

GAMMACAN INTERNATIONAL INC  
Form 10QSB  
February 14, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-QSB**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended December 31, 2007**

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

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 0-32835**

**GAMMACAN INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**33-0956433**

(IRS Employer Identification  
No.)

**Kiryat Ono Mall**

**Azorim Center A**

**39 Jerusalem St.,**

**55423 Kiryat Ono, Israel**

(Address of principal executive offices)

**+ 972 3 7382616**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: 44,958,917 shares issued and outstanding as of February 1, 2008.



**GAMMACAN INTERNATIONAL, INC.**

**FORM 10-QSB**

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**PART I**

**ITEM 1 - FINANCIAL STATEMENTS**

**GAMMACAN INTERNATIONAL, INC.**

(A Development Stage Company)

**INTERIM FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2007**

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**GAMMACAN INTERNATIONAL, INC.**

(A Development Stage Company)

## CONDENSED CONSOLIDATED BALANCE SHEETS

	<b>December 31, 2007 (Unaudited)</b>	<b>September 30, 2007 (Audited)</b>
<b>A s s e t s</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,117,969	\$ 4,048,583
Prepaid expenses	49,101	9,851
Other	45,382	47,271
T o t a l current assets	3,212,452	4,105,705
<b>FUNDS IN RESPECT OF EMPLOYEE RIGHTS UPON RETIREMENT</b>	31,377	49,281
<b>LONG TERM DEPOSITS</b>	18,530	18,590
<b>PROPERTY AND EQUIPMENT, NET</b>	27,775	26,338
T o t a l assets	\$ 3,290,134	\$ 4,199,914
<b>Liabilities and stockholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,063,281	\$ 797,515
Payroll and related accruals	96,772	130,223
T o t a l current liabilities	1,160,053	927,738
<b>LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT</b>	52,825	71,338
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$ 0.0001 par value (20,000,000 shares authorized; none issued and outstanding)		
Common stock, \$ 0.0001 par value (200,000,000 authorized shares; 44,958,917 and 44,958,917 shares issued and outstanding as of December 31, 2007 and September 30, 2007, respectively)	4,495	4,495
Additional paid-in capital	9,075,398	8,968,930
Warrants	3,203,600	3,203,600
Deficit accumulated during the development stage	(10,206,237)	(8,956,187)
Services not yet rendered	-	(20,000)
T o t a l stockholders' equity	2,077,256	3,200,838
T o t a l liabilities and stockholders' equity	\$ 3,290,134	\$ 4,199,914

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

**GAMMACAN INTERNATIONAL, INC.**  
**(A Development Stage Company)**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(US \$, except share data)

	<b>Three months ended December 31</b>		<b>Period from October 6, 1998* through December 31, 2007</b>
	<b>2007 (Unaudited)</b>	<b>2006 (Unaudited)</b>	<b>(Unaudited)</b>
<b>RESEARCH AND DEVELOPMENT COSTS</b>	\$ 514,490	\$ 167,972	\$ 3,227,668
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	752,827	632,866	7,131,701
<b>OPERATING LOSS</b>	1,267,317	800,838	10,359,369
<b>FINANCIAL INCOME</b>	(38,140)	(4,827)	(255,061)
<b>FINANCIAL EXPENSES</b>	20,873	7,048	84,304
<b>LOSS BEFORE TAXES ON INCOME</b>	1,250,050	803,059	10,188,612
<b>TAXES ON INCOME</b>	-	4,356	30,000
<b>LOSS FROM OPERATIONS OF THE COMPANY AND ITS CONSOLIDATED SUBSIDIARY</b>	1,250,050	807,415	10,218,612
<b>MINORITY INTERESTS IN LOSSES OF A SUBSIDIARY</b>	-	-	(12,375)
<b>NET LOSS FOR THE PERIOD</b>	\$ (1,250,050)	\$ (807,415)	\$ (10,206,237)
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	\$ (0.03)	\$ (0.03)	
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARE USED IN COMPUTING BASIC AND DILUTED LOSS PER COMMON SHARE</b>	44,958,917	28,475,161	

\* Incorporation date, see note 1a.

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

**GAMMACAN INTERNATIONAL, INC.**

(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(US \$, except share data)

	Number of Shares	Common Stock Amount	Warrants	Additional paid-in capital	Deficit accumulated during the development stage	Services not yet rendered
<b>Changes during the period from October 6, 1998 (date of incorporation) to September 30, 2005 (audited)</b>						
Common stock and warrants issued for cash	57,506,498	\$ 5,750	\$ 139,494	\$ 782,141	\$ -	\$ -
Contributed capital				7,025		
Cancellation of shares at June 8, 2004	(32,284,988)	(3,228)		3,228		
Gain on issuance of subsidiary Stock to third party				86,625		
Common stock and warrants issued for cash on November 11, 2004, net of issuance costs	978,000	97	367,892	766,630		
Common stock and warrants issued for cash on January 25, 2005, net of issuance costs	32,000	3	12,037	24,760		
Issuance of warrants to Consultants'				97,192		
Net loss					(1,712,618)	
<b>Balance at September 30, 2005 (audited)</b>	26,231,510	2,622	519,423	1,767,601	(1,712,618)	-
Common stock and warrants issued for cash on October 31, 2005, net of issuance costs	666,666	67	72,410	365,670		
Common stock and warrants issued for cash on December 20, 2005, net of issuance costs	1,555,556	156	269,641	804,998		
Options issued to employees and directors				163,517		
Options and warrants issued to non- employees				70,498		
Net loss					(2,064,795)	
<b>Balance at September 30, 2006 (audited)</b>	28,453,732	2,845	861,474	3,172,284	(3,777,413)	-
Common stock and warrants issued for cash on February 27, 2007, net of issuance costs	16,250,000	1,625	2,231,459	3,652,640		
Common stock issued as part of the prepayment of the convertible promissory note	33,753	3		13,498		
Amendment of warrants exercise price			110,667	(110,667)		

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Stock based compensation expenses:							
Common stock issued for services	221,432	22		149,978			
Services not yet rendered							(20,000)
Options issued to employees and directors				1,713,169			
Options and warrants issued to non-employees				378,028			
Net loss						(5,178,774)	
<b>Balance at September 30, 2007 (audited)</b>	44,958,917	4,495	3,203,600	8,968,930		(8,956,187)	(20,000)
Fully accretion in respect of services not yet rendered							20,000
Options issued to employees and directors				74,435			
Options and warrants issued to non-employees				32,033			
Net loss						(1,250,050)	
<b>Balance at December 31, 2007 (un-audited)</b>	44,958,917	4,495	3,203,600	9,075,398		(10,206,237)	\$ -

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



**GAMMACAN INTERNATIONAL, INC.**  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Three months ended</b>		<b>Period from</b>
	<b>December 31,</b>		<b>October 6,</b>
	<b>2007</b>	<b>2006</b>	<b>1998* to</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>December</b>
			<b>31,</b>
			<b>2007</b>
			<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss for the period	\$ (1,250,050)	\$ (807,415)	\$ (10,206,237)
Adjustments required to reconcile net loss to net cash used in operating activities:			
Income and expenses not involving cash flows:			
Depreciation	1,575	2,075	16,778
Exchange differences on long term deposits	60		322
Common stock issued for services	20,000	30,000	166,501
Minority interests in losses of a subsidiary	-	-	(12,375)
Write off of in process research and development	-	-	100,000
Employees and consultants stock based compensation expenses	106,468	312,727	2,491,814
Increase in liability for employee rights upon retirement	7,398	6,808	78,736
Changes in operating assets and liabilities:			
Increase in prepaid expenses	(39,250)	(33,750)	(49,101)
Decrease (increase) in other current assets	1,889	7,755	(43,722)
Increase in current liabilities	232,315	115,639	1,159,053
Net cash used in operating activities	(919,595)	(366,161)	(6,298,231)
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>			
Decrease (increase) in long term deposits	-	208	(20,512)
Funds in respect of employee rights upon retirement	(8,007)	(5,664)	(57,288)
Purchase of property and equipment	(3,012)	(576)	(44,553)
Net cash used in investing activities	(11,019)	(6,032)	(122,353)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Issuance of convertible promissory note	-	350,000	-
Issuance of common stock and warrants net of issuance costs	-	-	9,538,553
Net cash provided by financing activities	-	350,000	9,538,553
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(930,614)</b>	<b>(22,193)</b>	<b>3,117,969</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,048,583</b>	<b>538,738</b>	<b>-</b>
<b>BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 3,117,969</b>	<b>\$ 516,545</b>	<b>\$ 3,117,969</b>

\* Incorporation date, see note 1a.

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

**GAMMACAN INTERNATIONAL, INC.**

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1 - GENERAL**

**a. Operation**

GammaCan International, Inc. (A Development Stage Company) was incorporated on October 6, 1998, under the laws of the State of Delaware, under the name of San Jose International, Inc. Unless the context indicates otherwise, references to the "Company" refer to GammaCan International, Inc. and its Israeli subsidiary, GammaCan Ltd (the "Subsidiary").

The Company is engaged in research and development in the biotechnology field and is considered a development stage company in accordance with Statement of Financial Accounting Standard ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises".

The Company's lead product candidate, VitiGam, is an anti-cancer immunotherapy derived entirely from the plasma of donors with vitiligo, a benign skin condition affecting up to 2% of the general population. The Company is developing VitiGam to treat melanoma. The Company has demonstrated that plasma from individuals with vitiligo contains anti-melanoma activities, and the Company is seeking to develop VitiGam for the treatment of Stage III and Stage IV melanoma.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has net losses for