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GAMMACAN INTERNATIONAL INC  
Form 10QSB  
August 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 June 30, 2005

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	33-0956433
(State or other	(IRS Employer
jurisdiction of	Identification No.)
incorporation or organization)	

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 August 10, 2005.

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## ITEM 1. - FINANCIAL STATEMENTS

GAMMACAN INTERNATIONAL INC.  
 (Formerly- San Jose International, Inc.)  
 (A Development Stage Company)  
 INTERIM FINANCIAL STATEMENTS  
 AS OF JUNE 30, 2005

### TABLE OF CONTENTS

	Page
Balance sheet	2
Statements of operations	3
Statement of stockholders' equity	4
Statements of cash flows	5
Notes to the financial statements	6-11

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

	June 30, 2005	September 2004
	----- (Unaudited)	----- (Audited)
<b>A s s e t s</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalent	\$ 1,001,049	\$ 705,
Prepaid expenses	20,707	11,
Other	29,124	5,
T o t a l current assets	----- 1,050,880	----- 722,
<b>PROPERTY AND EQUIPMENT, NET</b>	9,720	3,
T o t a l assets	----- \$ 1,060,600	----- \$ 726,
<b>Liabilities and stockholders' equity</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 59,872	\$ 140,
Payroll and related expenses	38,070	16,
T o t a l current liabilities	----- 97,942	----- 157,
<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, 100,000,000 authorized, 26,231,510 and 25,221,510 shares issued and outstanding as of June 30, 2005 and September 30, 2004, respectively)	2,622	2,
Additional paid-in capital	1,856,238	941,
Warrants	414,847	139,
Deficit accumulated during development stage	(1,311,049)	(514,

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T o t a l stockholders' equity	----- 962,658 -----	----- 569, -----
T o t a l liabilities and stockholders' equity	----- \$ 1,060,600 =====	----- \$ 726, =====

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

2

GAMMACAN INTERNATIONAL INC.  
(Formerly- San Jose International, Inc.)  
(A Development Stage Company)  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Nine months ended June 30		Three months ended June 30	
	----- 2005 -----	----- 2004 -----	----- 2005 -----	----- 2004 -----
RESEARCH AND DEVELOPMENT COSTS	\$ 299,985	\$ --	\$ 184,987	\$
GENERAL AND ADMINISTRATIVE EXPENSES	508,075	**154,130	160,194	**153
FINANCIAL INCOME, NET	(11,097)		(5,823)	
MINORITY INTERESTS IN LOSSES OF SUBSIDIARY	----- \$ (796,963) =====	----- \$ (154,130) =====	----- \$ (339,358) =====	----- \$ (153) =====
BASIC AND DILUTED LOSS PER 1000 COMMON SHARES	\$ (30.59) =====	\$ (2.87) =====	\$ (12.94) =====	\$ ( ) =====
WEIGHTED AVERAGE				
NUMBER OF COMMON SHARES USED IN COMPUTING BASIC AND DILUTED LOSS PER 000 COMMON SHARES	26,055,177 =====	53,650,871 =====	26,231,510 =====	48,389 =====

\* Incorporation date, see note 1.  
\*\*Restated, see note 2.

The accompanying notes are an integral part of the

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condensed financial statements.

3

GAMMACAN INTERNATIONAL INC.  
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Common Stock Amount	Warrants	Additional paid-in capital
	-----	-----	-----	-----
Beginning balance	--	\$ --	\$ --	\$ --
Stock issued for cash on October 6, 1998	1,650,000	165		(155)
Stock issued for cash on October 9, 1998	2,722,500	272		(107)
Stock issued for cash on October 10, 1998	198,000	20		100
Stock issued for services on December 1, 1998	9,900,000	990		2,010
Stock issued for cash on April 7, 1999	561,000	56		284
Net loss				
Balance at September 30, 1999 (audited)	15,031,500	1,503		2,132
Stock issued for cash on September 30, 2000	41,250,000	4,125		875
Balance at September 30, 2000 (audited)	56,281,500	5,628		3,007
Net loss				
Balance at September 30, 2001 (audited)	56,281,500	5,628		3,007
Net loss				
Balance at September 30, 2002 (audited)	56,281,500	5,628		3,007
Contributed capital				7,025
Net loss				
Balance at September 30, 2003 (audited)	56,281,500	5,628		10,032
Cancellation of shares at June 8, 2004	(32,284,988)	(3,228)		3,228
Economic value of exercised option				62,600
Common stock and warrants issued on August 13, 2004	1,224,998	122	139,494	779,134
Gain on issuance of subsidiary Stock on August 17, 2004				86,625
Net loss				

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	-----	-----	-----	-----
Balance at September 30, 2004 (audited)	25,221,510	2,522	139,494	941,619
Common stock and warrants issued on November 11, 2004	978,000	97	266,629	867,893
Common stock and warrants issued on January 25, 2005	32,000	3	8,724	28,073
Stock based Consultants' compensation expense				18,653
Net loss				
	-----	-----	-----	-----
Balance at June 30, 2005 (unaudited)	26,231,510	\$2,622	\$414,847	\$1,856,238
	=====	=====	=====	=====

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

4

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

	Nine months ended June 30	
	-----	-----
	2005	2004
	-----	-----
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Net loss	\$ (796,963)	**\$ (154,130)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation	1,691	
Common stock issued for services		
Minority interests in losses of subsidiary		
Acquisition of research and development in process		
Option exercise & compensation costs	18,653	
Changes in assets and liabilities:		
Increase in prepaid expenses	(9,678)	
Increase in other current assets	(23,153)	
Increase (decrease) in current liabilities	(59,276)	154,110
	-----	-----
Net cash used in operating activities	(868,726)	(20)
	-----	-----
CASH FLOWS FROM		
INVESTING ACTIVITIES -		
Purchase of property and equipment	(7,512)	
	-----	
CASH FLOWS FROM		
FINANCING ACTIVITIES:		

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Issuance of common stock and warrants	1,171,419	(3,228)
Contribution to additional paid in capital		3,228
	-----	-----
Net cash provided by financing activities	1,171,419	--
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	295,181	(20)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD	705,868	20
	-----	-----
CASH AND CASH EQUIVALENT AT END OF PERIOD	\$ 1,001,049	--
	=====	=====

\* Incorporation date, see note 1.

\*\*Restated, see note 2

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

5

GAMMACAN INTERNATIONAL INC.  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS OF JUNE 30, 2005  
(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 June 30, 2005, the Company has incurred losses in an aggregate amount of \$1,311,049. Such losses have resulted from the Company's activities as a development stage company. The Company's management estimates that it would be able to finance its operations until September 30, 2005 using the cash raised during August 2004 till January 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 condensed consolidated financial statements of the Company and the 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

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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 nine-month period ended June 30, 2005, 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.

The financial statements as of June 30, 2004 have been restated in order to reflect, with retroactive effect, certain expenses which were incurred during that period and were not accounted for in the previous interim financial statements, as of the above date, that were published by the company on Form 10Q-SB on July 26, 2004. These expenses include the compensation attributed to the fair value of options granted to the Company's Officer, and expenses accrued through June 30, 2004.

6

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

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

In addition, the previous financial statements were headed "consolidated" financial statements, taking into account the consolidation of GammaCan, Ltd ("the subsidiary"). Since the acquisition of this subsidiary was not completed as of June 30, 2004, it should not have been consolidated as of that date. The deconsolidation of the subsidiary have no effect, however, on the company's financial statements, as it had no content as of that date.

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.

d. Principles of consolidation

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The consolidated financial statements include the accounts of the Company and its Subsidiary. All material inter-company balances and transactions 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" ("FAS 128"), 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 2,484,998 for the period ended June 30, 2005.

7

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

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

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.

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 nine months ended June 30, 2005:

	nine months ended June 30, 2005 -----	three mo ended Jun 2005 -----
Net loss as reported	\$ (796,963)	\$ (339,3
Deduct: stock based employee compensation expense determined under fair value method for all awards, net of related tax effects	(89,638)	(43,8
Reversal of stock based employee compensation expense determined under fair value method due to forfeiture of awards granted to the company's CEO (see note 4)	118,190	565,2
Pro forma profit (loss)	\$ (768,411) =====	\$ 182,0 =====
Net profit (loss) per 1000 common shares:		
Basic and diluted - as reported	\$ (30.59) =====	\$ (12. =====
Basic and diluted - pro forma	\$ (29.49)	\$ 6.



## 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

8

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

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

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 June 30, 2005, will be approximately \$163,344. This estimate does not include the impact of additional awards, which may be granted, or forfeitures, which may occur subsequent to June 30, 2005 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.

On June 7, 2005, the FASB issued Statement No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes, and Statement No. 3, Reporting Accounting Changes in Interim Financial Statements" (FAS 154). FAS 154 changes the requirements for the accounting for, and reporting of, a change in accounting principle. Previously, most voluntary changes in accounting principles were required to be recognized by way of a cumulative effect adjustment within net income during the period of the change. FAS 154 requires retrospective application to prior

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periods' financial statements, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. FAS 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005; however, the Statement does not change the transition provisions of any existing accounting pronouncements. The implementation of FAS 154 is not expected to have a material impact on the Company's consolidated financial statements.

### 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 June 30, 2005 of \$1,311,049. 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.

9

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

### 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. On March 1, 2005 the Company and its Subsidiary, entered into an agreement appointing a related party as Vice

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President of Business Development, in consideration of a salary of \$4,000 per month, commencing February 2005. On June 2, 2005 the CEO of the Company and its Subsidiary resigned effective as of July 2, 2005. Upon the CEO's resignation, his 1,400,000 granted options have been forfeited. Effective July 2, 2005 the related party will serve as the CEO of the Subsidiary and as acting CEO of the Company, devoting approximately 70% of her business time to the affairs of the Company and its subsidiary for a monthly salary of \$6,475.

### NOTE 5. - STOCK TRANSACTIONS:

- a. 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.

10

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

### NOTE 5. - STOCK TRANSACTIONS (continued):

- b. 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 \$8,724.
- c. According to a board of directors' resolution from January 11, 2005 the following are entitled to receive options under the 2004 Employees and Consultant Stock Option Plan:
  - o 50,000 options to each of the four board members.
  - o 50,000 options to each of three scientific advisors.
- d. According to a board of directors' resolution from June 21, 2005, an employee of the Subsidiary is entitled to receive 100,000 options under the 2004 Employees and Consultant Stock Option Plan.

11

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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 received approval from the Institutional Review Boards of a number of medical centers for the initiation of a clinical trial in Israel for a Phase II study using IVIG immunotherapy for a range of metastatic cancers. We started enrolling patients during July 2005. 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 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.

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### Other Research and Development Plans

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	\$1,447,000
Marketing and Business Development	\$145,000
General & Administrative Expenses	\$662,000
Total	\$2,254,000

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 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 according to the planned expenditures 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

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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 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

5

### ITEM 3. CONTROLS AND PROCEDURES

- a) Evaluation of Disclosure Controls and Procedures. As of June 30, 2005, 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.

6

## 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

In June 2005, we issued an aggregate of 300,000 stock options to four members of our Board of Directors and an employee of GammaCan Ltd., our Israeli subsidiary, pursuant to our 2004 Stock Option Plan. The members of our Board of Directors

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were each granted 50,000 stock options 25 % of which will vest on the first anniversary of the date of grant (for 3 directors it's January 11, 2005 and for one director it's February 13, 2005) and the remaining options will vest in 36 equal monthly installments and are exercisable at \$1.15 per share. Adi Avidar, an employee of GammaCan Ltd., was granted 100,000 stock options 25% of which vest on November 14, 2005 and the remaining options will vest in 36 equal monthly installments and are exercisable at \$1.15 per share. These securities were issued pursuant to an exemption from registration requirements under Section 4(2) of 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)

7

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.

GAMMACAN INTERNATIONAL, INC.

August 10, 2005

/s/ TOVI BEN ZEEV

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Tovi Ben Zeev,  
Chief Financial Officer

8