

ADVENTRX PHARMACEUTICALS INC

Form 10-Q

May 10, 2006

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**FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

(Mark One)

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

For the quarterly period ended March 31, 2006

OR

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

For the Transition Period from _____ **to** _____
Commission File Number 001-32157

ADVENTRX Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

84-1318182
(I.R.S. Employer Identification No.)

**6725 Mesa Ridge Road, Suite 100
San Diego, California 92121
858-552-0866**

(Address of principal executive offices, zip code and telephone number, including area code)

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 preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

The number of shares outstanding of the registrant's common stock, \$.001 par value, as of May 3, 2006 was 71,649,833.

**ADVENTRX PHARMACEUTICALS, INC. AND SUBSIDIARY
FORM 10-Q QUARTERLY REPORT
For the Period Ended March 31, 2006
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(A Development Stage Enterprise)

Condensed Consolidated Balance Sheets

	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,819,293	\$ 14,634,618
Accrued interest income	13,773	10,214
Prepaid expenses	291,052	255,802
Short-term investments	5,194,703	7,958,458
Total current assets	22,318,821	22,859,092
Property and equipment, net	389,102	407,544
Other assets	335,554	355,137
Total assets	\$ 23,043,477	\$ 23,621,773
Liabilities and Shareholders Deficiency		
Current liabilities:		
Accounts payable	\$ 694,363	\$ 593,228
Accrued liabilities	1,276,202	930,274
Accrued salary and related taxes	237,868	173,398
Warrant liability	46,723,476	29,696,411
Total current liabilities	48,931,909	31,393,311
Long-term liabilities	57,078	57,078
Total liabilities	48,988,987	31,450,389
Commitments and contingencies		
Temporary equity:		
Common stock subject to continuing registration, \$.001 par value; 10,810,809 shares issued and outstanding in 2006 and 2005, respectively		
Shareholders deficiency:		
Common stock, \$.001 par value. Authorized 200,000,000 shares; issued 58,317,667 shares in 2006 and 56,529,388 shares in 2005		
	69,152	67,364
Additional paid-in capital	55,034,292	52,105,329
Accumulated other comprehensive loss	(2,686)	(1,722)
Deficit accumulated during the development stage	(81,011,521)	(59,964,840)
Treasury stock, 23,165 shares at cost	(34,747)	(34,747)
Total shareholders deficiency	(25,945,510)	(7,828,616)

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Total liabilities and shareholders' deficiency	\$ 23,043,477	\$ 23,621,773
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See accompanying notes to unaudited condensed consolidated financial statements.

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ADVENTRX PHARMACEUTICALS, INC. AND SUBSIDIARY
(A Development Stage Enterprise)
Condensed Consolidated Statements of Operations
(unaudited)

	Three months ended March 31,		Inception (June 12, 1996) through March 31, 2006
	2006	2005	
Net sales	\$	\$	\$ 174,830
Cost of goods sold			51,094
Gross margin			123,736
Grant revenue			129,733
Interest income	236,527	37,322	934,864
	236,527	37,322	1,188,333
Operating expenses:			
Research and development	2,483,858	1,704,797	18,640,610
General and administrative	1,735,172	1,150,033	19,069,471
Depreciation and amortization	37,113	27,126	10,292,674
Impairment loss write off of goodwill			5,702,130
Interest expense		300	179,090
Equity in loss of investee			178,936
Total operating expenses	4,256,143	2,882,256	54,062,911
Loss from operations	(4,019,616)	(2,844,934)	(52,874,578)
Gain (loss) on fair value of warrants	(17,027,065)		(28,606,725)
Loss before cumulative effect of change in accounting principle	(21,046,681)	(2,844,934)	(81,481,303)
Cumulative effect of change in accounting principle			(25,821)
Net loss	(21,046,681)	(2,844,934)	(81,507,124)
Preferred stock dividends			(621,240)
Net loss applicable to common stock	\$ (21,046,681)	\$ (2,844,934)	\$ (82,128,364)
Loss per common share basic and diluted	\$ (.31)	\$ (.05)	
Weighted average number of common shares outstanding basic and diluted	67,976,352	53,967,933	

See accompanying notes to unaudited condensed consolidated financial statements.

Table of Contents**ADVENTRX PHARMACEUTICALS, INC. AND SUBSIDIARY**

(A Development Stage Enterprise)

Condensed Consolidated Statements of Shareholders' Equity (Deficit)

Inception (June 12, 1996) through March 31, 2006

	Cumulative convertible preferred stock, series			Cumulative convertible preferred stock, series		Cumulative convertible preferred stock, series		Deficit Accumulated		Total
	A	B	C	Common stock	paid-in capital	comprehensive loss	development stage	Treasury stock, at cost	Shareholders' equity (deficit)	
	Shares	Shares	Shares	Shares	Amount	\$	\$	\$	\$	
Balances at June 12, 1996 (date of incorporation)	\$	\$	\$		\$	\$	\$	\$	\$	
Issuance of common stock without par value				503	5		5			
Change in par value of common stock					(4)		4			
Balance of common stock and net liabilities										
Balance in acquisition				1,716,132	1,716	3,224	(18,094)		(13,148)	
Issuance of common stock				2,010,111	2,010	456	(2,466)		(259,000)	
Loss							(259,476)		(259,476)	
Balances at December 31, 1996				3,726,746	3,727	3,689	(280,036)		(272,733)	
Issuance of common stock, net of offering costs of 1996				1,004,554	1,004	1,789,975			1,790,979	
Issuance of common stock in acquisition				375,891	376	887,874			888,647	
Priority interest deficiency at acquisition charged to Company							(45,003)		(45,003)	
Loss							(1,979,400)		(1,979,400)	
Balances at December 31, 1997				5,107,191	5,107	2,681,538	(2,304,439)		382,297	
Issuance of acquisition				(375,891)	(376)	(887,874)	561,166		(327,975)	
Issuance of common stock at conversion of notes				450,264	451	363,549			364,000	
Expense related to stock warrants issued						260,000			260,000	
Loss							(1,204,380)		(1,204,380)	
Balances at December 31, 1998				5,181,564	5,182	2,417,213	(2,947,653)		(525,108)	
Issuance of common stock				678,412	678	134,322			135,000	
Expense related to stock warrants issued						212,000			212,000	
Loss							(1,055,485)		(1,055,485)	
Balances at December 31, 1999				5,859,976	5,860	2,763,535	(4,003,138)		(1,233,603)	

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	Cumulative convertible preferred stock, series A	Cumulative convertible preferred stock, series B	Cumulative convertible preferred stock, series C	Common stock	Additional paid-in capital	Retained earnings	Accumulated deficit during the period	Treasury stock, at cost
	Shares	Amount	Shares	Shares	Amount	Amount	Amount	Amount
Preferred stock, net of offering costs of \$76,500	3,200	32				3,123,468	\$	
Common stock at conversion of notes and payable				412,487	412	492,085		
Common stock at conversion of notes payable				70,354	70	83,930		
Common stock to settle obligations				495,111	496	1,201,664		
Common stock for acquisition				6,999,990	7,000	9,325,769		
Warrants for acquisition						4,767,664		
Warrants for acquisition costs				150,000	150	487,350		
Warrants related to stock warrants issued						140,000		
Payable on preferred stock						(85,000)		
Exercise of warrants				599,066	599	(599)		
								(3,701,084)
December 31, 2000	3,200	32		14,586,984	14,587	22,299,866		(7,704,222)
Payable on preferred stock						(256,000)		
Warrants						(55,279)		
Warrants						47,741		
Exercise of warrants				218,493	219	(219)		
Common stock to pay preferred dividends				93,421	93	212,907		
Warrants issued with notes payable						450,000		
Warrants to pay operating expenses						167,138		
Common stock to pay operating expenses				106,293	106	387,165		
Preferred stock to pay operating expenses	137	1				136,499		
								(16,339,120)
December 31, 2001	3,337	33		15,005,191	15,005	23,389,818		(24,043,342)

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ADVENTRX PHARMACEUTICALS, INC. AND SUBSIDIARY
 (A Development Stage Enterprise)
 Condensed Consolidated Statements of Shareholders' Equity (Deficit)
 Inception (June 12, 1996) through March 31, 2006
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Cumulative convertible preferred stock, series A	Cumulative convertible preferred stock, series B		Cumulative convertible preferred stock, series C		Common stock		Deficit Accumulated		
	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	other comprehensive loss	during the development stage
								(242,400)	
					240,000	240	117,613		
					100,201	100	(100)		
					344,573	345	168,477		
	200,000	2,000					298,000		
			70,109	701			700,392		
(3,000)	(30)				1,800,000	1,800	(1,770)		
							335,440		
							163,109		
					6,292	6	12,263		

136	1							6,000	
								329,296	(2,105,727)
473	4	200,000	2,000	70,109	701	17,496,257	17,496	25,276,138	(26,149,069)
								(37,840)	
				(70,109)	(701)	14,021,860	14,022	(13,321)	
						165,830	165	53,326	
						6,640,737	6,676	2,590,656	
						3,701,733	3,668	3,989,181	
						235,291	235	49,486	
						230,000	230	206,569	
								156,735	
								286,033	

(2,332,077)

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	Cumulative convertible preferred stock, series A		Cumulative convertible preferred stock, series B		Cumulative convertible preferred stock, series C		Common stock		Additional paid-in capital	Other Comprehensive Loss	Deficit accumulated during the development stage	Treasury Stock, at cost
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
September 30, 2003	473	4	200,000	2,000	42,491,708	42,492			32,556,963		(28,481,146)	
of dividends												
Preferred stock									72,800			
Series A												
Preferred stock	(473)	(4)			236,500	236			(232)			
Series B												
			(200,000)	(2,000)	200,000	200			1,800			
Exercise of warrants					464,573	465			(465)			
Warrants					23,832	23			27,330			
Warrants in claim									86,375			
Common stock at \$1.50												
					10,417,624	10,419			15,616,031			
Financing and									(1,366,774)			
Warrant options to									524,922			
Treasury stock									34,747			(34,747)
											(6,701,048)	
September 30, 2004					53,834,237	53,835			47,553,497		(35,182,194)	(34,747)
Income:											(24,782,646)	
Change in fair value of securities										(1,722)		
Comprehensive loss												
Shares issued in mezzanine					10,810,809	10,811			(10,811)			
Warrants					2,408,316	2,408			3,071,030			
Warrant options					185,000	185			144,815			
Warrant options to									994,874			
Warrant options to									93,549			
Common stock to					125,000	125			258,375			

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ADVENTRX PHARMACEUTICALS, INC. AND SUBSIDIARY
(A Development Stage Enterprise)
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Three months ended March 31,		Inception (June 12, 1996) through March 31, 2006
	2006	2005	2006
Cash flows from operating activities:			
Net loss	\$ (21,046,681)	\$ (2,844,934)	\$ (81,507,124)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	37,113	27,126	9,842,674
Fair value of warrant liability	17,027,065		28,606,725
Amortization of debt discount			450,000
Forgiveness of employee receivable			30,036
Impairment loss write-off of goodwill			5,702,130
Expenses paid by warrants			573,357
Expenses paid by preferred stock			142,501
Expenses related to stock warrants issued			612,000
Expenses related to employee stock options issued	444,655	129,226	2,579,780
Expense related to stock options issued to non-employee	94,346		187,895
Expenses paid by issuance of common stock	58,750		978,131
Expenses paid by issuance of restricted stock	30,170		30,170
Equity in loss of investee			178,936
Write-off of license agreement			152,866
Write-off of assets available for sale		108,000	108,000
Cumulative effect of change in accounting principle			25,821
Accretion of a discount	(68,209)		(180,169)
Changes in assets and liabilities, net of effect of acquisitions:			
(Increase) decrease in prepaid and other assets	(77,976)	47,935	(789,830)
Increase (decrease) in accounts payable and accrued liabilities	511,533	(56,884)	1,687,162
Increase (decrease) in other long-term liabilities			57,078
Increase in sponsored research payable and license obligation			924,318
Net cash used in operating activities	(2,989,234)	(2,589,531)	(29,607,543)
Cash flows from investing activities:			
Purchase of certificate of deposit			(1,016,330)
Maturity of certificate of deposit			1,016,330
Purchases of property and equipment	(18,671)	(32,304)	(684,698)
Purchases of short-term investments	(3,874,000)		(16,997,220)

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Proceeds from sales of short-term investments	6,705,000		11,980,000
Payment on obligation under license agreement			(106,250)
Cash acquired in acquisition of subsidiary			64,233
Issuance of note receivable related party			(35,000)
Payments on note receivable			405,993
Advance to investee			(90,475)
Cash transferred in rescission of acquisition			(19,475)
Cash received in rescission of acquisition			230,000
Net cash provided by (used in) investing activities	2,812,329	(32,304)	(5,252,892)
Cash flows from financing activities:			
Proceeds from sale of preferred stock			4,200,993
Proceeds from sale of common stock			44,152,593
Proceeds from exercise of stock options			145,000
Proceeds from sale or exercise of warrants	2,425,200	122,250	5,910,228
Repurchase of warrants			(55,279)
Payment of financing and offering costs	(63,620)		(3,412,616)
Payments of notes payable and long-term debt			(605,909)
Proceeds from issuance of notes payable and detachable warrants			1,344,718
Net cash provided by financing activities	2,361,580	122,250	51,679,728
Net increase (decrease) in cash and cash equivalents	2,184,675	(2,499,585)	16,819,293
Cash and cash equivalents at beginning of period	14,634,618	13,032,263	
Cash and cash equivalents at end of period	\$ 16,819,293	\$ 10,532,678	\$ 16,819,293

See accompanying notes to unaudited condensed consolidated financial statements.

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**ADVENTRX Pharmaceuticals, Inc.
Notes to Condensed Consolidated Financial Statements**

1. Description of the Company

ADVENTRX Pharmaceuticals, Inc., a Delaware corporation, (the Company), is a biopharmaceutical research and development company focused on introducing new technologies for anticancer and antiviral treatments that surpass the performance and safety of existing drugs by addressing significant problems such as drug metabolism, toxicity, bioavailability and resistance. The Company currently does not manufacture, market, sell or distribute any products. Pursuant to license agreements with University of Southern California (USC) and SD Pharmaceuticals, Inc. the Company has rights to drug candidates in varying stages of development.

On May 30, 2003, the Company merged its wholly owned subsidiary, Biokeys, Inc., into itself and changed the name of the Company from Biokeys Pharmaceuticals, Inc. to ADVENTRX Pharmaceuticals, Inc. The merger had no effect on the financial statements of the Company. In July 2004, the Company formed a wholly owned subsidiary, ADVENTRX (Europe) Ltd., in the United Kingdom for the purpose of conducting drug trials in the European Union. On April 26, 2006 the Company closed its previously announced merger agreement with SD Pharmaceuticals, Inc. and issued approximately 2,100,000 shares of common stock as the merger consideration. The merger resulted in the acquisition of drug candidates owned by SD Pharmaceuticals, Inc. that were formerly under license as well as additional drug candidates.

2. Unaudited interim financial statements

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 2006 and its results of operations and cash flows for the three months ended March 31, 2006 and 2005 and for the period from inception (June 12, 1996) through March 31, 2006. Information included in the consolidated balance sheet as of December 31, 2005 has been derived from the audited consolidated financial statements of the Company as of December 31, 2005 (the Audited Financial Statements) included in the Company's Annual Report on Form 10-K (the 10-K) for the year ended December 31, 2005 that was previously filed with the Securities and Exchange Commission (the SEC). Pursuant to the rules and regulations of the SEC, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from these financial statements unless significant changes have taken place since the end of the most recent fiscal year. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Audited Financial Statements and the other information also included in the 10-K.

The results of the Company's operations for the three months ended March 31, 2006 are not necessarily indicative of the results of operations for the full year ending December 31, 2006.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of the dates of the condensed consolidated balance sheets and reported amount of revenues and expenses for the periods presented. Accordingly, actual results could materially differ from those estimates.

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Noncash investing and financing transactions excluded from the condensed statements of cash flows for the three months ended March 31, 2006 and 2005 and for the period from inception (June 12, 1996) through March 31, 2006 are as follows:

	Three months ended		Inception
	March 31,		(June 12, 1996)
	2006	2005	through
			March 31, 2006
Issuance of warrants, common stock and preferred stock for:			
Conversion of notes payable and accrued interest	\$	\$	\$ 1,213,988
Payment of operating expenses			1,482,781
Conversion of preferred stock			2,705
Acquisitions			14,617,603
Payment of dividends			213,000
Financial advisor services in conjunction with private placement			1,137,456
Settlement of claim			86,375
Acquisition of treasury stock in settlement of a claim			34,747
Assumptions of liabilities in acquisitions			1,009,567
Acquisition of license agreement for long-term debt			161,180
Cashless exercise of warrants	13		3,905
Dividends accrued			621,040
Trade asset converted to available for sale asset			108,000
Dividends extinguished			408,240
Trade payable converted to note payable			83,948
Issuance of warrants for return of common stock			50,852
Detachable warrants issued with notes payable			450,000
Unrealized loss on short-term investments	964		2,686

3. Net Loss Per Common Share

Net loss per common share is calculated according to Statement of Financial Accounting Standards No. 128, Earnings per Share, using the weighted average number of shares of common stock outstanding during the period.

The following potentially dilutive shares were not included in the computation of net loss per common share diluted, as their effect would have been antidilutive due to the Company's net losses for the three months ended March 31, 2006 and 2005:

	2006	2005
Warrants	17,737,100	10,956,096
Options	3,113,000	1,625,000
Total	20,850,100	12,581,096

4. Stock Compensation Plans

On May 24, 2005, at the Company's annual meeting of stockholders, the Company's stockholders approved the 2005 Equity Incentive Plan (the 2005 Plan) and the 2005 Employee Stock Purchase Plan. The 2005 Plan is intended to encourage ownership of shares of common stock by directors, officers, employees, consultants and advisors of the Company and its affiliates and to provide additional incentive for them to promote the success of the Company's

business through the grant of equity-based awards. The 2005 Plan permits the Company to issue options, share appreciation rights, restricted shares, restricted share units, performance awards, annual incentive awards and other share-based awards and cash-based awards. The maximum aggregate number of shares of common stock which may be issued pursuant to or subject to the foregoing types of awards granted under the 2005 Plan currently is 6,673,634. This maximum number is subject to an annual increase equal to the lesser of (i) one percent of the number of outstanding shares of common stock on such day, (ii) 750,000 or (iii) such other amount as the Company's board of directors may specify. The 2005 Plan is intended to comply with applicable securities law requirements, permit performance-based awards that qualify for deductibility under Section 162(m) of the Internal Revenue Code and allow for the issuance of incentive stock options.

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In July 2005, the Company granted options to acquire 1,625,000 shares of common stock to employees under the 2005 Plan under pre-existing option agreements. In addition, in July 2005, the Company granted new options to acquire 1,103,000 shares of common stock to employees under the 2005 Plan. In December 2005, the exercise prices on 743,000 of the 1,103,000 options were increased to equal the fair market value of Common Stock on the date of grant in July 2005. In addition, the exercise prices on 730,000 of the pre-existing options were increased to equal the fair market value of Common Stock on the original grant dates. The increase in the strike price of these options resulted in a modification to these options and as such the fair value of the effected options was re-measured as of December 23, 2005.

Prior to January 1, 2006, the Company accounted for stock-based compensation under the recognition and measurement principles of Statement of Financial Accounting Standards (SFAS) 123, Accounting for Stock-Based Compensation (SFAS 123). Effective January 1, 2006, the Company began recording compensation expense associated with stock options and other equity-based compensation in accordance with SFAS 123 (revised 2004),

Share-Based Payment (SFAS 123R). The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally four years; however, certain provisions in the Company s equity compensation plans provide for shorter vesting periods under certain circumstances.

The compensation expense related to the Company s share-based compensation arrangements is recorded as components of general and administrative expense and research and development expense. SFAS 123R requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised (excess tax benefits) be classified as cash inflows from financing activities and cash outflows from operating activities. Due to the Company s net loss position, no tax benefits have been recognized in the cash flow statement. The estimated fair value of each option award granted was determined on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions for option grants during the three months ended March 31, 2006 and 2005:

	March 31,	
	2006	2005
Risk-free interest rate	4.14 -4.52%	3.69-4.32%
Dividend yield	0.0%	0.0%
Volatility	90%	90%
Expected Life	5 years	5 years

The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of the Company s employee stock options. The expected volatility is based on the historical volatility of the Company s stock. The Company has not paid any dividends on common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future. The computation of the expected option term is based on expectations regarding future exercises of options which generally vest over 4 years and have a 10 year life.

As share-based compensation expense recognized in the Condensed Consolidated Statement of Operations for the first quarter of fiscal 2006 is based on awards ultimately expected to vest, it should be reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Pre-vesting forfeitures were estimated to be 3% in the first quarter of fiscal 2006 based on industry data. For fiscal periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred, as allowed under SFAS 123.

The Company s determination of fair value is affected by the Company s stock price as well as a number of assumptions that require judgment. The weighted-average fair value of each option granted during the three months ended March 31, 2006, estimated as of the grant date using the Black-Scholes option valuation model, was \$3.34 per option.

A summary of the status of the Company s stock option plans as of March 31, 2006 and of changes in options outstanding under the plans during the three months ended March 31, 2006 is as follows :

Number of

	Shares	Weighted Average Price Per Share
Outstanding at January 1, 2006	2,457,000	\$ 1.45
Granted	656,000	4.68
Exercised		
Terminated		
Outstanding at March 31, 2006	3,113,000	\$ 2.13
Options exercisable at March 31, 2006	1,774,500	\$ 1.15

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For the three months ended March 31, 2006 and 2005, share-based compensation expense related to stock options was \$444,655 and \$129,226, respectively. As of March 31, 2006, there was approximately \$3.2 million of unamortized compensation cost related to unvested stock option awards, which is presently expected to be recognized over a remaining weighted average period of approximately 2 years.

The aggregate intrinsic value of options outstanding and exercisable at March 31, 2006 was approximately \$8.8 million and \$6.7 million, respectively.

In July 2005, the Company granted 114,000 options to consultants. These option grants were valued as of March 31, 2006 using the Black-Scholes pricing model with the following assumptions: no dividend yield, expected volatility of 90%, risk-free interest rate 4.5% and expected life of 3 or 4 years. The Company recognized \$94,346 in compensation expense for these options in the three months ended March 31, 2006.

5. Equity Transactions

In the three months ended March 31, 2006, the Company's warrant holders exercised warrants for an aggregate of 1,781,279 shares of common stock, with net proceeds to the Company of \$2,361,580.

On April 14, 2005, the Company issued 25,000 shares of common stock as partial payment for services rendered by a consulting firm. Those shares were recognized at fair market value as of the date of obligation and resulted in compensation expense of \$23,500 in the first quarter of 2005, when the services were performed.

On July 13, 2005, the Company issued 100,000 shares of common stock pursuant to a consulting agreement entered into in January 2005. Those shares were recognized at fair market value as of the date of issuance and resulted in compensation expense of \$58,750 in the first quarter of 2006.

In July 2005, the Company issued 10,810,809 shares of common stock in conjunction with a private placement which resulted in net proceeds of \$18,116,751. The net proceeds increased by \$197,000 in the fourth quarter of 2005 due to a partial refund of commissions paid. The Company also issued warrants to purchase 10,810,809 shares of Common Stock at an exercise price of \$2.26 per share with this placement.

In March of 2006, the Company issued 7,000 shares of restricted stock to consultants for services performed with a fair value of \$30,170.

6. Fair Value of Warrants

On July 21, 2005, the Company entered into a Securities Purchase Agreement with Icahn Partners LP, Icahn Partners Master Fund LP, High River Limited Partnership, Viking Global Equities LP, VGE III Portfolio Ltd., North Sound Legacy Institutional Fund LLC, North Sound Legacy International Ltd. and the Royal Bank of Canada for the sale of 10,810,809 shares of Common Stock at a purchase price of \$1.85 per share for aggregate gross proceeds of \$19,999,997, and the issuance of 7-year warrants to purchase 10,810,809 shares of Common Stock at an exercise price of \$2.26 per share. The Company received net proceeds of \$18,116,751 as of July 21, 2005, which increased by \$197,000 to \$18,313,751 in the fourth quarter. The private placement consisted of accredited institutional investors. Pursuant to the terms of the Securities Purchase Agreement entered into in connection with the transaction, if (i) a Registration Statement covering (A) all of the Shares and the Warrant Shares and (B) any other shares of Common Stock issued or issuable in respect to the Shares and the Warrant Shares because of stock splits, stock dividends, reclassifications, recapitalizations or similar events (together, the Registrable Shares) required to be covered thereby and required to be filed by the Company was (A) not filed with the SEC on or before forty-five (45) days after the Closing Date (a Filing Failure) or (B) if such Registration Statement was not declared effective by the SEC on or before (1) ninety (90) days after the Closing Date (an Effectiveness Failure) or (ii) on any day after the effective date of the Registration Statement sales of all the Registrable Shares required to be included on such Registration Statement cannot be made (other than as permitted during a suspension pursuant to this Agreement) pursuant to such Registration Statement (including, without limitation, because of a failure to keep such Registration Statement effective, to disclose such information as is necessary for sales to be made pursuant to such Registration Statement or to register sufficient shares of Shares) (a Maintenance Failure), then, the Company shall pay as liquidated damages (the Liquidated Damages) for such failure and not as a penalty to any Purchaser an amount in cash determined in accordance with the following formula set forth below:

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For each 30-day period that a Filing Failure, Effectiveness Failure or Maintenance Failure remains uncured, the Company shall pay an amount equal to the purchase price paid to the Company for all Shares then held by such Purchaser multiplied by 1% for the first 30-day period or any portion thereof and increasing by an additional 1% with regard to each additional 30-day period until such Filing Failure, Effectiveness Failure or Maintenance Failure is cured. For any partial 30-day period in which a Filing Failure, Effectiveness Failure or Maintenance Failure exists but is cured prior to the end of the 30-day period, the Company shall pay the Purchasers a pro rata portion of the amount which would be due if the failure continued for the entire 30-day period. For example, if the purchase price paid for all Shares then held by a Purchaser is \$5,000,000, then, (a) at the end of the 30th day, the Liquidated Damages would be 1% or \$50,000, (b) at the end of the 60th day, the Liquidated Damages for the first 30-day period would have been 1% or \$50,000 and for the second 30-day period would be 2% or \$100,000, and (c) at the end of the 105th day, the Liquidated Damages for the first 30-day period would have been 1% or \$50,000, for the second 30-day period 2% or \$100,000, for the third 30-day period 3% or \$150,000, and for the final 15-day period, 4% applied pro rata to such 15 days, or \$100,000.

Payments to be made pursuant to this Agreement shall be due and payable to the Purchasers at the end of each calendar month during which Liquidated Damages shall have accrued. No Liquidated Damages shall be due or payable to a Purchaser in any event if as of the date of the Filing Failure, Effectiveness Failure or Maintenance Failure such Purchaser could sell all of the Registrable Shares such Purchaser then holds without registration by reason of Rule 144(k) of the Securities Act.

The registration statement was filed and declared effective by the SEC within the allowed time. The Company has not yet been required to pay any liquidated damages in connection with the registration statement.

In accordance with Emerging Issues Task Force (EITF) Issue No. 00-19, Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In a Company's Own Stock, and the SEC's December 2005 interpretation thereof, the fair value of the warrants is accounted for as a liability, with an offsetting reduction to additional paid-in capital at the closing date (July 21, 2005). At the end of each reporting period, the value of the warrants will be remeasured based on the fair market value of the underlying shares, and changes to the warrant liability and related gain or loss will be made appropriately. The warrant liability will be reclassified to equity when the registration statement is no longer subject to risk for Maintenance Failures.

The fair value of the warrants as of March 31, 2006 was estimated using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free (10-year Treasury yield) interest rate of 4.5%; the contractual life of 7 years and volatility of 90%. The fair value of the warrants was estimated to be \$19,439,185 on the closing date of the transaction. The difference between the fair value of the warrants of \$19,439,185 and the gross proceeds from the offering was classified as Loss on fair value of warrants in the Company's statement of operations, and included in Warrant liability on the Company's balance sheet. The fair value of the warrants was re-measured at December 31, 2005 and estimated to be \$29,696,411 with the increase in fair value due to the increase in the market value of the Company's common stock. The fair value of the warrants was re-measured at March 31, 2006 and estimated to be \$46,732,476. The increase in fair value of the warrants of \$17,027,065 from December 31, 2005 to March 31, 2006 was recorded as Loss on fair value of warrants in the Company's statement of operations, and included in Warrant liability on the Company's balance sheet.

The adjustments required by EITF Issue No. 00-19 as interpreted by the SEC in December 2005 were triggered by the terms of the Company's agreements for the private placement it completed in July 2005, specifically related to the potential penalties if the Company did not timely register the common stock underlying the warrants issued in the transaction, and remain effective during the registration period. The adjustments for EITF Issue No. 00-19 had no impact on the Company's cash flow, liquidity, or business operations.

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7. Commitments and Contingencies

Litigation

In the normal course of business, the Company may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are often not predictable with assurance. Management is not aware of any pending or threatened lawsuit or proceeding that would have a material adverse effect on the Company's financial position, results of operations or cash flows.

8. Subsequent Event

On April 7, 2006, the Company entered into an Agreement and Plan of Merger (the *Merger Agreement*) among the Company, SD Pharmaceuticals, Inc., a Delaware corporation (*SDP*), Speed Acquisition, Inc., a Delaware corporation and a wholly-owned subsidiary of SDP, Paul Marangos and Andrew X. Chen, each as stockholders of SDP, and Paul Marangos, as an individual acting as the stockholder representative. Pursuant to the Merger Agreement, we acquired SPD through the merger of Speed Acquisition, Inc. into SDP and the merger of the surviving company (SDP) into the Company.

Under the Merger Agreement, the Company issued an aggregate of approximately 2,100,000 shares of our common stock (the *Merger Consideration Shares*) to the stockholders of SDP. The issuance of the Merger Consideration Shares were not registered under the Securities Act of 1933 (the *Securities Act*) in reliance upon Section 4(2) of such Act. The merger closed on April 26, 2006. Within 35 days following that date, the Company is required to file with the Securities and Exchange Commission a registration statement on Form S-3 (the *Registration Statement*) covering the resale of the Merger Consideration Shares. If the Registration Statement has not become effective under the Securities Act by June 12, 2006, the Company would be obligated to make an aggregate cash payment of \$100,000 to the stockholders of SDP on a pro-rata basis.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and related notes contained elsewhere in this report. See **Risk Factors** regarding certain factors known to us that could cause reported financial information not to be necessarily indicative of future results.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which include, without limitation, statements about the market for our technology, our strategy, competition, expected financial performance and other aspects of our business identified in this Quarterly Report, as well as other reports that we file from time to time with the Securities and Exchange Commission. Any statements about our business, financial results, financial condition and operations contained in this Quarterly Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, anticipates, expects, intends, projects, or similar expressions are intended to identify forward-looking statements. Our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including the risk factors described under the heading Risk Factors and elsewhere in this report. We undertake no obligation to update publicly any forward-looking statements for any reason, except as required by law, even as new information becomes available or other events occur in the future.

Overview

We are a biopharmaceutical research and development company focused on introducing new treatments for cancer and infectious diseases that improve the performance and safety of existing drugs by addressing significant problems such as drug metabolism, toxicity, bioavailability and resistance. We do not manufacture, market, sell or distribute any product. Pursuant to license agreements with University of Southern California and the acquisition in April 2006 of all assets of SD Pharmaceuticals, Inc. (SDP), we have rights to drug candidates in varying stages of development. Our current drug candidates are CoFactor (ANX-510), ANX-530 (vinorelbine emulsion, Selone, Thiovir (ANX-201), ANX-513 (paclitaxel emulsion), ANX-514 (docetaxel emulsion), ANX-015 (clarithromycin emulsion), ANX-016 (vancomycin emulsion), ANX-211 (chitosan gel), ANX-570 (beta-elemene), ANX-575 (alpha-tocopherol succinate). CoFactor, Thiovir, Selone and ANX-530 are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005. The other products, including additional rights to ANX-530, were acquired in the merger with SDP, announced in April 2006. These products are briefly described below.

ANX-513 is a novel emulsion formulation of paclitaxel (Taxol®) formulated without solvents or detergents and designed to be non-allergenic. Use of ANX-513 may obviate the need for immunosuppressant premedication, which is recommended for paclitaxel therapy to reduce the incidence and severity of severe hypersensitivity reaction. Paclitaxel is approved to treat breast, ovarian and non-small cell lung cancers.

ANX-514 is a novel detergent-free docetaxel (Taxotere®) formulation intended to eliminate the need for multiday immunosuppressant premedication, which is recommended for docetaxel therapy to reduce the incidence and severity of allergic reaction. Taxotere is approved to treat breast, non-small cell lung, prostate and gastric cancers.

ANX-015 is a novel intravenous formulation of an approved antibiotic in the macrolide family known as clarithromycin. Clarithromycin is approved for mild to moderate bacterial infections such as in community-acquired pneumonia. Only oral formulations of clarithromycin are currently available in the US.

ANX-016 is a novel formulation of vancomycin, a parenteral glycopeptide antibiotic approved to treat gram-positive bacterial infections. ANX-016 is designed to reduce the vein irritation and phlebitis associated with the IV-delivered drug.

ANX-570 is a novel formulation of beta-elemene, a small molecule anticancer agent belonging to the triterpene family.

ANX-575 is an emulsion formulation of alpha-tocopheryl succinate, a form of vitamin E which has been shown to selectively facilitate apoptosis, or cell death, in cancer cells in preclinical tests.

ANX-211 is a broad spectrum intranasal/topical anti-viral gel intended for use in cold and flu and other viral indications as an over-the-counter (OTC) product.

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We currently plan to request pre-IND meetings with the FDA regarding proposed bioequivalency regulatory approaches for ANX-513 and ANX-514 under section 505(b)(2) of the Federal Food, Drug & Cosmetic Act. In addition, we currently plan to investigate regulatory strategies for ANX-015, ANX-016 and ANX-211.

On May 30, 2003, we merged our wholly-owned subsidiary, Biokeys, Inc., into the Company and changed our name from Biokeys Pharmaceuticals, Inc. to ADVENTRX Pharmaceuticals, Inc. The merger had no effect on our financial statements.

In July 2004, we formed a wholly-owned subsidiary, ADVENTRX (Europe) Ltd., in the United Kingdom for the purpose of conducting drug trials in the European Union.

We have incurred net losses since our inception. As of March 31, 2006, our accumulated deficit was approximately \$81 million. We expect to incur substantial and increasing losses for the next several years as we continue development and possible commercialization of new products.

To date, we have funded our operations primarily through sales of equity securities.

Our business is subject to significant risks, including risks inherent in our ongoing clinical trials, the regulatory approval processes, the results of our research and development efforts, commercialization, and competition from other pharmaceutical companies.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of the consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and the related disclosure of contingent assets and liabilities. We review our estimates on an on-going basis, including those related to valuation of goodwill, intangibles and other long-lived assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the bases for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Our accounting policies are described in more detail in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K. We have identified the following as the most critical accounting policy used in the preparation of our consolidated financial statements.

Stock Compensation Plans. We grant options to purchase our common stock to our employees and directors under our 2005 Equity Incentive Plan. The benefits provided under this plan are share-based payments subject to the provisions of revised Statement of Financial Accounting Standards (SFAS) No. 123 (SFAS 123R), Share-Based Payment. Prior to January 1, 2006 we accounted for stock-based compensation under the recognition and measurement principles of SFAS No. 123 Accounting for Stock-Based Compensation (SFAS 123). Effective January 1, 2006, we began recording compensation expense associated with stock options and other equity-based compensation in accordance with SFAS 123R. We recognize these compensation costs on a straight-line basis over the requisite service period of the award, which is generally four years.

We estimate the value of stock option awards on the date of grant using the Black-Scholes option-pricing model (Black-Scholes model). The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends.

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If factors change and we employ different assumptions in the application of FAS 123R in future periods, the compensation expense that we record under FAS 123R may differ significantly from what we have recorded in the current period. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect our estimates of fair values, in our opinion, existing valuation models, including the Black-Scholes model, may not provide reliable measures of the fair values of our share-based compensation. There is not currently no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor is there a means to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with FAS 123R and the Securities and Exchange Commission's Staff Accounting Bulletin No. 107 (SAB 107) using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction. In addition, there are significant differences among valuation models, and there is a possibility that we will adopt different valuation models in the future. This may result in a lack of consistency in future periods and materially affect the fair value estimate of share-based payments. It may also result in a lack of comparability with other companies that use different models, methods and assumptions.

Estimates of share-based compensation expenses are significant to our financial statements, but these expenses are based on option valuation models and will never result in the payment of cash by us. For this reason, and because we do not view share-based compensation as related to our operational performance, we exclude estimated share-based compensation expense when evaluating our business performance.

Results of Operations**Three Months Ended March 31, 2006**

Research and Development Expenses. Total research and development expenses were \$2.5 million for the three months ended March 31, 2006 compared to \$1.7 million for the comparable period in 2005, an increase of \$779,000 or 46%. The quarter to quarter increase in research and development expenses was primarily related to an increase of \$388,000 in clinical trial expenses for our Phase IIb clinical trials of CoFactor which commenced in May 2005. Other factors include an increase employee stock option expense of \$133,000, an increase of \$159,000 in personnel costs due to hiring related to expansion of our clinical operations, consulting fees of \$181,000, and a decrease of \$116,000 in pre-clinical costs related to the license termination of some of our drug candidates. These increases were partially offset by individually minor items.

We currently expect that our research and development expenses will significantly increase from the level of expenses in the quarter ended March 31, 2006 as we ramp up our Phase III pivotal clinical trial of CoFactor for the treatment of metastatic colorectal cancer in the United States, and continue enrolling patients in our Phase IIb clinical trial of CoFactor for the treatment of metastatic colorectal cancer in Europe. The timing of the increase in expense will be directly related to the launch of the Phase III trial, and the amount of increase will be directly related to the success and speed of patient enrollment in the Phase IIb and Phase III trials.

General and Administrative Expenses. General and administrative expenses were \$1.7 million for the three months ended March 31, 2006 compared to \$1.2 million for the comparable period in 2005, an increase of \$585,000 or 51%. The quarter to quarter increase in general and administrative expenses was due to an increase of \$182,000 in employee stock option expense, a \$184,000 expense for options and stock issued to non-employees, a fee of \$103,000 for auditing services with respect to SOX compliance, a \$61,000 listing fee with the American Stock Exchange, LLC, and an increase of \$59,000 in compensation expense due to hiring of additional personnel in the finance and marketing departments. The remainder of the fluctuation in general and administrative expenses was caused by individually minor items. We currently expect our general and administrative expenses excluding non-recurring charges to continue at approximately current levels through the second quarter.

Gain (Loss) on Fair Value of Warrants. In July of 2005 we issued 10,810,809 warrants to purchase our common stock in conjunction with a private placement. The fair value of these warrants is re-measured at each reporting date with a resulting gain or (loss) recorded on the statement of operations. Loss on fair value of warrants was \$17.0 million for the three months ended March 31, 2006 compared to none for the comparable period in 2005.

Interest Income. Interest income for the three months ended March 31, 2006 was \$237,000 compared to \$37,000 of net interest income for the comparable period in 2005. The increase was attributable to higher invested balances from funds received from our most recent financing in July 2005 and from the exercise of warrants during the quarter as well as higher interest rate yield on these balances.

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Liquidity and Capital Resources

As of March 31, 2006, our principal sources of liquidity were our cash and cash equivalents and short-term investments which totaled \$22.0 million as compared to \$22.6 million as of December 31, 2005. This decrease was the net of \$2.4 million which was attributed to the exercise of warrants during this period and \$3.0 million used in operating activities. As of March 31, 2006 we held \$16.8 million in cash and \$5.2 million in short-term investments. As of March 31, 2006, our short-term investments consisted primarily of commercial paper and U.S. Govt Agencies. Net cash used in operating activities was \$3.0 million during the three months ended March 31, 2006, compared with \$2.6 million during the three months ended March 31, 2005. The increase in net cash used in operating activities was due to increased funding for clinical trials, and our increased operating expenses as we added additional personnel to support our expanded research and development activities and business development activities.

Net cash provided in investing activities was \$2.8 million during the three months ended March 31, 2006 compared with net cash used by investing activities of \$32,000 during the three months ended March 31, 2005. The increase in cash provided by investing activities was caused primarily by the sale of short-term investments made with the proceeds of our financing round which closed in July.

Net cash provided by financing activities was \$2.4 million during the three months ended March 31, 2006 compared with net cash provided by financing activities of \$122,000 during the three months ended March 31, 2005. The cash flows from financing activities for the three months ended March 31, 2006 and 2005 were primarily proceeds from the exercise of warrants.

Our future capital uses and requirements depend on numerous forward-looking factors and cannot be budgeted with any reasonable certainty. These factors include but are not limited to the following:

- the timing and results of our clinical trials;
- the progress of our research activities;
- the number and scope of our research programs;
- the progress of our preclinical development activities;
- our ability to establish and maintain strategic collaborations;
- the costs involved in enforcing or defending patent claims and other intellectual property rights;
- the costs and timing of regulatory approvals;
- the costs of establishing or expanding manufacturing, sales and distribution capabilities;
- the success of the commercialization of our products; and
- the extent to which we license, acquire or invest in other products, technologies and businesses.

To date, we have funded our operations primarily through the sale of equity securities. Through March 31, 2006, we had an accumulated deficit of approximately \$81 million, with total additional paid-in capital of approximately \$55 million. The \$55 million of additional paid-in capital is comprised of \$32 million in net proceeds from the sale of equity securities, plus non-cash equity issuances for acquisitions of \$15 million, plus other non-cash equity transactions for operating expenses of \$8 million. As a result of our private placement which closed on July 28, 2005, we believe that our existing cash and cash equivalents as of March 31, 2006 will be sufficient to meet our projected operating requirements through March 31, 2007.

We intend to finance our operations and capital expenditure needs through the sale of additional equity securities, debt financing or strategic collaboration agreements. We cannot be sure that additional financing will be available when needed or that, if available, financing will be obtained on favorable terms. If we raise additional funds by issuing

equity securities, substantial dilution to existing stockholders would likely result. If we raise additional funds by incurring debt financing, which is not likely given our lack of

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operating revenue, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business. In addition, we may not be successful in obtaining collaboration agreements, or in receiving milestone or royalty payments under those agreements. Having insufficient funds may require us to delay, scale back or eliminate some or all of our research or development programs or to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. Failure to obtain adequate financing also may adversely affect our ability to operate as a going concern.

Risk Factors

If any of the following risks actually occur, our business, results of operations and financial condition could suffer significantly.

We have a substantial accumulated deficit and limited working capital.

We had an accumulated deficit of \$81 million as of March 31, 2006. Since we presently have no source of revenues and are committed to continuing our product research and development program, significant expenditures and losses will continue until development of new products is completed and such products have been clinically tested, approved by the FDA or other regulatory agencies and successfully marketed. In addition, we fund our operations primarily through the sale of equity securities, and have had limited working capital for our product development and other activities. We do not believe that debt financing from financial institutions will be available until at least the time that one of our products is approved for commercial production.

We have no current product sales revenues or profits.

We have devoted our resources to developing a new generation of therapeutic drug products, but such products cannot be marketed until clinical testing is completed and governmental approvals have been obtained. Accordingly, there is no current source of revenues, much less profits, to sustain our present activities, and no revenues will likely be available until, and unless, the new products are clinically tested, approved by the FDA or other regulatory agencies and successfully marketed, either by us or a marketing partner, an outcome which we are not able to guarantee.

It is uncertain that we will have access to future capital.

We do not expect to generate positive cash flow from operations for at least the next several years. As a result, substantial additional equity or debt financing for research and development or clinical development will be required to fund our activities. Although we have raised equity financing in the past, including in April 2004 and July 2005, we cannot be certain that we will be able to continue to obtain such financing on favorable or satisfactory terms, if at all, or that it will be sufficient to meet our cash requirements. Any additional equity financing could result in substantial dilution to stockholders, and debt financing, if available, would likely involve restrictive covenants that preclude us from making distributions to stockholders and taking other actions beneficial to stockholders. If adequate funds are not available, we may be required to delay or reduce the scope of our drug development program or attempt to continue development by entering into arrangements with collaborative partners or others that may require us to relinquish some or all of our rights to proprietary drugs. The inability to adequately and timely fund our capital requirements would have a material adverse effect on us.

We are not certain that we will be successful in the development of our drug candidates.

The successful development of any new drug is highly uncertain and is subject to a number of significant risks. Our drug candidates, all of which are in a development stage, require significant, time-consuming and costly development, testing and regulatory clearance. This process typically takes several years and can require substantially more time. Risks include, among others, the possibility that a drug candidate will (i) be found to be ineffective or unacceptably toxic, (ii) have unacceptable side effects, (iii) fail to receive necessary regulatory clearances, (iv) not achieve broad market acceptance, (v) be subject to competition from third parties who may market equivalent or superior products, (vi) be affected by third parties holding proprietary rights that will preclude us from marketing a drug product, or (vii) not be able to be manufactured by manufacturers in a timely manner in accordance with required standards of quality. There can be no assurance that the development of our drug candidates will demonstrate the efficacy and safety of our drug candidates as therapeutic drugs, or, even if demonstrated, that there will be sufficient advantages to their use over other drugs or treatments so as to render the drug product commercially viable. In the past, we have

been faced with limiting the scope and/or delaying the launch of preclinical and clinical drug trials due to limited cash and personnel resources. We have also chosen to terminate licenses of some drug candidates that were not showing sufficient promise to justify continued expense and development. In the event that we are not successful in developing and commercializing one or more drug candidates, investors are likely to realize a loss of their entire investment.

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We have been delayed at certain times in the past in the development of our drug products by limited funding. In addition, if certain of our scientific and technical personnel resigned at or about the same time, the development of our drug products would probably be delayed until new personnel were hired and became familiar with the development programs.

Positive results in preclinical and clinical trials do not ensure that future clinical trials will be successful or that drug candidates will receive all necessary regulatory approvals for the marketing, distribution or sale of such drug candidates.

Success in preclinical and clinical trials does not ensure that large-scale clinical trials will be successful. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. The length of time necessary to complete clinical trials and to submit an application for marketing approval for a final decision by a regulatory authority varies significantly and may be difficult to predict. In the past, we have terminated licenses of drug candidates when our preclinical trials did not support or verify earlier preclinical data. There is a significant risk that any of our drug candidates could fail to show satisfactory results in continued trials, and would not justify further development.

We will face intense competition from other companies in the pharmaceutical industry.

We are engaged in a segment of the pharmaceutical industry that is highly competitive and rapidly changing. If successfully developed and approved, any of our drug candidates will likely compete with several existing therapies. CoFactor, our leading drug candidate, would likely compete against a well-established product, leucovorin. In addition, there are numerous companies with a focus in oncology and/or anti-viral therapeutics that are pursuing the development of pharmaceuticals that target the same diseases as are targeted by the drugs being developed by us. We anticipate that we will face intense and increasing competition in the future as new products enter the market and advanced technologies become available. We cannot assure that existing products or new products developed by competitors will not be more effective, or more effectively marketed and sold than those we may market and sell. Competitive products may render our drugs obsolete or noncompetitive prior to our recovery of development and commercialization expenses.

Many of our likely competitors, such as Merck and Pfizer, will also have significantly greater financial, technical and human resources and will likely be better equipped to develop, manufacture and market products. In addition, many of these competitors have extensive experience in preclinical testing and clinical trials, obtaining FDA and other regulatory approvals and manufacturing and marketing pharmaceutical products. A number of these competitors also have products that have been approved or are in late-stage development and operate large, well-funded research and development programs. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and biotechnology companies. Furthermore, academic institutions, government agencies and other public and private research organizations are becoming increasingly aware of the commercial value of their inventions and are actively seeking to commercialize the technology they have developed. Companies such as Gilead, Roche and GlaxoSmithKline all have drugs in various stages of development that could become competitors. Accordingly, competitors may succeed in commercializing products more rapidly or effectively than us, which would have a material adverse effect on us.

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There is no assurance that our products will have market acceptance.

Our success will depend in substantial part on the extent to which a drug product, if eventually approved for commercial distribution, achieves market acceptance. The degree of market acceptance will depend upon a number of factors, including (i) the receipt and scope of regulatory approvals, (ii) the establishment and demonstration in the medical community of the safety and efficacy of a drug product, (iii) the product's potential advantages over existing treatment methods and (iv) reimbursement policies of government and third party payors. We cannot predict or guarantee that physicians, patients, healthcare insurers or maintenance organizations, or the medical community in general, will accept or utilize any of our drug products.

The unavailability of health care reimbursement for any of our products will likely adversely impact our ability to effectively market such products and whether health care reimbursement will be available for any of our products is uncertain.

Our ability to commercialize our technology successfully will depend in part on the extent to which reimbursement for the costs of such products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. Significant uncertainty exists as to the reimbursement status of newly approved medical products. We cannot guarantee that adequate third-party insurance coverage will be available for us to establish and maintain price levels sufficient for realization of an appropriate return on our investments in developing new therapies. If we are successful in getting FDA approval for CoFactor, we will be competing against a generic drug, leucovorin, which has a lower cost and a long, established history of reimbursement. Receiving sufficient reimbursement for purchase costs of CoFactor will be necessary to make it cost effective and competitive versus the established drug, leucovorin. Government, private health insurers, and other third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for new therapeutic products approved for marketing by the FDA. Accordingly, even if coverage and reimbursement are provided by government, private health insurers, and third-party payors for use of our products, the market acceptance of these products would be adversely affected if the amount of reimbursement available for the use of our therapies proved to be unprofitable for health care providers.

Uncertainties related to health care reform measures may affect our success.

There have been some federal and state proposals in the past to subject the pricing of health care goods and services, including prescription drugs, to government control and to make other changes to the U.S. health care system. None of the proposals seems to have affected any of the drugs in our programs. However, it is uncertain if future legislative proposals would be adopted that might affect the drugs in our programs or what actions federal, state, or private payors for health care treatment and services may take in response to any such health care reform proposals or legislation. Any such health care reforms could have a material adverse effect on the marketability of any drugs for which we ultimately require FDA approval.

Further testing of our drug candidates will be required and there is no assurance of FDA approval.

The FDA and comparable agencies in foreign countries impose substantial requirements upon the introduction of medical products, through lengthy and detailed laboratory and clinical testing procedures, sampling activities and other costly and time-consuming procedures. Satisfaction of these requirements typically takes several years or more and varies substantially based upon the type, complexity, and novelty of the product.

The effect of government regulation and the need for FDA approval will delay marketing of new products for a considerable period of time, impose costly procedures upon our activities, and provide an advantage to larger companies that compete with us. There can be no assurance that the FDA or other regulatory approval for any products developed by us will be granted on a timely basis or at all. Any such delay in obtaining or failure to obtain, such approvals would materially and adversely affect the marketing of any contemplated products and the ability to earn product revenue. Further, regulation of manufacturing facilities by state, local, and other authorities is subject to change. Any additional regulation could result in limitations or restrictions on our ability to utilize any of our technologies, thereby adversely affecting our operations.

Human pharmaceutical products are subject to rigorous preclinical testing and clinical trials and other approval procedures mandated by the FDA and foreign regulatory authorities. Various federal and foreign statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of

pharmaceutical products. The process of obtaining these approvals and the subsequent compliance with appropriate U.S. and foreign statutes and regulations are time-consuming and require the expenditure of substantial resources. In addition, these requirements and processes vary widely from country to country.

Among the uncertainties and risks of the FDA approval process are the following: (i) the possibility that studies and clinical trials will fail to prove the safety and efficacy of the drug, or that any demonstrated efficacy will be so limited as to significantly reduce or

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altogether eliminate the acceptability of the drug in the marketplace, (ii) the possibility that the costs of development, which can far exceed the best of estimates, may render commercialization of the drug marginally profitable or altogether unprofitable, and (iii) the possibility that the amount of time required for FDA approval of a drug may extend for years beyond that which is originally estimated. In addition, the FDA or similar foreign regulatory authorities may require additional clinical trials, which could result in increased costs and significant development delays. Delays or rejections may also be encountered based upon changes in FDA policy and the establishment of additional regulations during the period of product development and FDA review. Similar delays or rejections may be encountered in other countries.

Our success will depend on licenses and proprietary rights we receive from other parties, and on any patents we may obtain.

Our success will depend in large part on our ability and our licensors' ability to (i) maintain license and patent protection with respect to their drug products, (ii) defend patents and licenses once obtained, (iii) maintain trade secrets, (iv) operate without infringing upon the patents and proprietary rights of others and (v) obtain appropriate licenses to patents or proprietary rights held by third parties if infringement would otherwise occur, both in the U.S. and in foreign countries. We have obtained licenses to patents and other proprietary rights from the University of Southern California and SD Pharmaceuticals, Inc.

The patent positions of pharmaceutical companies, including ours, are uncertain and involve complex legal and factual questions. There is no guarantee that we or our licensors have or will develop or obtain the rights to products or processes that are patentable, that patents will issue from any of the pending applications or that claims allowed will be sufficient to protect the technology licensed to us. In addition, we cannot be certain that any patents issued to or licensed by us will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide competitive disadvantages to us.

Litigation, which could result in substantial cost, may also be necessary to enforce any patents to which we have rights, or to determine the scope, validity and unenforceability of other parties' proprietary rights, which may affect our rights. U.S. patents carry a presumption of validity and generally can be invalidated only through clear and convincing evidence. There can be no assurance that our licensed patents would be held valid by a court or administrative body or that an alleged infringer would be found to be infringing. The mere uncertainty resulting from the institution and continuation of any technology-related litigation or interference proceeding could have a material adverse effect on us pending resolution of the disputed matters.

We may also rely on unpatented trade secrets and know-how to maintain our competitive position, which we seek to protect, in part, by confidentiality agreements with employees, consultants and others. There can be no assurance that these agreements will not be breached or terminated, that we will have adequate remedies for any breach, or that trade secrets will not otherwise become known or be independently discovered by competitors.

Our license agreements can be terminated in the event of a breach.

The license agreements pursuant to which we license our core technologies for our potential drug products permit the licensors, respectively the University of Southern California and SD Pharmaceuticals, Inc., to terminate the agreement under certain circumstances, such as the failure by us to use our reasonable best efforts to commercialize the subject drug or the occurrence of any other uncured material breach by us. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the technology licensed, and we are required to reimburse the licensor for the costs it incurs in performing these activities. The license agreements also require the payment of specified royalties. Any inability or failure to observe these terms or pay these costs or royalties could result in the termination of the applicable license agreement in certain cases. In the past, we have let lapse certain licenses for drug candidates when we determined that the expense and risk of continued development outweighed the likely benefits of that continued development. The termination of any license agreement could have a material adverse effect on us.

Protecting our proprietary rights is difficult and costly.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Accordingly, we cannot predict the breadth of claims allowed in these companies' patents or whether we may infringe or be infringing these claims. Although we have not been notified of any patent

infringement, nor notified others of patent infringement, such patent disputes are common and could preclude the commercialization of our products. Patent litigation is costly in its own right and could subject us to significant liabilities to third parties. In addition, an adverse decision could force us to either obtain third-party licenses at a material cost or cease using the technology or product in dispute.

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We may be unable to retain skilled personnel and maintain key relationships.

The success of our business depends, in large part, on our ability to attract and retain highly qualified management, scientific and other personnel, and on our ability to develop and maintain important relationships with leading research institutions and consultants and advisors. Competition for these types of personnel and relationships is intense from numerous pharmaceutical and biotechnology companies, universities and other research institutions. We are currently dependent upon our scientific staff, which has a deep background in our drug candidates and the ongoing preclinical and clinical trials. Recruiting and retaining senior employees with relevant drug development experience in oncology and anti-viral therapeutics is costly and time-consuming. There can be no assurance that we will be able to attract and retain such individuals on an uninterrupted basis and on commercially acceptable terms, and the failure to do so could have a material adverse effect on us by significantly delaying one or more of our drug development programs. The loss of any of our senior executive officers, including our chief executive officer and chief financial officer, in particular, could have a material adverse effect on the company and the market for our common stock, particularly if such loss was abrupt or unexpected. All of our employees are employed on an at-will basis under offer letters. We do not have non-competition agreements with any of our employees.

We currently have no sales capability, and limited marketing capability.

We currently do not have sales personnel. We have limited marketing and business development personnel. We will have to develop a sales force, or rely on marketing partners or other arrangements with third parties for the marketing, distribution and sale of any drug product which is ready for distribution. There is no guarantee that we will be able to establish marketing, distribution or sales capabilities or make arrangements with third parties to perform those activities on terms satisfactory to us, or that any internal capabilities or third party arrangements will be cost-effective.

In addition, any third parties with which we may establish marketing, distribution or sales arrangements may have significant control over important aspects of the commercialization of a drug product, including market identification, marketing methods, pricing, composition of sales force and promotional activities. There can be no assurance that we will be able to control the amount and timing of resources that any third party may devote to our products or prevent any third party from pursuing alternative technologies or products that could result in the development of products that compete with, or the withdrawal of support for, our products.

We do not have manufacturing capabilities and may not be able to efficiently develop manufacturing capabilities or contract for such services from third parties on commercially acceptable terms.

We do not have any manufacturing capacity. When and if required, we will seek to establish relationships with third-party manufacturers for the manufacture of clinical trial material and the commercial production of drug products as we have with our current manufacturing partners. There can be no assurance that we will be able to establish relationships with third-party manufacturers on commercially acceptable terms or that third-party manufacturers will be able to manufacture a drug product on a cost-effective basis in commercial quantities under good manufacturing practices mandated by the FDA or other regulatory matters.

The dependence upon third parties for the manufacture of products may adversely affect future costs and the ability to develop and commercialize a drug product on a timely and competitive basis. Further, there can be no assurance that manufacturing or quality control problems will not arise in connection with the manufacture of our drug products or that third party manufacturers will be able to maintain the necessary governmental licenses and approvals to continue manufacturing such products. Any failure to establish relationships with third parties for our manufacturing requirements on commercially acceptable terms would have a material adverse effect on us.

We are dependent in part on third parties for drug development and research facilities.

We do not possess research and development facilities necessary to conduct all of our drug development activities. We engage consultants and independent contract research organizations to design and conduct clinical trials in connection with the development of our drugs. As a result, these important aspects of a drug's development will be outside our direct control. In addition, there can be no assurance that such third parties will perform all of their obligations under arrangements with us or will perform those obligations satisfactorily.

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In the future, we anticipate that we will need to obtain additional or increased product liability insurance coverage and it is uncertain that such increased or additional insurance coverage can be obtained on commercially reasonable terms.

Our business will expose us to potential product liability risks that are inherent in the testing, manufacturing and marketing of pharmaceutical products. There can be no assurance that product liability claims will not be asserted against us. We intend to obtain additional limited product liability insurance for our clinical trials, directly or through our marketing development partners or contract research organization (CRO) partners, when they begin in the U.S. and to expand our insurance coverage if and when we begin marketing commercial products. However, there can be no assurance that we will be able to obtain product liability insurance on commercially acceptable terms or that we will be able to maintain such insurance at a reasonable cost or in sufficient amounts to protect against potential losses. A successful product liability claim or series of claims brought against us could have a material adverse effect on us.

The market price of our shares, like that of many biotechnology companies, is highly volatile.

Market prices for our common stock and the securities of other medical and biomedical technology companies have been highly volatile and may continue to be highly volatile in the future. Factors such as announcements of technological innovations or new products by us or our competitors, government regulatory action, litigation, patent or proprietary rights developments, and market conditions for medical and high technology stocks in general can have a significant impact on any future market for our common stock.

If we cannot satisfy AMEX's listing requirements, it may delist our common stock and we may not have an active public market for our common stock. The absence of an active trading market would likely make the common stock an illiquid investment.

Our common stock is quoted on the American Stock Exchange. To continue to be listed, we are required to maintain shareholders equity of \$6,000,000 among other requirements. We do not satisfy that requirement as of March 31, 2006. The AMEX may consider delisting our common stock and suspend trading in the common stock in which case our common stock would likely trade in the over-the-counter market in the so-called pink sheets or, if available, the OTC Bulletin Board Service. As a result, an investor would likely find it significantly more difficult to dispose of, or to obtain accurate quotations as to the value of, our shares. Our ability to raise capital would most likely also be impaired due to our ineligibility to file resale registration statements under the Securities Act.

If our common stock is delisted, it may become subject to the SEC's penny stock rules and more difficult to sell.

SEC rules require brokers to provide information to purchasers of securities traded at less than \$5.00 and not traded on a national securities exchange or quoted on the Nasdaq Stock Market. If our common stock becomes a penny stock that is not exempt from these SEC rules, these disclosure requirements may have the effect of reducing trading activity in our common stock and making it more difficult for investors to sell. The rules require a broker-dealer to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny market. The broker must also give bid and offer quotations and broker and salesperson compensation information to the customer orally or in writing before or with the confirmation. The SEC rules also require a broker to make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction before a transaction in a penny stock.

Changes in laws and regulations that affect the governance of public companies has increased our operating expenses and will continue to do so.

Recently enacted changes in the laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and the listing requirements for American Stock Exchange have imposed new duties on us and on our executives, directors, attorneys and independent accountants. In order to comply with these new rules, we have hired and expect to hire additional personnel and use additional outside legal, accounting and advisory services, which have increased and are likely to continue increasing our operating expenses. In particular, we expect to incur additional administrative expenses as we implement Section 404 of the Sarbanes-Oxley Act, which requires management to extensively evaluate and report on, and our independent registered public accounting firm to attest to, our internal controls. For example, we have incurred significant expenses, and expect to incur additional expenses, in connection with the evaluation, implementation, documentation and testing of our existing and newly implemented control systems. Management time associated with these compliance efforts necessarily reduces time available for

other operating activities, which could adversely affect operating results. If we are unable to achieve full and timely compliance with these regulatory requirements, we could be required to incur additional costs, expend additional money and management time on additional remedial efforts which could adversely affect our results of operations.

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Failure to implement effective control systems, or failure to complete our assessment of the effectiveness of our internal control over financial reporting, may subject us to regulatory sanctions and could result in a loss of public confidence, which could harm our operating results.

Pursuant to Section 404 of the Sarbanes-Oxley Act, beginning with our fiscal year ending December 31, 2005, we are required to include in our annual report our assessment of the effectiveness of our internal control over financial reporting. Furthermore, our independent registered public accounting firm is required to issue an opinion on whether our assessment of the effectiveness of our internal control over financial reporting is fairly stated in all material respects and separately report on whether it believes we maintained, in all material respects, effective internal control over financial reporting on an annual basis.

If we fail to remedy any material weaknesses which are uncovered, fail to timely complete our assessment, or if our independent registered public accounting firm cannot timely attest to our assessment, we could be subject to regulatory sanctions and a loss of public confidence in our internal control. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

We have engaged in and may continue to engage in further expansion through mergers and acquisitions, which could negatively affect our business and earnings.

We have engaged in and may continue to engage in expansion through mergers and acquisitions. There are risks associated with such expansion. These risks include, among others, incorrectly assessing the asset quality of a prospective merger partner, encountering greater than anticipated costs in integrating acquired businesses, facing resistance from customers or employees, and being unable to profitably deploy assets acquired in the transaction. Additional country- and region-specific risks are associated with transactions outside the United States. To the extent we issue capital stock in connection with additional transactions, these transactions and related stock issuances may have a dilutive effect on earnings per share and share ownership.

Our earnings, financial condition, and prospects after a merger or acquisition depend in part on our ability to successfully integrate the operations of the acquired company. We may be unable to integrate operations successfully or to achieve expected cost savings. Any cost savings which are realized may be offset by losses in revenues or other charges to earnings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of our investment activities is to preserve principal while maximizing the income we receive from our investments without significantly increasing the risk of loss. Some of the investable securities permitted under our cash management policy may be subject to market risk for changes in interest rates. To mitigate this risk, we maintain a portfolio of cash equivalent and short-term investments in a variety of securities which may include investment grade commercial paper, money market funds, government debt issued by the United States of America, state debt, certificates of deposit and investment grade corporate debt. Presently, we are exposed to minimal market risks associated with interest rate changes because of the relatively short maturities of our investments and we do not expect interest rate fluctuations to materially affect the aggregate value of our financial instruments. We manage the sensitivity of our results of operations to these risks by maintaining investment grade short-term investments. Our cash management policy does not allow us to purchase or hold derivative or commodity instruments or other financial instruments for trading purposes. Additionally, our policy stipulates that we periodically monitor our investments for adverse material holdings related to the underlying financial solvency of the issuer. As of March 31, 2006, our investments consisted mostly of cash, commercial paper and U.S. government debt. Our results of operations and financial condition would not be significantly impacted by either a 10% increase or decrease in interest rates due mainly to the short-term nature of our investment portfolio. We have not used derivative financial instruments in our investment portfolio. Additionally, we do not invest in foreign currencies or other foreign investments.

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Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures.

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

In the normal course of business, we may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are often not predictable with assurance. We are not aware of any pending or threatened lawsuit or proceeding that would have a material adverse effect on our financial position, results of operations or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Sales of unregistered securities for the three months ended March 31, 2006, for the period from April 1, 2006 through April 6, 2006 and the shares of common stock issued in conjunction with the merger with SDP, have been reported by the Company in previous SEC filings. Between April 7, 2006 and May 2, 2006 we issued 282,867 shares of common stock to warrant holders in connection with their exercise of outstanding warrants. We received \$461,282 gross proceeds upon exercise of these warrants. Pursuant to the terms of an agreement we entered into with Burnham Hill Partners, a division of Pali Capital, Inc., in March 2004, we are obligated to pay a 4% cash commission on each cash exercise of warrants issued in a financing that we consummated in April 2004. In accordance with this obligation, we owe Burnham Hill approximately \$11,653 in connection with the exercise of warrants from April 7, 2006 through May 2, 2006. No other commission or remuneration was paid or given directly or indirectly in connection with these warrant exercises. The issuances of shares of common stock upon exercise of these warrants were not registered under the Securities Act of 1933 in reliance upon Section 4(2) of such Act.

Item 6. Exhibits.

An Exhibit Index has been attached as part of this quarterly report and is incorporated herein by reference.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 10, 2006

ADVENTRX Pharmaceuticals, Inc.
By: /s/ Evan M. Levine

Evan M. Levine
President and Chief Executive Officer
(principal executive officer)

Date: May 10, 2006

ADVENTRX Pharmaceuticals, Inc.
By: /s/ Carrie Carlander

Carrie Carlander
Chief Financial Officer, Vice President,
Finance Secretary and Treasurer
(principal financial officer)

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Exhibit Index

Exhibit Description

31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certifications

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