SAMARITAN PHARMACEUTICALS INC
Form 10-Q
May 15, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

[x] Quarterly Report Pursuant To SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT of 1934

For The Quarterly Period Ended March 31, 2008

( ) 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 001-32287

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

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

101 Convention Center Drive, Suite 310, Las Vegas, Nevada 89109
(Address of principal executive offices) (Zip)

(702) 735-7001
Issuer's telephone number, including area code

Former Name, Former Address and Former Fiscal Year, if changed Since Last Report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the preceding twelve (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[x] No[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer [ ]	Accelerated filer	[ ]
Non-accelerated filer [ ]	Smaller reporting company	[x]

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes[x] No[ ]

The number of shares of common stock issued and outstanding as of May 8, 2008 was 30,871,005.

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
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PART I. FINANCIAL INFORMATION

SAMARITAN PHARMACEUTICALS, INC.
CONSOLIDATED BALANCE SHEETS
As of March 31, 2008 and December 31, 2007

ASSETS

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 200,981	$ 287,571
Inventory, pharmaceutical product	170,569	56,358
Receivable from license collaboration	254,690	311,286
Receivable from overseas product sales	1,310,603	827,115
Note receivable	250,000	250,000
Interest receivable	108,575	101,096
Refundable tax credit	375,000	250,000
Prepaid expenses	141,554	148,614
TOTAL CURRENT ASSETS	2,811,972	2,232,040
PROPERTY AND EQUIPMENT	46,136	55,919
OTHER ASSETS:		
Patent registration costs	1,505,405	1,411,383
Purchased technology rights	300,996	226,628
Deposits	2,779	2,779
TOTAL OTHER ASSETS	1,809,180	1,640,790
	$ 4,667,288	$ 3,928,749

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	$ 2,183,256	$ 1,041,922
Accrued expenses and other current liabilities	1,426,072	1,184,289
Loans from officers/shareholders	429,500	300,000
TOTAL CURRENT LIABILITIES	4,038,828	2,526,211
SHAREHOLDERS' EQUITY:		
Preferred stock, 5,000,000 shares authorized at $.001 par value, none issued and outstanding	-	-
Common stock, 250,000,000 shares authorized at $.001 par value, 30,762,673 and 30,494,816 issued and outstanding at March 31, 2008, and December 31, 2007, respectively	30,763	30,495
Additional paid-in capital	46,277,279	45,896,906
Treasury stock	(250,248)	(250,248)
Accumulated other comprehensive income	110,273	60,525
Accumulated deficit after development stage	(1,204,467)	-
Accumulated deficit during development stage	(44,335,140)	(44,335,140)
TOTAL SHAREHOLDERS' EQUITY	628,460	1,402,538
	$ 4,667,288	$ 3,928,749

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS & COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	For the Three Months March 31	
	2008	**2007**
	(unaudited)	**(unaudited)**
REVENUES:		
Pharmaceutical sales	$ 560,975	$ -
Licensing rights	-	2,701,742
	560,975	2,701,742
EXPENSES:		
Cost of goods sold (pharmaceutical sales)	397,699	-
Research and development	385,270	417,523
Interest, net	7,587	(7,454)
General and administrative	1,276,978	667,411
Depreciation and amortization	39,011	43,636
Collateral reserve adjustment	56,596	-
	1,765,442	1,121,116
NET INCOME (LOSS)	(1,204,467)	1,580,626
Other Comprehensive Income (Loss):		
Foreign translation adjustment	49,748	(19,922)
Total Comprehensive Income (Loss)	$ (1,154,719)	$ 1,560,704
Loss (earnings) per share		
Basic	$ (0.04)	$ 0.06
Diluted	$ (0.04)	$ 0.06
Weighted average number of shares outstanding:		
Basic	30,561,780	26,172,633
Diluted	30,561,780	26,807,982

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	For the Three Months Ended March 31	
CASH FLOWS FROM OPERATING ACTIVITIES:	2008 **(Unaudited)**	2007 **(Unaudited)**
Net income (loss)	$ (1,204,467)	$ 1,580,626
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	39,011	43,636
Stock based compensation	45,000	-
Stock options issued for services	290,641	-
(Increase) decrease in assets:		
Inventory	(114,211)	
Accounts receivable	(426,892)	(1,301,742)
Refundable tax credit	(125,000)	
Interest receivable and prepaids	(419)	(11,868)
Deposits	-	-
Increase (decrease) in liabilities:		
Deferred revenue	-	-
Accounts payable and accrued expenses	1,349,501	181,822
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(146,836)	492,474
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of technology rights	(15,846)	-
Patent registration costs	(118,156)	(150,382)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(134,002)	(150,382)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock issued for cash	15,000	-
Proceeds from equity financing	-	280,000
Common stock to be issued	-	568,748
Short-term loan proceeds	129,500	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	144,500	848,748
EFFECT OF EXCHANGE RATE ON CASH	49,748	(19,922)
CHANGE IN CASH	(86,590)	1,170,918
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	287,571	742,075
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 200,981	$ 1,912,993

NON-CASH FINANCING AND INVESTING ACTIVITIES:

Options issued	$	290,641	$	-
Purchase of technology rights for accounts payable	$	63,616	$	-
Stock as compensation for services	$	45,000	$	-
Stock issued in cancellation of accounts payable	$	30,000	$	590,057

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008 and 2007
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2007, included in the Form 10-K for the year then ended.

The financial information presented as of and for the three months ended March 31, 2008 ("Q1 2008") and as of and for the three months ended March 31, 2007 ("Q1 2007") is unaudited. In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to fairly present the Company's financial position as of March 31, 2008, and the results of operations and cash flows for the three (3) month period ending March 31, 2008 have been included. The results of operations for the three (3) month period ended March 31, 2008 are not necessarily indicative of the results to be expected for the full year ended December 31, 2008. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-K as filed with the U.S. Securities and Exchange Commission on April 14, 2008 for the year ended December 31, 2007.

NOTE 2 - ORGANIZATION AND NATURE OF BUSINESS

Samaritan Pharmaceuticals, Inc. (including the subsidiaries, referred to as Samaritan , the "Company", "its", "we", and "our"), formed in September 1994, is an entrepreneurial biopharmaceutical company, focused on commercializing innovative therapeutic products to relieve the suffering of patients with Alzheimer's disease; cancer; cardiovascular disease, HIV, and Hepatitis C; as well as, commercializing its acquired marketing and sales rights, to sell marketed revenue-generating products, in Greece, and/or various Eastern European countries.

Commercialization Business Model

Our commercialization business model is focused dually on, the partnering of our promising innovative products to pharmaceutical companies; and the acquisition of the marketing and sales rights to revenue-generating marketed products for sales in Greece and Eastern Europe. This model allows Samaritan to focus on our core competencies in drug discovery and drug development. Our commercialization business model is entirely focused on achieving growth and maximizing value for the benefit of our investors.

NOTE 3 GOING CONCERN

The accompanying consolidated financial statements are prepared assuming the Company will continue as a going concern. At March 31, 2008, the Company had an accumulated deficit of $45,539,607. For the quarter ended March 31, 2008 the Company incurred net losses of ($1,204,467), used cash flows from operations of ($146,836) and had a working capital deficiency of ($1,226,856).

Management's plans with regard to these matters include the following:

1. Obtaining additional capital through the sale of common stock to existing and new shareholders;
2. Marketing of pharmaceutical products in Eastern Europe;
3. Continue its efforts to attempt to collect payment due to the Company from Pharmaplaz;
4. Continue its efforts to out-license the Company s technologies.

Accordingly, management is of the opinion that aggressive marketing combined with additional capital will result in improved operations and cash flow for 2008 and beyond. However, there can be no assurance that management will be successful in obtaining additional funding or in attaining profitable operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Consolidation

The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

B. Revenue recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin SAB 104, Topic 13, "Revenue Recognition" and Emerging Issues Task Force No. 00-21, or EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." Generally, the Company will not recognize revenue or establish a receivable related to payments that are due greater than twelve months from the balance sheet date. In all cases, revenue is only recognized after all of the following four basic criteria of revenue recognition are met:

- Persuasive evidence of an arrangement exists;
- The fee is fixed or determinable;
- Collection is probable; and
- Delivery of technology or intellectual property rights has occurred or services have been rendered.

Product Sales. Samaritan Pharmaceuticals sells Amphocil, Elaprase, Morphine and Replagal in Greece. Product sales are recognized when delivery of the products has occurred, title has passed to the customer, the selling price is fixed or determinable, collectibility is reasonably assured and the Company has no further obligations. The Company records allowances for product returns, rebates and wholesaler charge backs, wholesaler discounts, and prescription vouchers at the time of sale and reports product sales net of such allowances. The Company must make significant judgments in determining these allowances. We periodically evaluate the need to maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. When making this evaluation, we made judgments about the creditworthiness of customers based on ongoing credit evaluations and the aging profile of customer accounts receivable and assess current economic trends that might impact the level of credit losses in the future. The products Amphocil, Elaprase, Morphine and Replagal have not experienced significant credit losses; therefore we have no allowance for doubtful accounts as of March 31, 2008.

License Revenue. The Company's license revenues are generated through an agreement with a strategic partner. Nonrefundable, up-front license fees and milestone payments with standalone value that are not dependent on any future performance by us under the arrangements are recognized as revenue upon the earlier of when payments are received or collections is assured, but are deferred if we have continuing performance obligations. If we have continuing involvement through contractual obligations under such agreement, such up-front fees are deferred and recognized over the period for which we continue to have a performance obligation, unless all of the following criteria exist: (1) the delivered item(s) have standalone value to the customer, (2) there is objective and reliable evidence of the fair value of the undelivered item(s). We also make estimates and judgments when determining whether the collectibility of license fees receivable from licensees is reasonably assured. We assess the collectibility of accrued license fees based on a number of factors and if it is determined that collection is not reasonably assured, the fee is recognized when collectibility becomes reasonably assured, assuming all other revenue recognition criteria have been met.

On March 28, 2007, Samaritan and Pharmaplaz, a private Irish Healthcare company and a shareholder of Samaritan, signed an agreement (the "Pharmaplaz Agreement") to commercialize SP-01A. Under the terms of the agreement, Pharmaplaz is required to pay Samaritan $10 million upfront. To date, under the Pharmaplaz Agreement, the amount of funds received from Pharmaplaz is $2.15 million; $1.4 million and $750,000 were received during the first and fourth quarter of 2007 respectively. On May 15, 2007, the CEO of Pharmaplaz, Michael Macken, signed a personal guarantee and on May 21, 2007 a stock pledge agreement for 943,291 (split-adjusted) shares of Samaritan Pharmaceuticals to guarantee the balance of the $7.85 million. On May 15, 2007, the amount of shares pledged was worth $1,300,742. On March 31, 2008, the last reported market sale price of our Common Stock was $0.27 and the value of the stock pledge was $254,689. As a result of Pharmaplaz's failure to timely pay the remaining balance of $7.85 million, Pharmaplaz is not in compliance with the terms of the Pharmaplaz Agreement. Samaritan is currently working with Pharmaplaz to attempt to collect the past due remaining balance.

Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligations or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

Government Research Grant Revenue. The Company recognizes revenues from federal government research grants during the period in which the related expenditures

C. Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank accounts at high credit quality financial institutions. The balances at times may exceed federally insured limits.

D. Inventory

The Company's inventory consists primarily of pharmaceutical products for distribution in its licensed territories. The Company values inventories at the lower of cost or fair market value. The Company determines the cost of inventory using the average cost method. The Company analyzes its inventory levels quarterly and writes down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory quantities in excess of expected requirements. Expired inventory is disposed of and the related costs are written off and recognized as additional cost of sales.

E. Concentration of Credit Risks

Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of trade receivables. In the normal course of business, the Company provides credit terms to its customers that are customary for the local customs in the territory. The Company also invests its excess cash principally in marketable securities from a diversified portfolio of institutions with strong credit ratings and in U.S. government and agency bills and notes, and by policy, limits the amount of credit exposure at any one institution. These investments are generally not collateralized and primarily mature within one year. The Company has not realized any losses from such investments. At March 31, 2008, the Company had no excess cash invested in marketable securities. At March 31, 2008, the Company had approximately $200,981 in bank deposits, of which approximately $100,00 may not be insured. The Company has not experienced any losses in such accounts through March 31, 2008.

The Company has present activities in Europe and Canada. As with all types of international business operations, currency fluctuations, exchange controls, restrictions on foreign investment, changes to tax regimes, political action and political instability could impair the value of the Company's investments.

F. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

G. Intangibles

Legal fees associated with filing patents are recorded at cost and amortized over 17 years. We currently own or in-license patents related to our products or product candidates and own or in-license additional applications for patents that are currently pending. In general, when we in-license intellectual property from various third parties, we are required to pay royalties to the parties on product sales. The Company reviews patent costs for impairment by comparing the carrying value of the patents with the fair value. The Company believes it will recover the full amount of the patent costs based on forecasts of sales of the products related to the patents. Patent registration costs are amortized over seventeen (17) years once approved. Certain U.S. patents may be eligible for patent term extensions under the Hatch-Waxman Act may be available to Samaritan for the lost opportunity to market and sell the invention during the regulatory review process.

Purchased technology rights are recorded at cost and are being amortized using the straight line method over the estimated useful life of the technology.

H. Earnings (loss) per share

The Company reports loss per common share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." In the calculation of loss per common share, the Company s options outstanding as of the quarter ended March 31, 2008 and the quarter ended March 31, 2007 respectively, which have not been included.

I. Use of Estimates

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

J. Income Taxes

Pursuant to Statement of Financial Accounting Standards No. 109 (`SFAS 109') Accounting for Income Taxes', the Company accounts for income taxes under the liability method. Under the liability method, a deferred tax asset or liability is determined based upon the tax effect of the differences between the financial statement and tax basis of assets and liabilities as measured by the enacted rates, which will be in effect when these differences reverse.

K. Research and Development Costs

Research and development costs are expensed when incurred.

L. Investment in Joint Venture

The Company and Samaritan Therapeutics, Canada, have signed a Research Collaboration and Licensing Agreement with The Research Institute of McGill University Health Centre (RI-MUHC) in Montreal, Canada, to advance its promising pipeline into clinical trial status and develop new innovative drug candidates. Once drug candidates, derived from the collaborative research, are clinically-validated and deemed to hold promise, Samaritan Therapeutics intends to continue to develop the drug candidate in Canada, while Samaritan Pharmaceuticals will focus on the drug candidate's process through regulatory agencies and its commercialization throughout the rest of the world. The current budget is for $1,000,000 paid over four (4) quarterly payments of $250,000, is unallocated, and covers the general research and development effort. As of the date of this quarterly filing, Samaritan Pharmaceuticals and Samaritan Therapeutics payment to McGill University is in arrears, which may permit our collaborator to terminate the research and development agreement. The termination of the research and development agreement could force the Company to curtail new discoveries to be added to its current pipeline of innovative drugs. Currently, all parties are in discussion to bring the balance in arrears current. Going forward, this budget may increase or decrease depending upon changes in future research and development and other factors.

Since the Company does not own greater than 50% of Samaritan Therapeutics, Canada, we evaluated, the Company s ownership / control of Samaritan Therapeutics, Canada, under FIN 46(R) *"Consolidation of Variable Interest Entities"* requires companies to determine whether they hold interests in a variable interest entity (*"VIE"*) and, if so, to consolidate any VIEs for which they are the primary beneficiary.

As of March 31, 2008, Samaritan was a 50% investor of the above mentioned company. The amount of monies to date is insufficient to permit the entity to finance its activities without further additional financial support and the characteristics of Samaritan investment have controlling financial interest attributes. This is considered to be a variable interest per the provisions of FIN 46(R), and therefore has been consolidated into the Company s March 31, 2008 financial statements.

M. Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable assets related to those on a quarterly basis for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. At March 31, 2008, the Company does not believe that any impairment has occurred.

N. Fair Value of Financial Instruments

Statement of Financial Accounting Standard No. 107 Disclosures about Fair Value of Financial Instruments ("SFAS 107") requires the disclosure of fair value information about financial instruments whether or not recognized on the balance sheet, for which it is practicable to estimate the value. Where quoted market prices are not readily available, fair values are based on quoted market prices of comparable instruments. The carrying amount of cash, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments.

O. Foreign Currency Translation

Assets and liabilities of subsidiaries operating in foreign countries are translated into U.S. dollars using both the exchange rate in effect at the balance sheet date of historical rate, as applicable. Results of operations are translated using the average exchange rates prevailing throughout the year. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are included in stockholders equity (Accumulated other comprehensive loss), while gains and losses resulting from foreign currency transactions are included in operations.

P. Stock Based Compensation

The Company adopted SFAS No. 123R, Share Based Payments. SFAS No. 123R requires companies to expense the value of employee stock options and similar awards and applies to all outstanding and vested stock-based awards.

In computing the impact, the fair value of each option is estimated on the date of grant based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate; volatility; and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management s best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company s stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company s forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the amount of vested options as a percentage of total options outstanding. If the Company s actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what we have recorded in the current period.

Q. Prepaid Expenses and Other Assets

Total prepaid expenses of $141,554 and $148,614 for the quarter ended March 31, 2008 and the year ended December 31, 2007, respectively; consist of payments made in preparation of a preclinical research project, consulting prepayments and other miscellaneous prepayments.

R. Accrued Expenses and Other Current Liabilities

Accrued Expenses and Other Current Liabilities consist of the unpaid portion of payroll and employee benefits and interest accrued.

S. Loan Payable

During the first quarter of 2008, the Company borrowed an additional $129,500 on a short-term basis pursuant to the terms of promissory notes from the Company and in favor of the lender. As of March 31, 2008, the Company had borrowed from related parties an aggregate of $429,500 (the "Notes"). Proceeds from each of the loans funded the Company's continuing operating expenses, ongoing expenses, legal and accounting fees, as well as for working capital and other contingencies. Under the terms of the Notes issued by the Company to the lender, the Company will: (i) pay interest to the lender at a rate of 16% per annum and ii) 100% warrant coverage. The principal and interest due on the Notes are due on demand. The Notes will be repaid from proceeds of any subsequent financing arrangement to which the Company becomes a party or from the cash flow from the Company's operations. The Board of Directors approved that the prior year 2007 notes of $300,000, which paid interest to the lender at a rate of prime rate plus 4% per annum, be changed to match the terms of notes issued during the first quarter of 2008. The Notes will be repaid from proceeds of any subsequent financing arrangement to which the Company becomes a party or from the cash flow from the Company's operations.

U. New Accounting Pronouncements

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FAS 115 (SFAS No. 159). SFAS No. 159 allows companies to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. Unrealized gains and losses shall be reported on

items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and will be applied prospectively. The Company is currently evaluating the impact of adopting SFAS No. 159 on our consolidated financial position, results of operations and cash flows.

FASB Statement Number 141 (revised 2007)

In December 2007, the FASB issued FASB Statement No. 141 (revised 2007), Business Combinations. This Statement replaces FASB Statement No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This Statement s scope is broader than that of Statement 141, which applied only to business combinations in which control was obtained by transferring consideration. By applying the same method of accounting the acquisition method to all transactions and other events in which one entity obtains control over one or more other businesses, this Statement improves the comparability of the information about business combinations provided in financial reports.

This Statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the Statement. That replaces Statement 141 s cost-allocation process, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values.

This Statement applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquirer), including those sometimes referred to as true mergers or mergers of equals and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This Statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to: (a) The formation of a joint venture, (b) The acquisition of an asset or a group of assets that does not constitute a business, (c) A combination between entities or businesses under common control, (d) A combination between not-for-profit organizations or the acquisition of a for-profit business by a not-for-profit organization.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. Management believes this Statement will have no impact on the financial statements of the Company once adopted.

FASB Statement Number 160

In December 2007, the FASB issued FASB Statement No. 160 - Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51. This Statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. Not-for-profit organizations should continue to apply the guidance in Accounting Research Bulletin No. 51, Consolidated Financial Statements, before the amendments made by this Statement, and any other applicable standards, until the Board issues interpretative guidance.

This Statement amends ARB