SAMARITAN PHARMACEUTICALS INC
Form 10QSB
August 19, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-QSB

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

For the fiscal quarter ended June 30, 2003
Or

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

For the transition period from _____to_____
Commissions file number 000-26775

Samaritan Pharmaceuticals Inc.
(Name of small business issuer in its charter)

Nevada	88-0431538
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

101 Convention Center Drive, Suite 310, Las Vegas, Nevada	89109
(Address of Principal Executive Offices)	(Zip Code)

(702) 735-7001
Issuer's telephone number

The company had 82,249,212 shares issued and outstanding of Common Stock issued as of June 30, 2003.

Transitional Small Business Disclosure Format (Check one): Yes___ No X

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

TABLE OF CONTENTS

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED, BALANCE SHEET
(UNAUDITED)
June 30, 2003

ASSETS

CURRENT ASSETS:		
Cash	$	295,904
Prepaid expense		8,040
TOTAL CURRENT ASSETS		303,944
PROPERTY AND EQUIPMENT		33,453
OTHER ASSETS:		
Patent registration costs		200,339
Purchased technology rights		47,223
Deposits		15,720
		263,282

TOTAL ASSETS	$ 600,679
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable	$ 241,612
Accrued expenses	278,926
Common stock to be issued	116,000
Short-term borrowings	179,392
TOTAL CURRENT LIABILITIES	815,930
DEFERRED REVENUE	250,000
STOCKHOLDERS' DEFICIT:	
Common stock, 200,000,000 share authorized at $.001 par value, 82,225,012 issued and outstanding	82,225
Additional paid-in capital	18,729,129
Deferred compensation	(437,500)
Accumulated deficit	(18,839,105)
TOTAL STOCKHOLDERS' DEFICIT	(465,251)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 600,679

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

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994), AND FOR THE FOR THE SIX MONTHS
AND THREE MONTHS ENDED JUNE 30, 2003 AND 2002

	From Inception (September 5, 1994) To June 30, 2003	For the Six Months Ended June 30, 2003	2002

REVENUES:	$ 50,000	$ -	$ -	$
EXPENSES:				
Research and development	4,288,036	386,695	329,199	
Interest	49,760	6,088	11,740	
General and administrative	13,829,823	889,951	1,041,697	
Forgiveness of debt	(137,780)	-	-	
Depreciation and amortization	1,109,514	12,674	10,540	
	19,139,353	1,295,408	1,393,176	
NET INCOME (LOSS)	$ (19,089,353)	$ (1,295,408)	$ (1,393,176)	$
Loss per share, basic & diluted:	$ (0.98)	$ (0.02)	$ (0.03)	$
Basic and diluted	$ 0.00	$ (0.02)	$ (0.03)	$
Weighted average number of shares outstanding:				
Basic and diluted	19,396,237	70,589,969	42,748,802	

See accompanying notes to the consolidated financial statements.

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FROM INCEPTION (SEPTEMBER 5, 1994) TO JUNE 30, 2003

	Number of Shares	Par Value Common Stock	Reserved for Conversion	Additional Paid in Capital	Warrants	C

Inception at September 5, 1994	-	$ -	$ -	$ -	$ -	$ -
Shares issued for cash, net of offering costs	6,085,386	609	-	635,481	-	
Warrants issued for cash	-	-	-	-	5,000	
Shares issued as compensation for services	714,500	71	-	1,428,929	-	
Net loss	-	-	-	-	-	
December 31, 1996	6,799,886	680	-	2,064,410	5,000	
Issuance of stock, prior to acquisition	206,350	21	-	371,134	-	
Acquisition of subsidiary for stock	1,503,000	150	-	46,545	-	
Shares of parent redeemed, par value $.001	(8,509,236)	(851)	-	851	-	
Shares of public subsidiary issued, par value $.001	7,689,690	7,690	820	(8,510)	-	
Net loss	-	-	-	-	-	
December 31, 1997	7,689,690	7,690	820	2,474,430	5,000	
Conversion of parent's shares	696,022	696	(696)	-	-	
Shares issued for cash, net of offering costs	693,500	694	-	605,185	-	
Shares issued in cancellation of debt	525,000	525	-	524,475	-	
Shares issued as compensation	400,000	400	-	349,600	-	
Net loss	-	-	-	-	-	
December 31, 1998	10,004,212	10,005	124	3,953,690	5,000	
Conversion of parent's shares	13,000	13	(13)	-	-	
Shares issued in cancellation of debt	30,000	30	-	29,970	-	
Shares issued for cash, net of offering costs	45,000	45	-	41,367	-	
Shares issued as compensation	3,569,250	3,569	-	462,113	-	
Detachable warrants issued	-	-	-	-	152,125	
Detachable warrants exercised	100,000	100	-	148,900	(149,000)	
Debentures converted to stock	1,682,447	1,682	-	640,438	-	
Net loss	-	-	-	-	-	
December 31, 1999	15,443,909	15,444	111	5,276,478	8,125	

See accompanying notes to the consolidated financial statements.

Conversion of parent's shares	128,954	129	(111)	(18)	-	
Shares issued for cash, net of offering costs	1,575,192	1,575	-	858,460	-	
Shares issued in cancellation of debt	875,000	875	-	660,919	-	
Shares issued in cancellation of accounts payable	100,000	100	-	31,165	-	
Shares issued as compensation	3,372,945	3,373	-	2,555,094	-	(
Warrants exercised	38,807	39	-	3,086	(3,125)	
Warrants expired	-	-	-	5,000	(5,000)	
Net loss	-	-	-	-	-	
December 31, 2000	21,534,807	21,535	-	9,390,184	-	(
Shares issued for cash, net of offering costs	6,497,088	6,497	-	1,257,758	-	
Shares issued as compensation	9,162,197	9,162	-	1,558,599	-	(
Shares issued on previously purchased shares	342,607	342	-	188,208	-	
Shares issued in cancellation of accounts payable	200,000	200	-	68,880	-	
Amortization of deferred compensation	-	-	-	-	-	
Stock options issued for services	-	-	-	439,544	-	
Net loss	-	-	-	-	-	
December 31, 2001	37,736,699	37,736	-	12,903,173	-	(
Shares issued for cash, net of offering costs	18,657,500	18,658	-	2,077,641	-	
Shares issued as compensation	3,840,525	3,841	-	1,044,185	-	
Shares issued on previously purchased shares	50,000	50	-	4,950	-	
Shares issued in cancellation of accounts payable	4,265,184	4,265	-	539,291	-	
Amortization of deferred compensation	-	-	-	-	-	
Stock options issued for services	-	-	-	225,000	-	
Net loss	-	-	-	-	-	
December 31, 2002	64,549,908	$ 64,550	$ -	$16,794,240	$ -	$
Shares issued for cash, net of offering costs	8,985,793	8,986	-	946,754	-	
Shares issued as compensation	3,193,943	3,194	-	508,746	-	(
Shares issued in cancellation of accounts payable	7,059,416	7,059	-	728,073	-	
Amortization of deferred compensation	-	-	-	-	-	
Shares reacquired in settlement of judgement	(1,564,048)	(1,564)	-	(248,684)	-	
Net loss	-	-	-	-	-	
June 30, 2003	82,225,012	82,225	-	$18,729,129	$ -	$ (

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE SIX MONTHS
ENDED JUNE 30, 2003 AND 2002

	From Inception (September 5, 1994) To June 30, June 30, 2003	-
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (19,089,353)	$
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,171,085	
Expenses paid through issuance of stock	6,487,304	
Stock options issued for services	664,544	
(Increase) decrease in assets:		
Prepaids and other current assets	(21,281)	
Increase (decrease) in liabilities:		
Deferred revenue	250,000	
Accounts payable and accrued expenses	1,801,282	
NET CASH USED IN OPERATING ACTIVITIES	(8,736,419)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of technology	(108,969)	
Purchase of furniture and equipment	(90,219)	
Patent registration costs	(209,758)	
NET CASH USED IN INVESTING ACTIVITIES	(408,946)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from warrants	157,125	
Proceeds from debentures	642,120	
Proceeds from stock sales	6,839,653	

Common stock to be issued	309,550	
Offering costs	(11,071)	
Short-term loan repayments	(271,530)	
Short-term loan proceeds	1,775,422	
NET CASH PROVIDED BY FINANCING ACTIVITIES	9,441,269	
CHANGE IN CASH	295,904	
CASH AT BEGINNING OF PERIOD	-	
CASH AT END OF PERIOD	$ 295,904	$
NON-CASH FINANCING & INVESTING ACTIVITIES:		
Purchase of net, non-cash assets of subsidiary for stock	$ 195	$
Short-term debt retired through issuance of stock	$ 2,433,735	$
Issuance of common stock, previously subscribed	$ 5,000	$

See accompanying notes to the consolidated financial statements.

Samaritan Pharmaceuticals, Inc.
(A Development Stage Company)

Notes to Consolidated Financial Statements
(Unaudited)
June 30, 2003

PART I --- FINANCIAL INFOMRATION

Item 1. Financial Statements.

SAMARITAN PHARMACEUTICALS
Notes to Interim, Consolidated Financial Statements

BASIS OF PRESENTATION:
The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2002, included in the Form10-KSB for the year then ended.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial

position as of June 30, 2003, and the results of operations and cash flows for the six-month period ending June 30, 2003 and 2002 have been included. The results of operations for the six-month period ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB as filed with the Securities and Exchange Commission for the year ended December 31, 2002. Management notes that stock was issued as follows during the three months ended June 30, 2003:

No. of shares	Issued Pursuant To	Price/valuation
3,193,943	Services Rendered	$511,940
5,898,702	In settlement of accounts payable	$572,632
3,417,000	Sale of restricted stock	$341,700
2,558,793	Sale of common stock	$313,040
	Cancellation Pursuant To	
(1,564,048)	Settlement Agreement, Alfred T Sapse Cortisol Medical Research Shares	($250,248)

Management notes that in addition to the shares stated above, 594,352 shares were reacquired in settlement with Alfred T. Sapse. Management also notes that the Company, from time to time, is involved in various legal proceedings in the ordinary course of our business and are currently executing a settlement agreement signed by all parties to resolve previously reported pending lawsuits. We believe based on the settlement agreement that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will not have a material adverse effect on our business, financial condition or results of operations.

This quarter report contains forward-looking statements. These statements relate to future events or Samaritan Pharmaceutical's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outline in "Risk Factors." These Factors may cause Samaritan Pharmaceuticals, Inc. actual results, to differ materially from any forward-looking statement.

Although Samaritan Pharmaceuticals, Inc. believes that the expectations reflected in the forward-looking statements are reasonable, Samaritan Pharmaceuticals, Inc. cannot guarantee future results, events, levels of activity, performance, or achievements. Moreover, neither Samaritan Pharmaceuticals, Inc. nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Samaritan Pharmaceuticals, Inc. does not assume any obligation to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in Samaritan's expectations.

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

PLAN OF OPERATION

Overview

Samaritan Pharmaceuticals, Inc. is a development stage biotechnology company engaged in the research and development of novel therapeutic and diagnostic products to treat chronic debilitating diseases such as Alzheimer's, Cancer, central nervous system ("CNS") disorders, cardiovascular disease and HIV.

Our overall corporate strategy is to build a robust technology pipeline by (1) in-licensing early-stage patented technologies from Academic Research Centers, and (2) focus on the discovery and the development of new drug compounds and technology to add to our pipeline at Samaritan Laboratories, in collaboration with Georgetown University.

Samaritan principal executive office is located at 101 Convention Center Drive, Suite 310, Las Vegas, NV 89109, and our main telephone number is (702) 735-7001.

Business Model

Our business model is primarily focused on the commercialization of our product pipeline and patent portfolio. We seek potential products and then focus on the continual development of these products. Our first development objective for a potential drug candidate is to file for an Investigational New Drug (IND) application, to conduct human clinical trials, with the eventual goal of obtaining marketing approval for each of the selected technologies.

We currently have several technologies in our product pipeline: SP001 and its bioequivalents for HIV; an animal (rat) model for Alzheimer's disease; Novel Neuroprotective compounds; a Peptide to bind cholesterol; an Alzheimer's and Breast Cancer Diagnostic/Theranostic; and a series of novel compounds.

Business Value

Samaritan's strategy to build value is predicated on developing the Companies proprietary drugs, and bridging pre-human, preclinical, discovery studies through Samaritan's drug development roadmap with human trials. What separates Samaritan, and the promise of Samaritan, is the development of true medical advances based on the insights, intuition and creativity of its scientists. Currently, the average drug discovery and preclinical testing time is six and a half years, with Phase I being one and a half years and Phase II averaging two to three years. Samaritan strives to, reduce the average time to commercialization, and attract licensing opportunities.

Samaritan plans to license its drug candidate's late stage, after the technology is validated with "proof of concept" science, thereby capturing the greater portion of the potential value of its drug candidates. The closer the technology is to "proof of concept" FDA Phase I and II, corporate marketing and/or development partnerships are sought, in a manner that strategically fits with the Company's overall goal of building shareholder value. In certain disease categories, Samaritan may process its drug candidates through all human clinical trials.

Summary Of Research And Development

We have a series of therapeutic projects either in "discovery research", "preclinical trials", "product development" or "clinical development"; and we utilize these formal stages of product progression to track progress, performance, competition, and cost for each project. Our research programs are aimed at satisfying defined medical needs in the areas of Alzheimer's, Cancer,

Cardiovascular, Infectious Diseases, and Neurology and are based on an intellectual property position that, we believe, is both broad and strong. Several of our development programs involve ex vivo technologies in which patients' tissues are manipulated outside the body and, as such, may be less costly to investigate and quicker to develop than in vivo agents. We expect to apply to the U.S. FDA for and receive IND status (Investigational New Drug) for certain technologies to initiate human trials that may commence in the future. We have concentrated our efforts on setting up the operations, increasing efficiencies, and streamlining structure. We have an impressive portfolio of technology and opportunities, each of which must compete for resources and priority status.

A key currency in the biotechnology and pharmaceutical markets are patents and intellectual property. Our central intellectual property activity has been, and continues to be, the acquisition of patents, development and patent maintenance, directly in support of our product development. We continue to expend significant funds and efforts on licensed technology and patent protection. In addition, we are continually examining our intellectual property positions in relation to competitive activities and our ability to operate and defend our patent positions in relation to products. We believe that this is a key value element for our continued development.

Samaritan Pharmaceuticals
Product Pipeline

xxx = Completed x = In Progress

Drug Candidates	Patent	Pre-Clinical	IND	Phase I
HIV.....Procaine HCl (SP-01)	xxx	xxx	xxx	xxx
HIV, Alzheimer's(AD),Dementia.....(SP-10)	x	x		
HIV, AD.....(SP-02 to 25)	x	x		
HIV, AD.....(SP-26 to 50)	x	x		
Alzheimer's.....(SP-222)	x	x		
Alzheimer's.....(SP-233)	x	x		
Alzheimer's .....(SP234-250)	x	x		
Nerve Gas Inhibitor.....(SP-04)	x			
Stem Cell Therapy.....(SP-sc2)	x	x		
Stem Cell Therapy.....(SP-sc7)	x	x		
Cancer.....(SP-222c)	x	x		
Cancer.....(SP-234c-250c)	x	x		
Cancer Diagnostic and Drug.....(SP-5000)	x	x		

8

Pharmacologic AD Rat Model	In Vitro Testing	In Vivo Testing
Alzheimer's Rat Model.....(New Drug Test)	xxx	xxx

Diagnostics	In Vitro Testing	Human Test Small	Huma
Breast Cancer...(BC Tumor Agress-Analysis)	xxx	xxx	

Alzheimer's.....(AD Blood Test Diagnostic)	xxx	xxx
Alzheimer's Generation II	xxx	xxx
Alzheimer's Generation III	xxx	xxx

Highlights Of The Main Products Or Technologies Closest To Or Ready For Out-Licensing Or Commercialization

SP001 and its bioequivalent HIV drugs with promising Phase II results - Early data suggest no serious side effects and (CD4) immune system improvement. The analysis of data is presently being prepared for FDA submission.

A Pharmacological (rat) model for Alzheimer's disease -- Four weeks treatment of a rat results in its loss of memory and Alzheimer's disease-like brain pathology. This model is ideal for pharmaceutical companies and scientists to screen their Alzheimer's drugs for prevention, stabilization of the disease and cures for Alzheimer's disease.

Alzheimer's disease compounds -- Compounds offer protection against beta-amyloid neurotoxicity, a condition associated with Alzheimer's disease.

A peptide therapeutic that binds cholesterol -- Peptide can be used to clean the blood of excessive cholesterol in acute high cholesterol conditions.

An Alzheimer's diagnostic kit -- A simple blood test that identifies specific circulating brain steroids that have been oxidized in the brains of Alzheimer's patients.

A breast cancer theranostic kit. -- A biopsy test that predicts the aggressiveness of a breast cancer tumor which allows a physician, in a timely manner, to recommend the best and possibly the least invasive treatment for a patient.

Promising Alzheimer's Drug Candidates

Background for Alzheimer's thesis: Cortisol, the stress hormone, is the main hormone associated with immunity, memorization and learning with excessive cortisol being well known to produce cognitive impairment.

Why do we care: It is estimated that 16 million Americans will be diagnosed with Alzheimer's by 2050. Early diagnosis and treatment with Cortisol modulating drugs before the onset of symptoms could possibly lengthen the progression of Alzheimer's whereas a patient might die of natural causes rather than Alzheimer's.

Promising Alzheimer's Drug Candidates:

- -- SP001
- -- SP010
- -- SP222
- -- SP223
- -- SP232
- -- SP238

Alzheimer's Related Patent Application Titles:

-- Neuroprotective spirostenol pharmaceutical compositions.
-- Methods and compositions for modulating serum cortisol levels.

Journals:
-- Journal of Neurochemistry, 2002, 83:1110-1119
-- Endocrine Society 2003, abstract.

Stem Cell Therapy for Alzheimer's, Neuron Differentiation

Background: Stem cell therapy, the manipulation of stem cells to combat disease, is on the threshold of a new era in medicine. Neuronal stem cells can be induced to rapidly differentiate to adult neuron cells as a novel treatment for Alzheimer's.

Promising Stem Cell Drug Candidates:
-- SP222b
-- SP237

New Alzheimer's Pharmacologic (Rat) Model Tool:
Brand New Tool-Used by pharmaceuticals companies to test their preventive, stabilizing or curative therapies under development for Alzheimer's. Advantage: Pharmacologic. Only four weeks to induce full blown Alzheimer's disease compared to lengthy transgenics.

Alzheimer's Predictive Diagnostic:

Advantage: Simple blood test with 70% success rate.

Patent Title:
-- Neurosteroids: Markers of Alzheimer's disease pathology

Journals:
-- Neurobiology of Aging, 2003, 24:57-65.

AIDS Related Dementia Research and Drug Candidates

Background: Elevated cortisol levels are associated with many disease states of which AIDS Related Dementia is included. SP001 has indicated to be a safe and effective cortisol modulator; therefore, SP001 and its bioequivalents could change the way patients are treated, either as a single agent or in combination with other conventional therapies for AIDS.

Promising AIDS and Related Dementia Drug Candidates:
-- SP001
-- SP010
-- SP014
-- SP016
-- SP017

Patent and Patent Application Titles:
-- Protected Complex of Procaine...
-- Composition of Anti-HIV Drugs and Anticortisol Compounds...
-- Methods and Compositions for Modulating Serum Cortisol Levels...

Proof of Concept HIV FDA Phase II Study Results
-- Safe, Tolerable, CD8 improvement, Cortisol modulation.
-- Statistically Significant
1. Decreased HIV symptoms (Whalen Scale-Quality of Life)
2. Decreased viral load.

-- Orphan drug status requested

Research Agreement

On June 8, 2001, Samaritan Pharmaceuticals signed a seven-year research collaboration with Georgetown University. The objectives of the Georgetown University Samaritan Pharmaceuticals research collaboration are (1) to develop "one molecule" drugs and extend clinical studies to in vivo experiments in animal models simulating Alzheimer's disease, (2) to develop an accurate, reliable diagnostic for nuero-degeneration (Alzheimer's), and (3) to focus on new drug development in Oncology and Neurology with the ability to protect the brain from neuronal damage and tumor growth.

Under the agreement, Samaritan receives worldwide exclusive rights to any novel therapeutic agents or diagnostic technologies that may result from the research collaboration directed by Dr. Vassilios Papadopoulos with his team of seven research professionals (including five Ph.D. level research scientists) who have expertise in the fields of endocrinology, pharmacology, cell biology, organic and steroid chemistry and computer modeling.

On April 8, 2003, Samaritan strengthened its scientific technology research by expanding its Georgetown University seven year Sponsored Research Agreement with an additional financial commitment. These funds shall be used by Samaritan Laboratories/Georgetown to screen for additional new drug compounds, their binding capabilities to specific receptors and their direct effects on mitochondrial function. Mitochondria are the key to life and death. Quite possibly, the process of aging itself may be intimately linked to mitochondria. A sampling of some major health disorders where mitochondrial dysfunction may be linked to large segments of a diseased population are Alzheimer's, Lou Gehrig's, Cancer, Heart disease, Parkinson's and Type II Diabetes.

Our Financial Position And Our Need To Raise Additional Capital

We are a biopharmaceutical company in a research and development stage. Since our inception, we have primarily focused our resources on research and development. To date, none of our proprietary products have reached a commercial stage, and hence, we do not have, nor do we anticipate revenue in the near future. As is normal for a biotechnology company, we have been unprofitable since our inception and have incurred significant losses. These losses consist primarily of research and related expenditures, marketing costs, consulting, and administrative overhead and expenses, incurred while the Company seeks to complete development of its product, which includes studies to obtain FDA final approval. No significant revenues have been earned by the Company, or cash flow from operations, to help pay these operating needs.

We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our collaboration with Georgetown University, and patent prosecution. We have funded our operations through a series of private placements and through our previous agreement dated November 2, 2000 with Fusion Capital. We believe potential private placements, the new agreement with Fusion Capital dated April 22, 2003, described below will assist the Company in meetings its cash needs, but there is no guarantee. Except for an agreement to sell shares to Fusion Capital, discussed below, no commitment exists for continued investments, or for any underwriting.

We have the right to receive $20,000 per trading day under the agreement with Fusion Capital unless our stock price equals or exceeds $0.45, in which case the daily amount may be increased at our option. Generally, Fusion Capital shall not be obligated to purchase any shares of our common stock on any trading days that the market price of our common stock is less than $0.10. Since we initially registered 15,000,000 shares for sale by Fusion Capital pursuant to a prospectus (excluding the total of 3,125,000 shares issuable to Fusion Capital as a

commitment fee), the selling price of our common stock to Fusion Capital will have to average at least $0.67 per share for us to receive the maximum proceeds of $10.0 million without registering additional shares of common stock. Assuming a purchase price of $0.22 per share (the closing sale price of the common stock on July 24, 2003) and the purchase by Fusion Capital of the full 15,000,000 shares under the common stock purchase agreement, proceeds to us would be $3,300,000.

Even with our financing arrangement with Fusion Capital, we may require substantial additional funds to sustain our operations and to grow our business. The amount of which will depend, among other things, on the rate of progress and the cost of our research and product development programs and clinical trial activities, the cost of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights, and the cost of developing manufacturing and marketing capabilities, if we decide to undertake those activities. The clinical development of a therapeutic product is a very expensive and lengthy process and may be expected to utilize $5 to $20 million over a three to six year development cycle. We currently do not have available the financial resources to complete the clinical development of any of our therapeutic products without a strategic partner. Although we believe we could license the manufacturing and marketing rights to our products in return for up-front licensing and other fees and royalties on any sales, there can be no assurance that we will be able to do so in the event we seek to do so. We need to obtain additional funds to develop our therapeutics products and our future access to capital is uncertain. The allocation of limited resources is an ongoing issue for us as we move from research activities into the more costly clinical investigations required to bring therapeutic products to market.

The extent we rely on Fusion Capital as a source of funding will depend on a number of factors including, the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient financing from Fusion Capital were to prove prohibitively expensive, we will need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the full $10.0 million under the common stock purchase agreement with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. Other than the agreement with Fusion Capital, we do not have any commitments or arrangements to obtain any such funds and there can be no assurance that any additional funds, whether through exercise of warrants and stock options, additional sales of securities or collaborative or other arrangements with corporate partners or from other sources, will be available to us upon terms acceptable to us or at all. If we are unable to obtain additional financing we might be required to delay, scale back or eliminate certain of our research and product development programs or clinical trials, or be required to license third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together, any of which might have a material adverse effect upon us. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to holders of shares purchased in previous offering. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would be a material adverse effect on our business, operating results, financial condition and prospects.

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

Press Release Highlights

On July 2, 2003, Samaritan Pharmaceuticals Inc., Samaritan Research Labs, Georgetown University, announced it has completed licensing of several new discoveries for Alzheimer's, under its Georgetown University collaboration with Samaritan Labs. Samaritan is well-positioned to become a "force" in the treatment of Alzheimer's with breakthrough compounds that could change the way patients are treated today, Chairman and Chief Executive Officer, Dr. Janet Greeson, said at the company's 2003 Annual Meeting of Shareholders. Speaking to shareholders at one of the largest shareholders meeting to date, Greeson noted that the combination of Samaritan Pharmaceuticals and Georgetown University brings more than seven technologies into Samaritan, rapidly moving along "a continuum of development" to drive valuation and increase shareholder value. The continuum for value begins with "in vitro" studies and ends with the more advanced "proof of concept" Phase II studies in humans, to test a drug's safety and its ability to prolong lives. "The research collaboration with Georgetown University has not only given us a chance to dramatically increase our technology valuation but also strengthened every aspect of, an already strong expertise with business development, intellectual property, regulatory affairs, and governmental grants," Greeson continued, "We are dedicated to driving valuation and will continue to aggressively 'bridge' technology from Georgetown University to potential pharmaceutical partners throughout the year

12

On April 8, 2003, Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced they strengthened its scientific technology pipeline by expanding its Georgetown University seven year Sponsored Research Agreement with an additional financial commitment this year. These funds shall be used by Samaritan Laboratories/Georgetown to screen for additional new drug compounds, their binding capabilities to specific receptors and their direct effects on mitochondrial function. Mitochondria are the key to life and death. Quite possibly, the process of aging itself may be intimately linked to mitochondria. A sampling of some major health disorders where mitochondrial dysfunction may be linked to large segments of a diseased population are Alzheimer's, Lou Gehrig's, Cancer, Heart disease, Parkinson's and Type II Diabetes.

On April 3, 2003 Samaritan Pharmaceuticals Inc. announced it obtained the services of Octagon Research Solutions, a regulatory consulting service specializing in electronic regulatory submissions, clinical information management, technical writing and dossier preparation. Samaritan hopes to expedite its HIV drug time-to-market by using FDA preferred fully electronic submissions which are FDA reviewer friendly. E-Submissions are increasingly becoming a key component of the regulatory approval process and save both money and precious time to regulatory approval.

On March 31, 2003 Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced that its Chief Scientific Officer, Dr. Vassilios Papadopoulos was interviewed and featured in BioPeople Magazine-Therapy Focus, written by Allis Kane. In the article, Allis Kane investigates current research approaches in the search for a cure of Alzheimer's. Alzheimer's is a progressive, degenerative disease of the brain, and is the most common form of dementia.

BioPeople Spring 2003 Excerpt regarding Samaritan and Stem Cells:

> "The team of Dr. Vassilios Papadopoulos made a fortuitous discovery that could potentially regenerate dormant stem cells in the brain. He is CSO of Samaritan Pharmaceuticals and professor of cell biology, pharmacology and neuroscience at Georgetown University, both based in Washington, DC. The discovery was made while his group was investigating the effect of a series

of cholesterol derivatives on neural stem cells. 'We used the cells as a human model for beta-amyloid neuroprotection and we found that some of the compounds are not only neuroprotective in terms of beta-amyloid toxicity but in two weeks will induce the differentiation of stem cells into adult neurons.'

Papadopoulos explains that this is a significant advantage over retinoic acid, currently used for the maturation of stem cells, which is toxic, in vivo, and takes several months. 'Now we have a tool that not only protects against beta-amyloid toxicity in the brain, but also switches on a mechanism in the few stem cells that exist in the human brain to make them differentiate into adult cells to replace, potentially, the neurons which have died,' he says.

Similar to Rhoades' suggestion that manipulation of neurotrophin targets could promote both survival and regeneration, Samaritan's discovery has a two-fold potential. When testing the steroid series, Papadopoulos came across an important problem facing researchers in the field. Animal models of the disease, such as the transgenic mouse model of Alzheimer's, are not accurate analogues of the human disease. Papadopoulos says: 'Transgenic mice for Alzheimer's disease have a few problems. First of all you need a year to two years to develop the plaques, secondly (the mice) don't really lose their memory, and thirdly their neurons never die.' Research on the drug series was shelved temporarily while the teams looked for alternative animal models. They believe that they have now got a rat model that is much more representative of the human disease and the company is currently looking to secure the intellectual property rights to the discovery. With this hurdle overcome, Papadopoulos says his group has begun to assess the efficacy of its potential treatments."

13

On March 7, 2003, Samaritan Pharmaceuticals Inc. and Samaritan Research Labs, Georgetown University, announced that its HIV Phase Ib/IIa clinical trial data and analysis, conducted at, and led by Dr. Steven J. Brown, of the AIDS Research Alliance, Los Angeles, CA, has been provided to Samaritan.

These clinical trial results will be submitted for publication to several medical journals. To prevent denial of publication for reasons of "pre-publication," and to preserve Samaritan's rights under our patent applications, the results will be kept confidential, pending publication.

Phase II is a dose finding and "proof of concept" study conducted in a relatively small number of carefully selected HIV patients, plus a placebo-controlled group. In the Clinical trial, patients received several doses of the test drug (dose finding) and the resulting data allowed researchers and statisticians to make a quantitative assessment of drug effects. Samaritan believes our HIV drug has future potential and is developing its strategy for further development in Phase III. In evaluating the company's statements about Samaritan's HIV drug, you should specifically consider various factors, including the risks outlined in "Risk Factors."

RISK FACTORS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Risk Factors" in our Form 10-KSB filed April 15, 2003 and in our Form SB-2 filed June 4, 2003.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Statements in this report expressing our expectations and beliefs regarding our future results or performance are forward-looking statements that involve a number of substantial risks and uncertainties. When used in this quarterly report the words "anticipate," "believe," "estimate," "expect," "intend," may be," "seek," "plan," "focus," and "potential" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Our actual future results may differ significantly from those stated in any forward-looking statements. The company also undertakes no duty to update forward-looking statements.

Item 3. Controls and Procedures

(a) Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing date of this report. Based on their evaluation, our principal executive officer and principal accounting officer concluded that Samaritan's disclosure controls and procedures are effective.

(b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, involved in various legal proceedings in the ordinary course of our business and are currently executing a settlement agreement signed

by all parties to resolve previously reported pending lawsuits. We believe based on the settlement agreement that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will not have a material adverse effect on our business, financial condition or results of operations.

Item 2. Changes in Securities.

Securities, unregistered, were sold by the Company in the second quarter of 2003 under an exemption from registration. The title of these securities was the Common Stock of the Company. They were sold for cash unless otherwise noted in this section. They were sold in private transactions to persons believed to be of a class of private investors acting on their own comprised of "accredited investors" (as such term is defined in Regulation D of the U.S. Securities and Exchange Commission or "SEC") and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, not affiliated with the Company, purchased the shares with an apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. It's reliance on said exemption was based upon the fact that no public solicitation was used by the Company in the offer or sale, and that the securities were legended shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

Management notes that stock was issued as follows during the six months ended June 30, 2003

No. of shares	Issued Pursuant	To Price/valuation
3,193,943	Services Rendered	$511,940
5,898,702	In settlement of accounts payable	$572,632
3,417,000	Sale of restricted stock	$341,700
2,558,793	Sale of common stock	$313,040
	Cancellation Pursuant To	
(1,564,048)	Settlement Agreement, Alfred T Sapse & Cortisol Medical Research Shares	($250,248)

The total offering price, during the second quarter as to these shares, was $1,489,064 less expenses, estimated to be a total of $11,500 for printing, legal, postage, and other expenses related to respective offering. Also, management notes in addition to the shares stated above, 594,352 shares were reacquired in settlement with Alfred T. Sapse.

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

(a) The company held its Annual meeting on June 27, 2003.

(b) The three matters voted upon at the meeting were: (i) To elect six directors for a term expiring at the Annual Meeting of Stockholders in year indicated ("Proposal 1"); (ii) To approve and ratify an amendment to the Company's Articles of Incorporation to increase the number of authorized shares of Common Stock from 100,000,000 to 200,000,000 ("Proposal 2"); (iii) To ratify the appointment of Sherb & Co., LLP, as our independent auditors for the fiscal year ending December 31, 2003 ("Proposal 3").

(i) With respect to "Proposal 1", Eugene Boyle (2006) received 42,327,612 shares in favor and 467,558 shares were withheld, Brian Sullivan (2006) received

40,596,170 shares in favor and 2,199,000 shares were withheld, Cynthia Thompson (2006) received 42,739,770 shares in favor and 55,400 shares were withheld, Douglas Bessert (2005) received 42,327,612 shares in favor and 467,558 shares were withheld, H Thomas Winn (2005) received 40,944,170 shares in favor and 1,851,000 shares were withheld, and Vassilios Papadopoulos (2005) received 42,327,612 shares in favor and 467,558 shares were withheld, and there were 100,091 abstentions for each director, and no broker non-votes. All nominees were declared to have been elected as directors to hold office until the annual meeting of stockholders in the year indicated.

(ii) With respect to "Proposal 2", 41,488,738 shares were in favor, 1,181,800 shares were against, 224,723 shares abstained, and no non-votes were withheld from voting with respect to such proposal. Proposal 2 was declared to have been approved.

(iii) With respect to "Proposal 3", 42,549,338 shares were in favor, 46,073 shares were against, 299,850 shares abstained, and no non-votes were withheld from voting with respect to such proposal. Proposal 3 was declared to have been approved.

Item 5. Other Information.

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

(a) Reports on Form 8-K.

On April 22, 2003, Samaritan Pharmaceuticals, Inc. and Fusion Capital Fund II, LLC, a Chicago-based institutional investor and Samaritan's long-term financial partner, entered into a new $10 million Common Stock Purchase Agreement. The previous Common Stock Purchase Agreement between Samaritan and Fusion Capital dated November 2, 2000 by its original terms expired.

Under the new Common Stock Purchase Agreement, Fusion Capital shall buy from time to time over twenty-five months up to $10 million of Samaritan's common stock. Samaritan has the right to control the timing and the amount of stock sold to Fusion Capital with the purchase price based upon the market price of Samaritan's common stock at the time of each sale without any discount. Funding of the $10 million shall commence at the Samaritan's discretion after the Securities & Exchange Commission has declared effective a registration statement covering the shares of common stock to be purchased by Fusion Capital.

(b) Exhibits

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

Exhibits No.	Description
2.1	Agreement and Plan of Reorganization (1)
3.1	Articles of Incorporation, as amended and restated (6)
3.2	By-laws (3)
4.1	Form of common stock certificate (1)
4.2	2001 Stock Option Plan (4)
10.1	Assignment between Linda Johnson and the Company dated September 6, 2000. (5)
10.2	Assignment between Linda Johnson and Spectrum Pharmaceuticals

	Corporation dated May 14, 1999. (5)
10.3	Agreement containing the assignment of U.S. Patent Application 07/233,247 with improvements dated May 22, 1990. (5)
10.4	Agreement between AIDS Research Alliance Agreement and the Company dated March 5, 1999 (1)
10.5	Common Stock Purchase Agreement between Company and Fusion Capital Fund II, LLC, dated April 22, 2003 (2)
10.6	Registration Rights Agreement between Company and Fusion Capital Fund II, LLC dated April 22, 2003. (2)
10.7	Agreement between Samaritan Pharmaceuticals, Inc. and Doug Bessert (5)
10.8	Agreement between Samaritan Pharmaceuticals, Inc. and Eugene Boyle (5)
10.9	Agreement between Samaritan Pharmaceuticals, Inc and Janet Greeson (5)
10.10	Research Collaboration and Licensing Agreement between Georgetown University and Samaritan Pharmaceuticals, Inc., dated June 8, 2001 (6)

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(1) Filed as an exhibit to Samaritan Pharmaceutical's Form 10-SB, filed on July 21, 1999, and incorporated herein by reference.
(2) Filed as an exhibit to Samaritan Pharmaceutical's Report on Form 8-K filed on April 25, 2003, and incorporated herein by reference.
(3) Filed as an exhibit to Samaritan Pharmaceutical's Annual Report on Form 10K-SB, filed on April 3, 2001, and incorporated herein by reference.
(4) Filed as an exhibit to Samaritan Pharmaceutical's Schedule 14A filed on April 3, 2001, and incorporated herein by reference
(5) Filed as an exhibit to Samaritan Pharmaceutical's Quarterly Report on Form 10-QSB filed on August 14, 2002, and incorporated herein by reference.
(6) Filed as an exhibit to Samaritan Pharmaceutical's Report on Form SB-2a filed on July 31,2003 an incorporated herein by reference.

SIGNATURES

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

SAMARITAN PHARMACEUTICAL, INC

Dated: 14 August 2003

By: /s/ Eugene Boyle

Eugene Boyle, CFO, COO, Director