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GAMMACAN INTERNATIONAL INC  
Form 10QSB  
February 11, 2005

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, 2004

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.)

11 Ben Gurion Street  
54100 Givat Shmuel, Israel  
(Address of principal executive offices)

972 3 5774475  
(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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. 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: 26,231,510 shares issued and outstanding as of January 31, 2005.

ITEM 1. - FINANCIAL STATEMENTS

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GAMMACAN INTERNATIONAL INC.  
 (Formerly- San Jose International, Inc.)  
 (A Development Stage Company)

INTERIM FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004

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GAMMACAN INTERNATIONAL INC.  
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INTERIM FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2004

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
 (Formerly- San Jose International, Inc.)  
 (A Development Stage Company)  
 CONSOLIDATED BALANCE SHEET

	December 31, 2004 (Unaudited)	Se
	-----	---
A s s e t s		
CURRENT ASSETS:		
Cash and cash equivalent	\$ 1,529,265	\$
Prepaid expenses	52,661	
Other	14,060	
	-----	---
T o t a l current assets	1,595,986	
	-----	---
PROPERTY AND EQUIPMENT, net	11,126	
	-----	---
T o t a l assets	\$ 1,607,112	\$
	=====	==
Liabilities and stockholders' equity		
CURRENT LIABILITIES:		
Accounts payable	\$ 120,161	\$
Payroll and related expenses	25,517	
	-----	---

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T o t a l current liabilities	145,678	-----
STOCKHOLDERS' EQUITY:		
Preferred stock, (\$ 0.0001 par value, 20,000,000 shares authorized: none issued and outstanding)		
Common stock (\$ 0.0001 par value, 100,000,000 authorized, 26,199,510 and 25,221,510 shares issued and outstanding as of December 31, 2004 and September 30, 2004, respectively)	2,619	
Additional paid-in capital	1,809,512	
Warrants	406,123	
Deficit accumulated during development stage	(756,820)	
	-----	
T o t a l stockholders' equity	1,461,434	-----
	-----	
T o t a l liabilities and stockholders' equity	\$ 1,607,112	\$ =====

The accompanying notes are an integral part of these condensed financial statements.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(Formerly- San Jose International, Inc.)  
(A Development Stage Company)  
CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended December 31		Period from October 6, 1998* through December 31, 2004
	2004	2003	
RESEARCH AND DEVELOPMENT COSTS	\$ 51,366	\$ -	\$ 218,358
GENERAL AND ADMINISTRATIVE EXPENSES	192,510	36	551,979
FINANCIAL INCOME, NET	(1,142)		(1,142)
MINORITY INTERESTS IN LOSSES OF SUBSIDIARY			(12,375)
	-----	-----	-----
NET LOSS FOR THE PERIOD	\$ (242,734)	\$ (36)	\$ (756,820)
	=====	=====	=====
BASIC AND DILUTED LOSS PER 1000 COMMON SHARES	\$ (9.44)	\$ (0.00)	
	=====	=====	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES USED IN COMPUTING BASIC AND DILUTED LOSS PER COMMON SHARE	25,710,510	56,281,500	
	=====	=====	

\* Incorporation date, see note 1.

The accompanying notes are an integral part of these condensed financial statements.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
 (Formerly- San Jose International, Inc.)  
 (A Development Stage Company)  
 CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
 (Unaudited)

	Common Stock	Common stock amount	Warrants
	-----	-----	-----
Beginning balance	--	\$ --	\$
Stock issued for cash on October 6, 1998	1,650,000	165	
Stock issued for cash on October 9, 1998	2,722,500	272	
Stock issued for cash on October 10, 1998	198,000	20	
Stock issued for services on December 1, 1998	9,900,000	990	
Stock issued for cash on April 7, 1999	561,000	56	
Net loss			
Balance at September 30, 1999 (audit)	15,031,500	1,503	
Stock issued for cash on September 30, 2000	41,250,000	4,125	
Balance at September 30, 2000 (audit)	56,281,500	5,628	
Net loss			
Balance at September 30, 2001 (audit)	56,281,500	5,628	
Net loss			
Balance at September 30, 2002 (audit)	56,281,500	5,628	
Contributed capital			
Net loss			
Balance at September 30, 2003 (audit)	56,281,500	5,628	
Cancellation of shares at June 8, 2004	(32,284,988)	(3,228)	
Economic value of exercised option			
Common stock and warrants issued on August 13, 2004	1,224,998	122	139,4
Gain on issuance of subsidiary stock on August 17, 2004			
Net loss			
Balance at September 30, 2004 (audit)	25,221,510	2,522	139,4
Common stock and warrants issued on November 11, 2004	978,000	97	266,6
Net loss			
Balance at December 31, 2004 (unaudit)	26,199,510	\$ 2,619	\$ 406,1
	=====	=====	=====
	Deficit accumulated during development stage	Total	
	-----	-----	
Beginning balance	\$ --	\$ --	

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Stock issued for cash on October 6, 1998		19
Stock issued for cash on October 9, 1998		165
Stock issued for cash on October 10, 1998		120
Stock issued for services on December 1, 1998		3,000
Stock issued for cash on April 7, 1999		340
Net loss	(3,444)	(3,444)
	-----	-----
Balance at September 30, 1999 (audit)	(3,444)	191
Stock issued for cash on September 30, 2000		5,000
	-----	-----
Balance at September 30, 2000 (audit)	(3,444)	5,191
Net loss	(3,108)	(3,108)
	-----	-----
Balance at September 30, 2001 (audit)	(6,552)	2,083
Net loss	(4,231)	(4,231)
	-----	-----
Balance at September 30, 2002 (audit)	(10,783)	(2,148)
Contributed capital		7,025
Net loss	(4,857)	(4,857)
	-----	-----
Balance at September 30, 2003 (audit)	(15,640)	20
Cancellation of shares at June 8, 2004		
Economic value of exercised option		62,600
Common stock and warrants issued on August 13, 2004		918,750
Gain on issuance of subsidiary stock on August 17, 2004		86,625
Net loss	(498,446)	(498,446)
	-----	-----
Balance at September 30, 2004 (audit)	(514,086)	569,549
Common stock and warrants issued on November 11, 2004		1,134,619
Net loss	(242,734)	(242,734)
	-----	-----
Balance at December 31, 2004 (unaudit)	\$ (756,820)	\$ 1,461,434
	=====	=====

The accompanying notes are an integral part of these condensed financial statements.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(Formerly - San Jose International, Inc.)  
(A Development Stage Company)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(Unaudited)

	Three months ended December 31		Period from October 6, 1998 through December 31, 2004
	2004	2003	
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (242,734)	\$ (36)	\$ (756,820)
Adjustments required to reconcile net loss to net cash used in operating activities:			

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Depreciation	285		344
Common stock issued for services			3,000
Minority interests in losses of subsidiary			(12,375)
Acquisition of research and development in Process			100,000
Option exercise costs			62,600
Changes in assets and liabilities:			
Increase in prepaid expenses	(41,632)		(52,661)
Increase in other current assets	(8,089)		(14,060)
Increase (decrease) in current liabilities	(11,540)	16	144,678
Net cash used in operating activities	(303,710)	(20)	(525,294)
CASH FLOWS FROM INVESTING ACTIVITIES - purchase of property and equipment	(7,512)		(11,470)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock and warrants	1,134,619		2,053,710
Contribution to additional paid in capital			12,319
Net cash provided by financing activities	1,134,619		2,066,029
Net increase (decrease) in cash	823,397	(20)	--
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	705,868	20	--
CASH AND CASH EQUIVALENT AT END OF PERIOD	\$ 1,529,265	\$ --	\$ 1,529,265

\* Incorporation date, see note 1.

The accompanying notes are an integral part of these condensed financial statements.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2004  
(Unaudited)

NOTE 1. - ORGANIZATION AND DESCRIPTION OF BUSINESS

GammaCan International Inc. (A Development Stage Company; "the Company") was incorporated on October 6, 1998, under the laws of the State of Delaware, as San Jose International, Inc. The Company has no significant revenues and no material operations and in accordance with Statement of financial Accounting Standard ("SFAS") No. 7 "Accounting and Reporting by Development Stage enterprises", the Company is considered a development stage company.

Through December 31, 2004, the Company has incurred losses in an aggregate amount of \$756,820. Such losses have resulted from the Company's activities as a development stage company. The Company's management estimated that it would be able to finance its operations from the cash raised in August and November 2004 until

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September 30, 2005. Continuation of the Company's current operations after utilizing the mentioned reserves until September 30, 2005, is dependent upon obtaining financial support from investors until profitable results are achieved.

On August 19, 2004, the name of the company was changed from "San Jose International, Inc." into "GammaCan International Inc.".

### NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of accounting

The accompanying unaudited consolidated financial statements of the Company and its subsidiary GammaCan Ltd. ( "the Subsidiary ") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended December 31, 2004, are not necessarily indicative of the results that may be expected for the year ended September 30, 2005. For further information, refer to the financial statements and footnotes thereto included in the consolidated annual report on Form 10-KSB for the year ended September 30, 2004.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

### NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

#### b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### c. Cash equivalents

The Company and its subsidiary consider all highly liquid investments, which include short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

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### d. Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. All material intercompany transactions and balances have been eliminated in consolidation.

### e. Loss per share

Basic and diluted net losses per common share are presented in accordance with FAS No. 128 "Earning per share" ("FAS128"), for all periods presented. Outstanding share options and warrants have been excluded from the calculation of the diluted loss per share because all such securities are antidilutive for all periods presented. The total number of common stocks related outstanding options and warrants, excluded from the calculations of diluted net loss was 3,652,998 for the period ended December 31, 2004.

### f. Stock based compensation

The Company accounts 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"), the Company discloses pro forma data assuming the Company had accounted for employee stock option grants using the fair value-based method defined in FAS 123.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

#### NOTE 2. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

The following table illustrates the pro - forma effect on net loss and loss per common share assuming the Company had applied the fair value recognition provisions of FAS 123 to its stock-based employee compensation for the three months ended December 31, 2004:

Net loss as reported	\$ (242,73
Deduct: stock based employee compensation expense determined under fair value method for all awards, net of related tax effects	(231,50
Pro forma loss	\$ (474,23
Net loss per 1000 common shares: Basic and diluted - as reported	\$ (9.44
Basic and diluted - pro forma	\$ (18.45



g. Recently issued accounting pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued 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 the Company obtains employee services in exchange for (a) equity instruments of the Company or (b) liabilities that are based on the fair value of the Company's equity instruments or that may be settled by the issuance of such equity instruments. This Statement 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 will be effective as of the beginning of the first interim or annual reporting period that begins after December 15, 2005, for small business issuers (January 1, 2006 for the Company). Early adoption of FAS 123R is encouraged. This Statement 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.

The Company estimates that the cumulative effect of adopting FAS 123R as of its adoption date by the Company (January 1, 2006), based on the awards outstanding as of December 31, 2004, will be approximately \$1,150,000. This estimate does not include the impact of additional awards, which may be granted, or forfeitures, which may occur subsequent to December 31, 2004 and prior to our adoption of FAS 123R. The Company expects that upon the adoption of FAS 123R, the Company will apply the modified prospective application transition method, as permitted by the Statement. Under such transition method, upon the adoption of FAS 123R, the Company's financial statements for periods prior to the effective date of the Statement will not be restated.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

NOTE 3. - GOING CONCERN

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 December 31, 2004 of \$756,820. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. See also note 1.

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### NOTE 4. - RELATED PARTY TRANSACTIONS

On November 4, 2004, the Subsidiary entered into a consulting agreement with PBD Ltd., a company controlled by a related party (the "Consultant"). Pursuant to the terms of the agreement, the Subsidiary will pay the Consultant a total fee of \$50,000 for the services provided as detailed in the agreement. Mainly the services include:

- o Summary of pre-clinical data and collection of historical research data.
- o Preparation of clinical trial.
- o Oncologists survey for cancer indication.
- o Survey of complementary technologies o Survey of potential IVIg collaborators
- o Initiation of contacts with potential partners.

The work has been completed and the sum of \$50,000 paid to the Consultant is included in "General & administrative expenses".

Additionally, it was also agreed that the Subsidiary shall reimburse the Consultant for out of pocket expenses incurred in connection with the performance of its duties under the agreement only if it has been approved in writing by the Subsidiary. The expenses of hiring a clinical expert to advise on the specifics of the protocol, for a total cost that will not exceed \$8,000, was approved by the Subsidiary.

### NOTE 5. - STOCK TRANSACTIONS

On November 11, 2004 the Company entered into subscription agreements for the sale of 978,000 units at a purchase price of \$1.25 per unit for a total consideration of \$1,222,500. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years after the date of the subscription agreement at an exercise price of \$1.50 in the first 15 months and \$2.00 for the next nine months. The fair value of the warrants estimated by using the Black & Scholes option-pricing model is \$266,629.

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GAMMACAN INTERNATIONAL INC. AND SUBSIDIARY  
(A Development Stage Company)  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

### NOTE 6. - SUBSEQUENT EVENTS

On January 25, 2005 the Company entered into a subscription agreement for the sale of 32,000 units at a purchase price of \$1.25 per unit for a total consideration of \$40,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years after the date of the subscription agreement at an exercise price of \$1.50 in the first 15 months and \$2.00 for the next nine months. The fair value of the warrants estimated by using the Black & Scholes option-pricing model is approximately \$9,000.

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According to a board of directors' resolution from January 11, 2005 the following are entitled to receive option under the 2004 Employees and Consultant Stock Option Plan:

- o 50,000 options to each of the three board members.
- o Up to 68,000 options to a consultant, as a success bonus based on certain milestones.
- o 50,000 options to each of two scientific advisors.

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### ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

We currently have no revenue from operations, we are in a start-up phase with our existing assets and we have no significant assets, tangible or intangible. 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.

Our initial focus over the next several years is to demonstrate efficacy of IVIG cancer immunotherapy in human clinical trials. Efficacy is the ability of a drug or other treatment to produce the desired result when taken by its intended users. If ultimately proven to be successful, and there can be no assurance that it will be, we could be well-positioned to enter a licensing agreement with a major pharmaceutical partner for commercial market development and sales.

We plan to begin enrolling patients in the first two quarters of 2005, for a Phase II study using IVIG immunotherapy for a range of metastatic cancers. Since IVIG is an established, safe therapy, we will not be required to conduct Phase I studies. Phase II clinical trials will be conducted at no less than two medical centers in Israel. It is expected to take at least six months to enroll patients. We are planning on including several different cancers in the trial, and preliminary results should be available during the first year of trial. We may decide to continue to monitor patients for an extended period of time in order to observe positive and negative effects arising at a later stage. If successful or promising, and at this preliminary stage there is no assurance they will be, results of these clinical trials will be used to enter into discussions with a major pharmaceutical partner to work with us to potentially commercialize the products.

We expect that it will take a number of years to receive final approval and registration of an IVIg preparation for use as an anti-cancer reagent. However, the company's strategy is to collaborate with a suitable IVIg manufacturer and license them the rights to use IVIg as an anti-cancer agent, wherefore the company's expected revenue stream is not entirely dependent upon the registration of the IVIg products.

We are also contemplating to conduct additional clinical trials to test new formulations of IVIG and to test IVIG immunotherapies for different cancers at different stages of disease progression with varying dosages and routes of administration. Our goal is to partner with a pharmaceutical company to conduct these further Phase II and Phase III trials, in order to attain broad-based regulatory approval.

#### Long Term Business Strategy

As noted previously, if IVIG shows significant promise thorough clinical trials, we plan to ultimately seek a strategic commercial partner, or partners, with extensive experience in commercialization and marketing of cancer drugs and or therapeutic proteins. It is envisaged that the partner, or partners, would be

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responsible for ensuring regulatory approvals and registrations in a timely manner and for the penetration of the IVIG immunotherapies to the market. This planned strategic partnership, or partnerships, could provide a marketing and sales infrastructure for our products as well as financial and operational support for global trials and other FDA requirements concerning future clinical development. Our future strategic partner, or partners, could also provide capital and expertise that would enable the partnership to develop new formulations of IVIG cancer immunotherapy suitable for patients at different stages of disease progression as well as IVIg derivatives.

### Other Research and Development Plans

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In addition to conducting early-stage clinical trials, we plan to conduct research to develop alternative delivery systems, to determine the optimal dosage for different patient groups and to investigate alternative sources of immunoglobulin other than human plasma. We plan to conduct research to isolate the fraction of IVIG, which is responsible for its anti-metastatic effects and to develop a potential synthetic version of IVIG. These formulations will be suitable for:

- o Low-dose, preventative therapy for disease-free, high-risk individuals,
- o Strong dose for use in conjunction with surgery and other cancer treatments, and
- o Maintenance dose for use to prevent recurrence of cancer growth.
- o Others

Our plan is to patent any successful inventions resulting from our further research activities.

### Other Strategic Plans

We are considering additional alternatives for expanding our pipeline of putative drugs in order to create a well balanced portfolio of future products.

### Planned Expenditures

The estimate expenses referenced herein are in accordance with the business plan. As the technology is still in the development stage, it can be expected that there will be changes in some budgetary items. Our planned expenditures for the next 12 months include:

Category	Amount
Research &Development -----	\$1,500,000
Marketing and Business Development -----	\$164,000
General & Administrative Expenses -----	\$617,000
Total	\$2,281,000

We are considering expanding and accelerating our planned clinical trials program for IVIG. Ultimately, such a change may enable our company to commercialize the product sooner if the trials prove to be successful. If we

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decide to adjust our program, we anticipate that our related clinical trial costs over the next 12 months would increase by approximately \$1 million. The decision to proceed will be based on several major factors, one of which is the ability of our company to attract sufficient financing on acceptable terms.

### Forward Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Those statements include statements regarding the intent, belief or current expectations of Gammacan and members of its management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future

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performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. Gammacan believes that its assumptions are based upon reasonable data derived from and known about its business and operations and the business and operations of Gammacan. No assurances are made that actual results of operations or the results of GammaCan's future activities will not differ materially from its assumptions.

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### ITEM 3. CONTROLS AND PROCEDURES

- a) Evaluation of Disclosure Controls and Procedures. As of December 31, 2004, the Company's management carried out an evaluation, under the supervision of the Company's Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to the Securities and Exchange Act , Rule 13a-15(d) and 15d-15(d) under the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the date of their evaluation, for the purposes of recording, processing, summarizing and timely reporting material information required to be disclosed in reports filed by the Company under the Securities Exchange Act of 1934.
- b) Changes in internal controls. There were no changes in the Company's internal controls over financial reporting, that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially effect, the Company's internal control over financial reporting.

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## PART II - OTHER INFORMATION

### PART II

#### ITEM 1 LEGAL PROCEEDINGS

From time to time the Company is subject to litigation incidental to its business. Such claims, if successful, could exceed applicable insurance coverage. The Company is not currently a party to any material legal proceedings.

#### ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On November 11, 2004 we entered into subscription agreements for the sale of 978,000 units to 2 offshore investors and 5 accredited investors at a purchase price of \$1.25 per unit for total proceeds of \$1,222,500. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share for a period of two years after the date of the subscription agreement at an exercise price of \$1.50 in the first 15 months and \$2.00 for the next nine months. For each sale of these units we relied on either the exemption from registration provided for accredited investors pursuant to Rule 506 of Regulation D, or Regulation S promulgated under the Securities Act of 1933, as amended.

#### ITEM 3 DEFAULTS UPON SENIOR SECURITIES

Not applicable.

#### ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

#### ITEM 5 OTHER INFORMATION

Not applicable.

#### ITEM 6 EXHIBITS

31.1 - Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

31.2 - Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended

32.1 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)

32.2 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)

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.

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GAMMACAN INTERNATIONAL, INC.

February 11, 2005

/s/ TOVI BEN ZEEV

-----  
Tovi Ben Zeev,  
Chief Financial Officer