms, we may not be able to conduct or complete clinical trials or commercialize our product candidates. We have identified multiple suppliers for most if not all of the components of our drug product candidates, although we can provide no assurance that these components will be available when needed on commercially reasonable terms.

In order to succeed, we ultimately will be required to either develop such manufacturing capabilities or to outsource manufacturing on a long-term basis to third parties. We can provide no assurance that third parties will be interested in manufacturing our products on a timely basis, on commercially reasonable terms, or at all. If we are unable to establish manufacturing capabilities either by developing our own organization or by entering into agreements with others, we may be unable to commercialize our products, which would have a material adverse effect upon our business, prospects, financial condition, and results of operations. Further, in the event that we are required to outsource these functions on disadvantageous terms, we may be required to pay a relatively large portion or our net revenue to these organizations, which would have a material adverse effect upon our business, prospects, financial condition, and results of operations.

We have limited experience in conducting clinical trials.

Clinical trials must meet FDA and foreign regulatory requirements. We have limited experience in designing, conducting and managing the preclinical studies and clinical trials necessary to obtain regulatory approval for our product candidates in any country. We may encounter problems in clinical trials that may cause us or the FDA or foreign regulatory agencies to delay, suspend or terminate our clinical trials at any phase. These problems could include the possibility that we may not be able to conduct clinical trials at our preferred sites, enroll a sufficient number of patients for our clinical trials at one or more sites or begin or successfully complete clinical trials in a timely fashion, if at all. Furthermore, we, the FDA or foreign regulatory agencies may suspend clinical trials at any time if we or they believe the subjects participating in the trials are being exposed to unacceptable health risks or if we or they find deficiencies in the clinical trial process or conduct of the investigation. If clinical trials of any of the product candidates fail, we will not be able to market the product candidate which is the subject of the failed clinical trials. The FDA and foreign regulatory agencies could also require additional clinical trials, which would result in increased costs and significant development delays. Our failure to adequately demonstrate the safety and effectiveness of a pharmaceutical product candidate under development could delay or prevent regulatory approval of the product candidate and could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We are dependent upon third party suppliers of our raw materials.

We are dependent on outside vendors for our entire supply of IgG. While we believe that there are numerous sources of supply available, if the third party suppliers were to cease production or otherwise fail to supply us with quality IgG in sufficient quantities on a timely basis and we were unable to contract on acceptable terms for these services with alternative suppliers, our ability to produce our products and to conduct testing and clinical trials would be materially adversely affected.

We have limited senior management resources; we may be unable to effectively manage growth with our limited resources.

We expect the expansion of our business to place a significant strain on our limited managerial, operational, and financial resources. We will be required to expand our operational and financial systems significantly and to expand, train, and manage our work force in order to manage the expansion of our operations. Our failure to fully integrate our new employees into our operations could have a material adverse effect on our business, prospects, financial condition, and results of operations. Our ability to attract and retain highly skilled personnel is critical to our operations and expansion. We face competition for these types of personnel from other technology companies and more established organizations, many of which have significantly larger operations and greater financial, technical, human, and other resources than we have. We may not be successful in attracting and retaining qualified personnel on a timely basis, on competitive terms, or at all. If we are not successful in attracting and retaining these personnel, our business, prospects, financial condition, and results of operations will be materially adversely affected. See Management s Discussion and Analysis of Financial Condition and Results of Operations , Business Strategy , and Business Employees .

We depend upon our senior management and skilled personnel and their loss or unavailability could put us at a competitive disadvantage.

We currently depend upon the efforts and abilities of our senior executives, as well as the services of several key consultants and other key personnel. The loss or unavailability of the services of any of these individuals for any significant period of time could have a material adverse effect on our business, prospects, financial condition, and results of operations. In addition, recruiting and retaining qualified scientific personnel to perform future research and development work will be critical to our success. There is currently a shortage of employees with expertise in our areas of research and clinical and regulatory affairs, and this shortage is likely to continue. Competition for skilled personnel is intense and turnover rates are high. Our ability to attract and retain qualified

personnel may be limited. Our inability to attract and retain qualified skilled personnel would have a material adverse effect on our business, prospects, financial condition, and results of operations.

Because we will not pay cash dividends, investors may have to sell shares in order to realize their investment.

We have not paid any cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business. Any credit agreements which we may enter into with institutional lenders or otherwise may restrict our ability to pay dividends. Whether we pay cash dividends in the future will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, and any other factors that the board of directors decides is relevant. See Dividend Policy and Description of Securities Common Stock .

Risks Related to Our Industry

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. We may be unable to compete with more substantial enterprises.

The biotechnology and biopharmaceutical industries are characterized by rapid technological developments and a high degree of competition. As a result, our actual or proposed products could become obsolete before we recoup any portion of our related research and development and commercialization expenses. Our industries are highly competitive, and this competition comes from both from biotechnology firms and from major pharmaceutical and chemical companies. Many of these companies have substantially greater financial, marketing, and human resources than we do (including, in some cases, substantially greater experience in clinical testing, manufacturing, and marketing of pharmaceutical products). We also experience competition in the development of our products from universities and other research institutions and compete with others in acquiring technology from such universities and institutions. In addition, certain of our products may be subject to competition from products developed using other technologies. See Business Competition .

The industry in which we operate is highly competitive.

Numerous well-known companies, which have substantially greater capital, research and development capabilities and experience than we have, are presently engaged in the research and development efforts with respect to our target indications. By virtue of having or introducing competitive products on the market before us, these entities may gain a competitive advantage. Further future technological developments may render some or all of our current or future products noncompetitive or obsolete, and we may not be able to make the enhancements to our products necessary to compete successfully with newly emerging technologies. If we are unable to successfully compete in our chosen markets, our business prospects, financial condition, and results of operations would be materially adversely affected. See Business Competition .

The government regulatory approval process is time consuming and expensive.

To date, we have not submitted a marketing application for any product candidate to the FDA or any foreign regulatory agency, and none of our product candidates have been approved for commercialization in any country. Prior to commercialization, each product candidate will be subject to an extensive and lengthy governmental regulatory approval process in the United States and in other countries. We may not be able to obtain regulatory approval for any product candidate we develop or, even if approval is obtained, the labeling for such products may place restrictions on their use that could materially impact the marketability and profitability of the product subject to such restrictions. We have limited experience in designing, conducting and managing the clinical testing necessary to obtain such regulatory approval. Satisfaction of these regulatory requirements, which includes satisfying the FDA and foreign regulatory authorities that the product is both safe and effective for its intended therapeutic uses, typically takes several years depending upon the type, complexity and novelty of the product and requires the expenditure of substantial resources.

Any manufacturer to produce our products will be required to comply with extensive government regulation.

Before we can begin to commercially manufacture any of our product candidates, we must either secure manufacturing in an approved manufacturing facility or obtain regulatory approval of our own manufacturing facility and processes. In addition, the manufacturing of our product candidates must comply with cGMP and/or other requirements of the FDA and requirements by regulatory agencies in other countries. These requirements govern, among other things, quality control and documentation procedures. We or any third-party manufacturer of our product candidates, may not be able to comply with these requirements, which would prevent us from selling such products. Material changes to the manufacturing processes of our products after approvals have been granted are also subject to review and approval by the FDA or other regulatory agencies.

The commercial success of any newly-introduced pharmaceutical product depends in part upon the ability of patients to obtain adequate reimbursement.

If we succeed in bringing our product candidates to market, they may not be considered cost-effective, and coverage and adequate payments may not be available or may not be sufficient to allow us to sell our products on a competitive basis. In both the United States and elsewhere, sales of medical products, diagnostics, and therapeutics are dependent, in part, on the availability of reimbursement from third party payors, such as health maintenance organizations and other private insurance plans and governmental programs such as Medicare. Third party payors are increasingly challenging the prices charged for pharmaceutical products and services. We anticipate that our business will be affected by the efforts of government and third party payors to contain or reduce the cost of health care through various means. In the United States, there have been and will continue to be a number of federal and state proposals to implement government controls on pricing. Similar government pricing controls exist in varying degrees in other countries. In addition, the emphasis on managed care in the United States has increased and will continue to increase the pressure on the pricing of pharmaceutical products. We cannot predict whether any legislative or regulatory proposals will be adopted or the effect these proposals or managed care efforts may have on our business.

Risks Related to this Offering

In recent years, the stock market in general has experienced periodic price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons often unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, regardless of our operating results. As the market price of our common stock may fluctuate significantly, it may be difficult for you to resell your shares of common stock when you want or at prices you find attractive.

The price of the common stock is quoted on the OTCBB and constantly changes. We expect that the market price of the common stock will continue to fluctuate. These fluctuations may result from a variety of factors, many of which are beyond our control. These factors include:

quarterly variations in our financial results;

operating results that vary from the expectations of management, securities analysts and investors;

changes in expectations as to our business, prospects, financial condition, and results of operations;

announcements by us, our partners or our competitors of material developments;

the operating and securities price performance of other companies that investors believe are comparable to us;

future sales of our equity or equity-related securities;

changes in general conditions in our industry and in the economy, the financial markets and the domestic or international political situation;

departures of key personnel; and

regulatory considerations.

As a result of these fluctuations, you may experience difficulty selling shares of our common stock when desired or at acceptable prices.

Future sales of common stock or the issuance of securities senior to the common stock or convertible into, or exchangeable or exercisable for, common stock could materially adversely affect the trading price of the common stock, and our ability to raise funds in new equity offerings.

Future sales of substantial amounts of our common stock or other equity-related securities in the public market or privately, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and could impair our ability to raise capital through future offerings of equity or other equity-related securities. We can make no prediction as to the effect, if any, that future sales of shares of common stock or equity-related securities, or the availability of shares of common stock for future sale, will have on the trading price of our common stock.

If penny stock regulations impose restrictions on the marketability of our common stock, the ability of our stockholders to sell shares of our stock could be impaired.

The Commission has adopted regulations that generally define a penny stock to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share subject to certain exceptions. Exceptions include equity securities issued by an issuer that has (i) net tangible assets of at least $2,000,000, if such issuer has been in continuous operation for more than three years, or (ii) net tangible assets of at least $5,000,000, if such issuer has been in continuous operation for less than three years, or (iii) average revenue of at least $6,000,000 for the preceding three years. Unless an exception is available, the regulations require that prior to any transaction involving a penny stock, and a risk disclosure schedule must be delivered to the buyer explaining the penny stock market and its risks. Our common stock currently trades on a limited basis. Although we believe that we currently fall under one of the exceptions, if at a later time we fail to meet one of the exceptions, our common stock will be considered a penny stock. As such the market liquidity for the common stock will be limited to the ability of broker-dealers to sell it in compliance with the above-mentioned disclosure requirements.

You should be aware that, according to the Commission, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include:

Control of the market for the security by one or a few broker-dealers;

Boiler room practices involving high-pressure sales tactics;

Manipulation of prices through prearranged matching of purchases and sales;

The release of misleading information;

Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and

Dumping of securities by broker-dealers after prices have been manipulated to a desired level, which hurts the price of the stock and causes investors to suffer loss.

We are aware of the abuses that have occurred in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, we will strive within the confines of practical limitations to prevent such abuses with respect to our common stock.

The market for the common stock may suffer in the event of delisting from OTCBB or if our common stock is penny stock .

If our common stock were delisted from the OTCBB or no exclusion from the definition of a penny stock under the Securities Exchange Act of 1934, as amended, were available, our common stock could be subject to the penny stock rules that impose additional sales practice requirements on broker-dealers who sell these securities to persons other than established customers and accredited investors. Accredited investors are generally those investors with net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with a spouse. For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase, and must have received the purchaser s written consent to the transaction prior to sale. As a result, delisting, if it were to occur, could materially adversely affect the ability of broker-dealers to sell our common stock and the ability of purchasers to sell their shares in the secondary market.

Future sales of common stock by our existing stockholders could adversely affect our stock price.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, or the perception that these sales could occur. These sales also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Immediately after the effectiveness under the Securities Act of the registration statement of which this prospectus forms a part, we will have outstanding 44,875,164 shares of common stock. Of these shares, 33,692,478 shares, including 16,250,000 of the shares being offered in this offering, will be freely tradable. Giving effect to the exercise in full of the Warrants, immediately after the commencement of this offering, we would have outstanding 61,125,164 shares of common stock. This leaves 11,182,686 shares ineligible for sale in the public market. Without giving effect to the exercise in full of the Warrants, the number of shares of common stock and the dates when these shares will become freely tradable in the market, subject to the lock-up agreements, is as follows:

Number of Shares	Date
33,692,478	On the date of this prospectus
33,863,910	Within six months of the date of this prospectus

33,863,910	Between six and twelve months from the date of this prospectus

The holders of the Warrants are entitled to the registration of the resale of the shares of common stock issuable upon the exercise of the Warrants following the effectiveness of the registration statement of which this prospectus forms a part, subject to limitations established by the Securities and Exchange Commission.

Some of our stockholders, holding approximately 1,333,332 shares of common stock, have the right, subject to a number of conditions and limitations, to include their shares in registration statements relating to our securities. By exercising their registration rights and causing a large number of shares to be registered and sold in the public market, these holders may cause the market price of the common stock to fall. In addition, any demand to include these shares in our registration statements could have an adverse effect on our ability to raise needed capital. In connection with the 2007 Private Placement, directors, officers, employees, consultants and certain stockholders beneficially owning in the aggregate 16,030,013 shares of common stock, agreed to restrict their ability to dispose of their shares of common stock or common stock equivalents until the first anniversary of the effective date under the Securities Act of the registration statement of which this prospectus forms a part. See Principal and Management Stockholders , and Plan of Distribution .

Our issuance of warrants and options to investors, employees and consultants and the registration rights for the underlying shares of common stock may have a negative effect on the trading prices of our common stock as well as a dilutive effect.

We have issued and may continue to issue warrants and options at or below the current market price. As of September 30, 2006, we had 5,917,775 outstanding warrants and options (24,782,558 as of March 31, 2007) granted to investors employees and consultants. In addition to the dilutive effect of a large number of shares and a low exercise price for the warrants and options, there is a potential that a large number of underlying shares may be sold in the open market at any given time, which could place downward pressure on the trading of our common stock.

Risks Related to conducting Business in Israel

We are affected by the political, economic, and military risks of locating our principal operations in Israel.

Our operations are located in the State of Israel, and we are directly affected by political, economic, and military conditions in that country. Since December 1987, the State of Israel has experienced severe civil unrest primarily in the areas that have been under its control since 1967. No prediction can be made as to whether these problems will be resolved. Our business, prospects, financial condition, and results of operations could be materially adversely affected if major hostilities involving Israel should occur or if trade between Israel and its current trading partners is interrupted or curtailed.

All adult male permanent residents of Israel under the age of 51, unless exempt, may be required to perform between 14 and 40 days of military reserve duty annually. Additionally, all such residents are subject to being called to active duty at any time under emergency circumstances. Some of our officers, directors, and employees currently are obligated to perform annual military reserve duty. We can provide no assurance that such requirements will not have a material adverse effect on our business, prospects, financial condition, and results of operations in the future, particularly if emergency circumstances occur.

Because some of our officers and directors are located in non-U.S. jurisdictions, you may have no effective recourse against the management for misconduct and may not be able to enforce judgment and civil liabilities against our officers, directors, experts and agents.

Many of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any U.S. state.

Fulfilling our obligations incident to being a public company will be expensive and time consuming.

As a public company, the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, will require us to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations will increase our legal and financial compliance costs and place significant additional demands on our finance and accounting staff and on our financial, accounting and information systems.

In particular, as a public company, our management will be required to conduct an annual evaluation of our internal controls over financial reporting and include a report of management on our internal controls in our annual reports on Form 10- KSB. Under current rules, we will be subject to this requirement beginning with our annual report on Form 10-KSB for our fiscal year ending September 30, 2008. In addition, we will be required to have our independent public accounting firm attest to and report on management s assessment of the effectiveness of our internal controls over financial reporting. Under current rules, we will be subject to this requirement beginning with our annual report on Form 10-KSB for our fiscal year ending September 30, 2009. If we are unable to conclude that we have effective internal controls over financial reporting or, if our independent auditors are unable to provide us with an attestation and an unqualified report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These statements include, but are not limited to:

- statements as to the anticipated timing of business developments;
- statements as to the development of new products;
- expectations as to the adequacy of our cash balances and the proceeds of this offering to support our operations for specified periods of time and as to the nature and level of cash expenditures;
- expectations as to the market opportunities for our products, as well as our ability to take advantage of those opportunities; and
- estimates of how we intend to use the net proceeds of this offering.

These statements may be found in the sections of this prospectus entitled Prospectus Summary , Risk Factors , Use of Proceeds , Management s Discussion and Analysis of Financial Condition and Results of Operations , and Business , as well as in this prospectus generally. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including all the risks discussed in Risk Factors and elsewhere in this prospectus.

In addition, statements that use the terms can , continue , could , may , potential , predicts , should , will , believe , expect , p anticipate , and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this prospectus reflect our current views about future events and are based on assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these factors are beyond our ability to control or predict. You should not put undue reliance on any forward-looking statements. Unless we are required to do so under federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

USE OF PROCEEDS

We estimate that we will receive a gross amount of $7,800,000 in proceeds assuming the exercise in full of the Warrants for cash. We intend to use the net proceeds of such exercises for general corporate purposes and working capital purposes. We will receive no proceeds from the resale of the Shares by the selling stockholders.

DIVIDEND POLICY

We have not paid any cash dividends on our common stock and do not currently anticipate paying cash dividends in the foreseeable future. The agreements, into which we may enter in the future, including indebtedness, may impose limitations on our ability to pay dividends or make other distributions on our capital stock.

Future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. We intend to retain future earnings, if any, for reinvestment in the development and expansion of our business.

CAPITALIZATION

The following table presents our capitalization as of March 31, 2007 on an actual basis.

You should read the following table in conjunction with *Selected Consolidated Financial Data* , *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our financial statements and related notes included elsewhere in this prospectus.

	March 31, 2007 Actual (in US $)
Cash and cash equivalents	$ 1,463,098
Short-term deposits	4,300,000
Long-term debt	45,924
Capital leases	
Stockholders equity:	
Preferred Stock, 0.0001 par value, authorized 20,000,000 shares, none issued and outstanding	
Common Stock, $0.0001 par value, authorized 100,000,000 shares, issued and outstanding *44,789,448 shares	4,479
Additional paid in capital	7,686,826
Warrants	3,203,600
Total stockholders equity (deficit)	4,996,637
Total capitalization	$ **5,042,561**

* On October 18, 2006, we entered into a Strategic Alliance Agreement with UTEK Corporation (*UTEK*), pursuant to which UTEK would assist us in identifying technology acquisition opportunities. Pursuant to the agreement, in consideration of the services being provided to us by UTEK, we shall pay $120,000 in the form of 171,432 unregistered shares of common stock. We had the option of paying UTEK $10,000 per month. We have agreed to issue UTEK an aggregate of 171,432 shares of common stock which will vest in 12 equal monthly instalments of 14,286 shares. The outstanding shares presented represent issued shares in respect of service received up to March 31, 2007, since the rest of the shares are not considered issued for accounting purposes.

SELECTED CONSOLIDATED FINANCIAL DATA

The following statement of operations data for the years ended September 30, 2006 and 2005, and the balance sheet data at September 30, 2006 and 2005, are derived from our audited consolidated financial statements and the related notes. Our consolidated financial statements and the related notes as of September 30, 2006 and 2005 and for the two years then ended are included elsewhere herein. The statement of operations data for the six months ended March 31, 2007 and 2006, and the balance sheet data at March 31, 2007 and 2006, are derived from our unaudited consolidated financial statements, which have been prepared on a basis consistent with our audited financial statements except for the change in accounting for stock based compensation upon the adoption of FAS 123R on October 1, 2006, and, in the opinion of management, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations. The results of operations for any interim period are not necessarily indicative of results to be expected for the entire year. The following data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

Statement of Operations Data:

	Years Ended September 30,		Period from October 6, 1998 through September 30,	Six Months Ended March 31,		Period from October 6, 1998 through March 31,
	2006	2005	2006	2007	2006	2007
Research and development costs	$ 802,254	$ 545,928	$ 1,515,174	$ 482,870	$ 599,543	$ 1,998,044
General and administrative expenses	1,263,070	666,477	2,288,711	1,631,800	455,188	3,920,511
Operating losses	2,065,324	1,212,405	3,803,885	2,114,670	1,054,731	5,918,555
Financial income	(44,130)	(20,703)	(64,833)	(32,138)	(23,787)	(96,971)
Financial expenses	14,979	6,830	22,144	21,467	6,699	43,581
Loss before taxes on income	2,063,173	1,198,532	3,761,166	2,103,999	1,037,643	5,865,165
Taxes on income	28,622		28,622	16,856		45,478
Loss from operations of the company and its consolidated subsidiary	2,064,795	1,198,532	3,789,788	2,120,855	1,037,643	5,910,643
Minority interests in losses of a subsidiary			(12,375)			(12,375)
Net loss	$ (2,064,795)	$ (1,198,532)	$ (3,777,413)	$ (2,120,855)	$ (1,037,643)	$ (5,898,268)
Earnings per Share Information:						
Basic and diluted net income per share	$ (0.074)	$ (0.046)		$ (0.068)	$ (0.038)	
Shares used in computing basic and diluted loss per common share	28,052,065	26,099,260		31,204,923	27,650,399	

Balance Sheet Data:

At September 30,		At March 31,

	2006	2005	2007
Cash and cash equivalents	$ 538,738	$ 713,342	$ 1,463,098
Short-term deposit			4,300,000
Working capital	222,133	567,753	4,964,896
Total assets	619,820	764,787	5,914,903
Long-term debt	31,531	13,725	45,924
Stockholders equity	259,190	577,028	4,996,637

MANAGEMENT S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS

The following management s discussion and analysis of financial condition and plan of operations contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Risk Factors and elsewhere in this prospectus. We assume no obligation to update forward-looking statements or the risk factors. You should read the following discussion in conjunction with our financial statements and related notes filed as an exhibit to the registration statement of which this prospectus forms a part.

General

We are a development stage company and currently have no revenue from operations. Other than existing cash reserves and our intellectual property we have no significant assets, tangible or intangible. Presently, we do not have sufficient cash resources to meet our requirements on the 12 months following April 1, 2007. There can be no assurance that we will generate revenues in the future, or that we will be able to operate profitably in the future, if at all. We have incurred net losses in each fiscal year since inception of our operations.

As we are in the development stage of operations, the relationships between revenue, cost of revenue, and operating expenses reflected in the financial information included in this prospectus are not necessarily indicative of the relationship between and among such items as we expand and as we progress towards operations.

We were incorporated under the laws of the state of Delaware on October 6, 1998 under the name of San Jose International, Inc. We engaged in several businesses, until in June 2004, approximately 27% of our then outstanding shares of common stock were acquired by Ze ev Bronfeld and Vered Caplan in a private transaction. Shortly thereafter, on August 13, we raised approximately $900,000 in a private placement, and, pursuant to an agreement for the purchase and sale of intellectual property between our newly formed subsidiary, GammaCan, Ltd., and ARP, GammaCan Ltd. completed the purchase and sale of ARP s intellectual property (the *Intellectual Property*) on August 17, 2004 in consideration for the issuance to ARP of 12.5% of the common shares of GammaCan, Ltd. As a result, we became the owner of 87.5% of GammaCan, Ltd., which in turn owns all of the Intellectual Property consisting of IgG research and development, patents and other intellectual property, which appears to hold promising potential for the clinical treatment for various cancer types. At the same time, we also made a loan of $800,000 from the proceeds of the private placement to GammaCan, Ltd. to finance its new business. On August 19, 2004, we changed our name to GammaCan International, Inc. in the State of Delaware.

All dollar amounts refer to US dollars unless otherwise indicated.

Plan of Operation

Short Term Business Plan

We are a life science company focused on the development of immunotherapy and related approaches to treat cancer. To date, we have focused on the use of intravenous immunoglobulin, or *IgG*, derived from human plasma provided by healthy donors to treat melanoma, prostate, and colon cancers. We believe that IgG may be the basis of more effective and efficient cancer treatment both, as mono- or combination therapy and adjuvant cancer treatments. Our business objective is to become a recognized leader in the development of immunotherapy and related approaches to treat cancer

IgG immunotherapy will require regulatory approval before being commercially marketed for human therapeutic use. Clinical trials generally include three phases that together may take several years to complete. Phase I clinical studies (toxicity trials) are primarily conducted to establish the safety and determine the maximally tolerated dose, or MTD. Phase II studies are designed to determine preliminary efficacy and establish dosing. Phase III studies are conducted to demonstrate therapeutic efficacy in a statistically significant manner at the levels of optimal dose, method or route of delivery into the body, and the schedule of administration. Once clinical trials are completed successfully, products may receive regulatory approval.

Our lead product candidate, VitiGam , is an anti-cancer immunotherapy derived entirely from the plasma of donors with vitiligo, a benign autoimmune skin condition affecting up to 2% of the general population. We are initially utilizing VitiGam to target melanoma. We have demonstrated that plasma from individuals with vitiligo contains anti-melanoma activities, and we are attempting to develop VitiGam for the treatment of Stage III and Stage IV melanoma. The incidence of melanoma, continues to increase and has experienced little if any therapeutic progress in the last ten years. In addition to VitiGam , we are developing and will continue to develop the following:

Adjuvant therapies - IgG-based adjuvant therapies to modulate both the proliferation of cancer cells and the metastasis of tumor cells.

Next generation (recombinant) VitiGam - VitiGam is currently manufactured as a mixture that largely consists of IgG molecules (antibodies of the IgG type). We anticipate that within that mixture, only a subset of IgG molecules will be responsible for the biological activity of VitiGam . Next generation VitiGam will be composed only of *the IgGs required to exert the anti-melanoma effect*, thereby creating a more effective compound. Identifying the relevant IgGs will also allow cost reductions.

Cancer Vaccines Based on VitiGam - An off-the-shelf cancer vaccine is considered a silver bullet in cancer therapy. We anticipate that based on our evolving understanding of the mechanism associated with VitiGam , we may be in a position to develop such a vaccine in the future.

We have embarked on a non-FDA Phase II clinical trial to test the safety and efficacy of standard (e.g., collected and manufactured from healthy donors) IgG in patients with three types of late stage malignancies that have failed to respond to all other standard therapies as well as certain experimental therapies The cancers evaluated in the non-FDA, open-label Phase II trial were: melanoma, prostate, and colon cancer. Patients in the study receive standard IgG at a consistent dose every 28 days (a cycle). Patients were evaluated by standard criteria for tumor progression and other markers after three cycles, and if stable or improved, such treatment continues for three additional cycles. We expect the study to close by mid-year 2007. Results from melanoma patients are promising and can be summarized as follows:

no serious untoward effects of IgG were noted; and

one patient with melanoma (out of 8) and one with prostate cancer (out of 9) have been stable or improved at six cycles of therapy or beyond. Indeed, the melanoma patient has completed twelve cycles, after which tumor progression was noted.

In addition to the body of pre-clinical evidence accumulated using vitiligo derived plasma or IgG, observations with melanoma patients in this study provide a clinical foundation for the current plan to develop VitiGam .

We plan to file an Investigational New Drug Application, or *IND*, for VitiGam in late 2007 with the United States Food and Drug Aministration (the FDA). We believe that the FDA is well acquainted with IgG-based therapies and their non-toxic characteristics from a long history of approvals of products based on plasma.

We are also contemplating conducting additional clinical trials to test new formulations and/or combinations of IgG-based immunotherapy candidates and to test these formulations and/or methods for different cancers at different stages of disease progression with varying dosages and routes of administration. To achieve this we may elect to partner with a pharmaceutical company to conduct these further clinical trials, although there can be no assurance that we will locate a pharmaceutical company able, or willing, to partner with us on terms commercially acceptable to us, in order to attain broad-based regulatory approval.

Although there can be no assurance that the FDA will approve VitiGam , or any other IgG immunotherapy candidate, we expect that, at a minimum, it will take a number of years to receive final approval and registration of such IgG candidate for commercial use as an anti-cancer agent.

Our strategy is to collaborate with a suitable partner, although there can be no assurance that we will locate a suitable partner, to support late stage (Phase III) clinical development, registration and/or sales for our IgG-based cancer products.

Long Term Business Strategy

If our IgG-based cancer immunotherapy candidates show significant promise through clinical trials, and at this preliminary stage there can be no assurance that any such immunotherapy candidates will show significant promise, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in the development, commercialization, and marketing of cancer drugs and/ or other infused therapeutic proteins, although there can be no assurance that we will locate a strategic commercial partner or partners on terms commercially acceptable to us. We anticipate such partner, or partners, would be responsible for, or substantially support, late stage clinical trials (Phase III) to ensure regulatory approvals and registrations in the appropriate territories in a timely manner. We further anticipate that the partner, or partners, would be responsible for sal es and marketing of our IgG-based immunotherapies in certain agreed upon territories. Such planned strategic partnership, or partnerships, may provide a marketing and sales infrastructure for our products as well as financial and operational support for global clinical trials, post marketing studies, label expansions and other regulatory requirements concerning future clinical development in the United States and elsewhere. Any future strategic partner, or partners, may also provide capital and expertise that would enable the partnership to develop new formulations of IgG cancer immunotherapy suitable for patients at different stages of disease progression as well as IgG derivatives. Under certain circumstances, we may determine to develop one or more of our IgG based cancer immunotherapies on our own, either world-wide or in select territories.

Other Research and Development Plans

In addition to conducting early-stage clinical trials, we plan to conduct pre-clinical research to accomplish the following:

- further deepen and broaden our understanding of the biology of our IgG products in cancer;
- develop alternative delivery systems, determine the optimal dosage for different patient groups;
- investigate alternative sources of immunoglobulin other than human plasma;
- develop novel IgG-based therapies; and
- develop successor products to our current products.

For example, we plan to conduct research to isolate the fraction of IgG, which is responsible for its anti-metastatic effects and to develop a potential synthetic version of IgG. These formulations may be suitable for:

high dose, for use in conjunction with surgery and other cancer treatments; and

maintenance dose for use to prevent recurrence of cancer growth.

Our plan is to patent any successful inventions resulting from our future research activities and to exploit any other means that may exist to protect our future IgG anti-cancer therapies in the commercial markets; although at this early stage there can be no assurance that there will be any successful inventions resulting from such research activities. For example, we may seek Orphan Drug Status for future IgG-based anti-cancer therapies for certain indications in certain markets.

Other Strategic Plans

In addition to developing our own IgG based anti-cancer therapies drug portfolio, we are considering in-licensing and other means of obtaining additional lead molecules of technologies to complement and/or expand our current product portfolio. Our goal is to create a well-balanced product portfolio including lead molecules in different stages of development and addressing different medical needs.

Critical accounting policies and estimates

This Management s Discussion and Analysis of the Financial Condition and Plan of Operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments. We base our estimates on various factors, including historical experience that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ materially from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has net losses for the period from inception (October 6, 1998) through March 31, 2007 of $5,898,268, as well as negative cash flow from operating activities. Presently, the Company does not have sufficient cash resources to meet its requirements in the twelve months following April 1, 2007. These factors raise substantial doubt about the Company s ability to continue as a going concern. The Company s management estimates that it will be able to finance the Company s activities through future fund raising.

The financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company s continuation as a going concern is dependent on its ability to obtain additional financings as may be required and ultimately to attain profitability.

Valuation of options and warrants

The Company granted options to purchase common shares of the Company to employees and consultants and issued warrants in connection with fund raising.

Until September 30, 2006, we accounted for employee stock based compensation in accordance with Accounting Principles Board Opinion No. 25 Accounting for Stock Issued to Employees (APB 25) and related interpretations. In accordance with FAS 123 - Accounting for Stock-Based Compensation (FAS 123), we disclosed pro forma data assuming the Company had accounted for employee stock option grants using the fair value-based method defined in FAS 123.

On October 1, 2006, we adopted the revised Statement of Financial Accounting Standards (FAS) No. 123, *Share-Based Payment* (FAS 123R), which addresses the accounting for share-based payment transactions in which we obtain employee services in exchange for (a) equity instruments of the Company or (b) liabilities that are based on the fair value of our equity instruments or that may be settled by the issuance of such equity instruments. FAS 123R eliminates the ability to account for employee share-based payment transactions using APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and requires instead that such transactions be accounted for using the grant-date fair value based method. This Statement is effective as of the beginning of the first annual reporting period that begins after December 15, 2005, for small business issuers, which is October 1, 2006 for the Company.

FASB 123R applies to all awards granted or modified after the Statement s effective date. In addition, compensation cost for the unvested portion of previously granted awards that remain outstanding on the Statement s effective date shall be recognized on or after the effective date, as the related services are rendered, based on the awards grant-date fair value as previously calculated for the pro-forma disclosure under FAS 123.

We applied the modified prospective application transition method, as permitted by the Statement. Under such transition method, upon the adoption of FAS 123R, our financial statements for periods prior to the effective date of the Statement is not restated.

We account for equity instruments issued to third party service providers (non-employees) in accordance with the fair value based on an option-pricing model, pursuant to the guidance in EITF 96-18 Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services . The fair value of the options granted is revalued over the related service periods and recognized using the accelerated method.

Principles of consolidation

The consolidated financial statements include the consolidated accounts of GammaCan International, Inc. and its subsidiary GammaCan Ltd. All material inter-company transactions and balances have been eliminated in consolidation

Research and development

We expense research and development costs as incurred. Research and development expenses include, but are not limited to, research salaries, patent attorney professional fees, research consulting, and funding of various research projects. Acquisition of in- process research and development are expensed as incurred.

Deferred income taxes

Deferred taxes are determined utilizing the assets and liabilities method based on the estimated future tax effects of differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws. Deferred tax balances are computed using the tax rates expected to be in effect when those differences reverse. A valuation allowance in respect of deferred tax assets is provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have provided a full valuation allowance with respect to its deferred tax assets.

Regarding our Israeli subsidiary, paragraph 9(f) of FAS 109, *Accounting for Income Taxes* , prohibits the recognition of deferred tax liabilities or assets that arise from differences between the financial reporting and tax bases of assets and liabilities that are measured from the local currency into dollars using historical exchange rates, and that result from changes in exchange rates or indexing for tax purposes. Consequently, these above mentioned differences were not reflected in the computation of deferred tax assets and liabilities.

Results of Operations

Comparison of the six months ended March 31, 2007 and 2006

Research and development costs.

Research and development expenses are the costs incurred in the process of our pre-clinical and our clinical trials. Clinical trial and pre-clinical expenses include regulatory consultants and fees, research expenses, purchase of plasma, the cost of manufacturing IgG and payments to medical centers for patient recruitment and treatment.

During the six months ended March 31, 2007 and March 31, 2006 the research and development expenses included, among others, the cost of IGg used in the clinical trails and research work, payments to medical centers and research labs for clinical trial and pre-clinical trial work, regulatory and scientific consultants compensation, costs related to the maintenance of the Company s registered patents, costs related to the filings on patents applications as well as salaries and related expenses of Research and development staff.

During the six months ended March 31, 2007 the research and development expenses totaled $482,870, compared to $599,543 during the six months ended March 31, 2006. The decrease in cost is attributable to the final stages of the Phase 2 clinical trial we are currently conducting.

General and administrative expenses

The general and administrative expense includes the salaries and related expenses of the Company s management, consulting, legal and professional fees, traveling, business development costs as well as insurance expenses.

For the six months ended March 31, 2007 general and administrative expenses totaled $1,631,800 compared to $455,188 for the six months ended March 31, 2006. Costs incurred related to general and administrative activities in the six months ended March 31, 2007 reflect an increase in the number of employees as compared to the six months period ending March 31, 2006, from 5 to 7. During the six months ended March 31, 2007 the Company incurred $672,253 of compensation expenses due to the implementation of FAS 123R related to stock options granted to employees, $628,298 of these costs were classified to the general and administrative expenses. During the six months ended March 31, 2006 the Company accounted for employee stock based compensation in accordance with Accounting Principles Board Opinion No. 25 Accounting for Stock Issued to Employees (APB 25) and incurred $8,730 of costs. Additional costs included in the six months ended March 31, 2007 included $211,039 related to the fair value of warrants issued to consultants during the period, no similar costs were incurred in the six months ended March 31, 2006.

Financial income/expense, net

During the six months ending March 31, 2007 and March 31, 2006, the Company generated interest income on available cash and cash equivalents balance and incurred interest expenses related to its issued convertible promissory note.

Comparison of the year ended September 30, 2006 and 2005

Research & development costs. Research and development expenses are the costs incurred in the process of our pre-clinical and our clinical trials. Clinical trial and pre-clinical expenses include regulatory consultants and fees, research expenses, purchase of plasma, the cost of manufacturing IgG and payments to medical centers for patient recruitment and treatment. During the year ended September 30, 2006 and 2005 the research and development expenses included, among other things, the clinical and pre-clinical trial expenses, consultants compensation, costs related to the registered patents as well as salaries and related expenses. During the year ended September 30, 2006 the research and development expenses were $−−−−−802,254, compared to $545,928 during the year ended September 30, 2005. The increase is resulting from a research project relating to the mechanism of action of IgG done by Tel Ha Shomer Medical Research Infrastructure and Services Ltd. (*THM*) according to a research and licensing agreement signed with THM.

General and administrative expenses. The general and administrative expense includes the salaries and related expenses of our management, consulting, legal and professional fees, traveling, business development costs as well as insurance expenses. For the year ended September 30, 2006 the general and administrative expenses were $1,263,070 compared to $666,477 for the year ended September 30, 2005. The increase is attributable to the hiring of our new chief executive officer, consulting services provided in connection with financing and merger and acquisition activities, and legal and professional services, as well an increase in the rent and maintenance expenses due to change in our office facilities as well as the leasing of an office space in New York. Salaries and related expenses for the year ended September 30, 2006 were $567,785 compared with $245,197 for the year ended September 30, 2005. Consulting services increased from $0 in the year ended September 30, 2005 to $83,113 for the year ended September 30, 2006. During the year ended September 30, 2006 we incurred $247,132 related to legal and professional fees compared to $149,609 during the previous year. Traveling expenses for the year ended September 30, 2006 totaled $99,417 compared with $66,993 for the year ended September 30, 2005. Insurance expense for the year ended September 30, 2006 totaled $57,481 compared with $56,162 for the year ended September 30, 2005 and included the directors and officers insurance as well as office and equipment insurance. Other general and administrative expenses for the year ended September 30, 2006 totaled $113,356 compared to $48,205 for the year ended September 30, 2005. The increase is mainly contributed to the increase of rent and maintenance expenses.

Financial income/expense, net. During the year ended September 30, 2006, we generated interest income on available cash and cash equivalents balance.

Liquidity and Capital Recourses

Our principal source of liquidity has been cash provided by offerings of securities. Our principal uses of cash have been for research and development and working capital. We anticipate these uses will continue to be our principal uses of cash in the future.

To date, we have financed our operations principally through offerings of securities exempt from the registration requirements of the Securities Act. We believe that our available resources and cash flow will be sufficient to meet our anticipated working capital needs for at least the next eight months from the date of this prospectus. Notwithstanding the foregoing, we estimate that we will require substantial additional financing at various intervals in order to continue our research and development programs, including significant requirements for operating expenses including intellectual property protection and enforcement, for pursuit of regulatory approvals, and for commercialization of our products. We can provide no assurance that additional funding will be available on a timely basis, terms acceptable to us, or at all. In the event that we are unable to obtain such financing, we will not be able to fully develop and commercialize our technology. Our future capital requirements will depend upon many factors, including:

- continued scientific progress in our research and development programs;
- costs and timing of conducting clinical trials and seeking regulatory approvals and patent prosecutions;
- competing technological and market developments;
- our ability to establish additional collaborative relationships; and
- the effect of commercialization activities and facility expansions if and as required.

Accordingly, we will be required to issue equity or debt securities or enter into other financial arrangements, including relationships with corporate and other partners, in order to raise additional capital. Depending upon market conditions, we may not be successful in raising sufficient additional capital for our long-term requirements. In such event, our business, prospects, financial condition, and results of operations could be materially adversely affected. See Risk Factors Risks Related to Our Business We will need additional capital in order to satisfy our business objectives .

The following factors, among others, could cause actual results to differ from those indicated in the above forward-looking statements:

timing of clinical studies and other business developments;

timing of the development of new products;

the adequacy of our cash balances to support our operations for specified periods of time; and

changes in the market opportunities for our products, as well as our ability to take advantage of those opportunities.

These factors or additional risks and uncertainties not known to us or that we currently deem immaterial may impair business operations and may cause our actual results to differ materially from any forward-looking statement. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this report, to conform them to actual results, or to make changes in our expectations.

Operating Activities

For the year ended September 30, 2006, net cash used in by operating activities was $1,674,717, compared to $1,142,310 for the year ended September 30, 2005. Such increase was primarily attributable to an increase in our net loss during the year ended September 30, 2006 of $866,263, or 72.3%, to $2,064,795, compared to $1,198,532 during the year ended September 30, 2005.

For the six months ended March 31, 2007, net cash flow used in operating activities was $994,818, compared to $899,106 for the six months ended March 31, 2006. Such increase was primarily attributable to an increase in our net loss during the six months ended March 31, 2007 of $2,120,855 compared to $1,037,643 during the six months ended March 31, 2006.

Investing Activities

Net cash provided by investing activities was immaterial during the years ended September 30, 2006 and 2005 and during the three months ended December 31, 2006 and 2005.

Financing activities

Through March 31, 2007, the Company has incurred losses in an aggregate amount of $5,898,268. We have financed our operation from private placement of common stock and loans received. Through March 31, 2007 we raised a total of $9,538,553, net of transaction cost, through private placements and received a total of $350,000 in loans and we anticipate that additional financing will be through similar sources.

On November 20, 2006, we issued a convertible promissory note, aggregate principal amount of $350,000, which bears interest at 8% payable on maturity of the note and matures on November 20, 2007. On May 15, 2007, we repaid the principal amount of $350,000. The accumulated interest in the amount of $13,501 will be converted into 33,753 shares of our common stock.

On February 27, 2007, we completed the closing of the 2007 Private Placement, whereby we sold an aggregate of 16,250,000 shares (the *Shares*) of common stock and warrants to acquire an aggregate of 16,250,000 shares of common stock to accredited investors, as defined by Rule 501 under the Securities Act of 1933, as amended. The gross proceeds of the Private Placement were $6,500,000, or $0.40 per share of Common Stock. The Warrants are exercisable through February 27, 2012 at the exercise price of $0.48 per share, subject to adjustment for, among other things, stock splits, stock dividends, reverse stock splits, certain fundamental transactions, issuances of equity securities at effective prices less than the then effective exercise price of the Warrants, and pro rata distributions to stockholders. Further, commencing at any time after the sixteen month anniversary from the date of issuance of the Warrants, if at the time of exercise there is no effective registration statement registering, or no current prospectus available for, the resale of the shares of common stock issuable upon the exercise of the Warrants, then the Warrants may also be exercised at such time on a cashless or net issuance basis. The Warrants permit the holders thereof remedies in the event that we shall fail to timely deliver shares of common stock issuable upon exercise of the Warrants following exercise. In connection with the 2007 Private Placement, we agreed to file a registration statement under the Securities Act to register the resale of the shares sold within 30 days following the date of the closing. We have agreed to use our best efforts to cause the registration statement to become effective within 90calendar days following the date of the closing (or, in the event of a review of such registration statement by the Securities and Exchange

Commission, within 150 calendar days following the date of the closing). In the event that we should be required to limit the number

of shares of common stock covered by such registration statement, we have agreed to file additional registration statements, which additional registration statements shall become effective within 60 days following the date on which such additional registration statement is required to be filed. In the event that we shall not comply with the timing requirements relating to filing and effectiveness of the registration statements, we shall be required to pay to the purchasers, as liquidated damages and not as a penalty, an amount equal to 1.5% of the purchase price per month with a maximum of 10% of the purchase price.

In connection with the 2007 Private Placement, the officers, directors, and holders of greater than 5% of the outstanding Common Stock agreed to restrictions on resale until the first anniversary of the effective date of the initial registration statement. The Private Placement was conducted in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of and Rule 506 promulgated thereunder.

On February 27, 2007, the Company reduced the exercise price of 333,333 and 1,333,334 warrants, issued on October 30, 2005 and December 20, 2005 respectively, from $1.00 and $1.20, respectively to $0.55.

Employee s and Consultant s stock options plan and warrants

Employee and consultant stock options grants and warrant issuance activities for the six month period ending March 31, 2007 include the following:

On October 12, 2006 we granted options to purchase up to 50,000 common shares of our Company at an exercise price of $0.65 to a new member of our Scientific Advisory Board.

On November 13, 2006 we granted options to purchase up to 150,000 common shares of our Company at an exercise price of $0.45 to each of Steven Katz and Albert Passner, its two new Board members. Total options granted to purchase 300,000 common shares were granted.

On December 5, 2006 we granted options to purchase up to 50,000 common shares of our Company at an exercise price of $0.50 to a new member of our Scientific Advisory Board.

On January 30, 2007 we granted warrants to purchase 434,783 common shares of our Company at an exercise price of $0.45 to a consultants

On February 15, 2007 we granted options to purchase up to 100,000 common shares of our Company at an exercise price of $0.45 to an employee.

On February 26, 2007, our board of directors adopted The 2007 Global Share Option Plan (the *2007 Plan*) in order to attract and retain quality personnel. Under the 2007 Plan, 5,000,000 shares have been reserved for the grant of options, which may be issued at the discretion of our board of directors from time to time.

On February 26, 2007 we granted options to purchase 2,340,000 common shares of our Company at an exercise price of $0.53 to the following:.