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

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF
SECURITIES OF SMALL BUSINESS ISSUERS
Under Section 12(b) or (g) of the Securities Exchange Act of 1934

PRO-PHARMACEUTICALS, INC.
(Name of Small Business Issuer in its Charter)

Nevada	04-3562325
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
189 Wells Avenue, Suite 200, Newton, Massachusetts (Address of Principal Executive Offices)	02459 (Zip Code)

Registrant's telephone number, including area code (617) 559-0033

Securities to be registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	Not Applicable

Securities to be registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, $0.001 Par Value per Share
(Title of Class)

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PART I

Item 1. Description of Business

Forward-Looking Statements

This Form 10-SB contains "forward-looking" statements that involve risks and uncertainties. Forward-looking statements include statements about the desired or believed utility and market for our potential products, future of the biotechnology and biopharmaceutical industry, statements about future business plans and strategies, and most other statements that are not historical in nature. Because forward-looking statements involve risks and uncertainties, there are factors, including those discussed below, that could cause actual results to be materially different from any future results, performance or achievements expressed or implied. We have attempted to identify the major factors under the heading "Risk Factors" that could cause differences between actual and planned or expected results, but we cannot assure you that we have identified all of those factors. Accordingly, readers should not place undue reliance on forward-looking statements. Also, we have no obligation to publicly update forward-looking statements we make in this Form 10-SB.

Business Development

Summary

Pro-Pharmaceuticals, Inc. (referred to as "we" or "us") is a corporation governed by the corporation law of Nevada. Under our former name, DTR-Med Pharma Corp., we were incorporated under Nevada law on January 26, 2001, for the purpose of effecting an acquisition of all the issued and outstanding stock of a Massachusetts corporation which was also named Pro-Pharmaceuticals, Inc. Prior to the acquisition, we changed our name to Pro-Pharmaceuticals, Inc. We then merged with the Massachusetts corporation. We are the surviving corporation in the merger.

Initial Corporate Organization, Acquisition and Merger

From our incorporation until just before the acquisition, we had been a wholly owned subsidiary of Developed Technology Resource, Inc., a Minnesota corporation. Developed Technology's common stock is publicly traded on the Over-the-Counter Bulletin Board under the symbol DEVT.OB. In exchange for 1,221,890 shares of our common stock, Developed Technology transferred to us certain contractual rights to receive royalties from a yet undeveloped or approved cancer detection method that is described below under " -- Cancer Detection Technology." As part of that process, Developed Technology distributed its holdings of our common stock to its shareholders of record as of May 15, 2001. While our common stock then became publicly held, there has been no trading of our common stock. Our articles of organization provide that our common stock may not be sold without our approval until the earlier of May 1, 2003 or the 90th day after the date our common stock is registered under the Securities Exchange Act of 1934. We are filing this Form 10-SB with the Securities and Exchange Commission in order to register our common stock under the Securities Exchange Act.

On May 15, 2001, we acquired all of the outstanding common stock of Pro-Pharmaceuticals, Inc., a Massachusetts corporation organized on July 11, 2000 (referred to as Pro-Pharmaceuticals (Massachusetts)). We acquired these shares in exchange for 12,354,670 shares of our common stock. As a result, Pro-Pharmaceuticals (Massachusetts) became our wholly owned subsidiary, and the shareholders of Pro-Pharmaceuticals (Massachusetts) owned approximately 91% of the outstanding shares of our common stock. See "Item 4. Security Ownership of Certain

Beneficial Owners and Management" for information about the ownership of our common stock. After the acquisition, we merged with our wholly owned subsidiary, Pro-Pharmaceuticals (Massachusetts) and are the surviving corporation in the merger.

We are continuing the business of Pro-Pharmaceuticals (Massachusetts), which has been attempting to develop a technology that will reduce the toxicity and improve the efficacy of current drug therapies, including cancer chemotherapies, by combining the drugs with a number of specific carbohydrate compounds. This is now the principal focus of our business, and is the basis for the business discussion included in this Form 10-SB.

Our address is 189 Wells Avenue, Suite 200, Newton, Massachusetts 02459. Our telephone number is (617) 559-0033, fax number is (617) 928-3450, e-mail address is Plattpharma@aol.com, and our website address is www.pro-pharmaceuticals.com

Business of Pro-Pharmaceuticals

Overview

We are an early-stage research and development pharmaceutical company that intends initially to identify, develop and seek regulatory approval of technology that will reduce toxicity and improve the efficacy of currently existing chemotherapy drugs by combining the drugs with a number of specific carbohydrate compounds. Our fundamental objective is to increase the body's tolerance to the drugs by enabling delivery of the drugs while protecting healthy tissue. This would also permit use of larger doses of the drugs, since current dosages are generally limited due to concerns relating to their toxic effects on healthy cells. Our carbohydrate-based drug delivery system may also have applications for drugs now used to treat other diseases and chronic health conditions.

In technical terms, we seek to "reformulate" existing cancer chemotherapy drugs with non-toxic carbohydrate-based compounds that recognize and adhere to specific binding sites on the surface of cancer cells. Reformulation of chemotherapy drugs already approved by the U.S. federal Food and Drug Administration has the following benefits for our business:

- Our carbohydrate-based drug delivery system requires less time for development and FDA approval, and thus reaches the market sooner, because the active chemotherapy drugs are already approved and in widespread use for cancer treatment.

- We expect fewer risks in drug development because our carbohydrate-based compounds would be combined with drugs already in widespread use. Use of carbohydrate compounds with increased capacity to bind to receptors only on cancer cells and combining the drug with a harmless carbohydrate polymer will reduce the toxic effect on healthy cells and permit better calibration (including possible increase) of dosages to diseased tissue.

- We foresee a ready demand for chemotherapy that is less toxic and has greater efficacy. We believe the pharmaceutical industry would respond favorably to drug delivery systems to upgrade chemotherapies which patients would tolerate more easily. The industry would likely also be receptive to patent-protected drug delivery systems that "attach" to chemotherapies whose patent protection has expired.

- We believe that the development of drug delivery systems to upgrade these widely used drugs can be accomplished with much less investment compared to the typical expenditures made by large pharmaceutical companies for a new drug launch.

Cancer and Therapy Issues

Cancer is a disease characterized by uncontrolled growth and spread of abnormal cells. The disease may be caused by patient-specific factors such as genetic predisposition, immune deficiency, hormones, diet and smoking, or external factors such as exposure to a toxic environment. It is the second leading cause of death in the United States, resulting in over 550,000 deaths annually. The National Cancer Advisory Board reports that more than 8 million persons in the U.S. have cancer. Estimates claim that approximately one in three Americans will be diagnosed with the disease their lifetime. About 1.2 million new cases are diagnosed in the U.S. each year. As populations age in the U.S., Canada and other industrialized nations, the incidence of the disease is expected to increase. About 6 million persons worldwide die annually from cancer.

The most widely used methods to treat cancer are surgery, radiation and chemotherapy. Cancer patients often receive a combination of these treatments, and about half of all patients receive chemotherapy. Both radiation and chemotherapy have significant limitations that often result in treatment failure. In the case of chemotherapy, these limitations include:

- Toxicity. Most chemotherapy agents kill cancer cells by disrupting the cell division process. Cells are killed once they begin to undergo division and replication. Although these agents are effective on cancer cells, which generally grow rapidly through cell division, they also kill healthy non-cancerous cells as these cells undergo ordinary division. This is particularly apparent in fast-growing normal cells, such as blood cells forming bone marrow, in the digestive tract, hair follicles, and reproductive cells. As the chemotherapy harms healthy tissue, the effectiveness of the drug is limited because dosage levels and treatment frequency cannot exceed tolerance levels for noncancerous cells. Moreover, the chemotherapy regimen often dramatically diminishes the quality of a patient's life through its physical and emotional side effects.

- Inability to Selectively Target Diseased Cells. The administration of chemotherapy occurs in such a way that the drug reaches both healthy and diseased tissue. Normal cells are generally as receptive as tumors to the toxic effects of chemotherapy. Without the ability to target the drug exclusively to cancerous tissue, chemotherapy dosages must be kept within a range that healthy tissue can tolerate, thus reducing the optimal effectiveness of chemotherapy on diseased tissue.

Our Business Strategy and Initial Objectives

We seek to increase the effectiveness of current cancer treatment and other drugs. The initial objectives of our business strategy are as follows:

- Verify and extend the carbohydrate-based drug enhancement concept encompassing our approach for developing novel cancer chemotherapy products.

- Expand and enhance clinical applications of at least five widely used chemotherapy drugs (5-Fluorouracil, Adriamycin, Taxol, Cytoxan and Cisplatin) by combining them with our carbohydrate-based drug delivery system.

- Demonstrate the safety and efficacy of such product candidates by means of preclinical evaluation and submitting investigational new drug ("IND") applications to the FDA.

- Accelerate commercialization by identifying products that qualify for fast-track designation by the FDA (further described below). We plan to develop products to be used in treatment of types and stages of cancer for which treatments are now inadequate. The FDA has adopted fast-track and priority procedures for accelerating the approval of oncology agents addressing such needs, potentially reducing the time required to bring

new drugs to market. Once approved, we would seek to expand the market potential of our products by seeking approval for indications in larger cancer patient populations.

- Leverage our carbohydrate-based drug enhancement technology by applying it to other FDA-approved drugs, including drugs for conditions or ailments other than cancer, that would benefit from reduced toxicity and/or greater efficacy. This strategy would enable us to increase the portfolio of drugs to which our technology may be applied without corresponding development risk and expense of creating new drugs.

- Apply our drug enhancement system with the aim of extending the patent life of current drugs, or in some cases drugs with expired patents, creating new patent protection. For example, the patent protections of the five cancer drugs with which we propose to work have all expired or long been in the public domain. Non-cancer drugs whose patents have expired, and that we might apply our carbohydrate-based drug enhancement technology to include: Prozac (anti-depressant manufactured by Eli Lilly and Company); Prilosec (anti-ulcerative manufactured by AstraZenaca PLC); and Zoloft (anti-depressant manufactured by Pfizer Inc.).

Drug Delivery Technologies

General

The ultimate objective of enhanced drug delivery is to control and optimize the localized release of a drug at the target site and rapidly eliminate from the body the portion of the drug that was not delivered to the diseased tissue. Conventional drug delivery systems such as controlled release, sustained release, transdermal systems, and others are based on a physical erosion process for delivering active product into the systemic circulation over time with the objective of improving compliance by patients with a therapy regimen. These systems do not address the biologically important issues such as site targeting, localized release and elimination of undelivered drug from the body. The major factors that impact the achievement of this ultimate goal are:

- Physical characteristics of a drug. These characteristics affect, among other things, the drug's interactions with the intended pharmacological target sites and undesired areas of toxicity; and

- Biological characteristics of the diseased area. These characteristics impact the ability of a drug to selectively interact with the intended target site to allow the drug to express the desired pharmacological activity.

Both of these factors are important in increasing efficacy and reducing toxicity of cancer drugs. Biotechnology affords a new opportunity in drug delivery techniques by taking advantage of biological mechanisms such as drug-cell recognition and interactions, and particular physical characteristics of cancerous tissue.

Our Focus: Carbohydrate-Based Drug Enhancement Technology

We are attempting to develop a carbohydrate-based drug delivery technology to direct cancer drugs more selectively to tumor tissue so as to reduce the toxic side effects and improve the tumor reduction capacity of chemotherapy drugs now in use. Carbohydrates are found in the structural elements of cell walls and, among other functions, serve as recognition elements in biomolecules, enabling molecule-cell recognition, and hence, molecular targeting. The dense concentration of chemical functional groups within carbohydrates compared to other chemicals suits them for use in cell recognition applications in biological systems.

Our drug enhancement technology is intended to take advantage of the following biological mechanisms to improve drug delivery:

- Disease-specific carbohydrate recognition; and

- Enhanced permeability and retention in tumors.

Our technology does not change the chemistry of the drugs themselves, but

rather "attaches" cancer drugs to proprietary carbohydrate compounds, which interact with sugar-specific proteins on the surface of the tumor cell. Because of these cell surface interactions, we believe that these compounds will increase cell permeability, resulting in increased targeted absorption of drugs by cancer cells. These cell surface interactions may also reduce the cells' ability to adhere to each other as well as to normal tissue, resulting in diminished ability of cancer cells to metastasize, or spread to other tissue systems.

Our preliminary studies have led to the identification of certain mannans, a group of polysaccharides, as a potential drug delivery system. We believe that a mannan with suitable chemical structure and composition, when attached to or combined with the active agent of a chemotherapy drug, increases cellular membrane fluidity and permeability, thereby assisting delivery of the drug. Also, our studies have shown that mannans of a certain structure may be able to protect healthy tissue from the toxic effects of chemotherapy drugs, and also may be able to increase therapeutic efficacy of such drugs.

Initial Chemotherapy Applications

We believe that our carbohydrate-based drug enhancement technology applies to essentially any oncology drug whose delivery to the target can be improved by utilizing sugar-specific recognition at the cancer cell surface. Initially, we are studying the effect of our carbohydrate-based system on the toxicity and efficacy of selected cancer drugs. We have conducted preliminary studies that indicate that certain of our mannans, when combined with some of these drugs, may significantly reduce the toxic effects of the drugs and may also increase therapeutic efficacy of such drugs.

Our initial program is designed to be "risk-contained" in that it will focus on proven drugs for which there are already a great deal of data on their therapeutic efficacy and toxicity, along with an accumulated knowledge of their limitations. We intend to apply our drug delivery technology initially to five widely used chemotherapy agents: 5-Fluorouracil, Adriamycin, Taxol, Cytoxan and Cisplatin. Each of these drugs is among the most popular drugs used in cancer chemotherapy treatment in the United States, and for each of these drugs there is a strong need for improving their therapeutic efficacy and decreasing their toxicity.

- 5-Fluorouracil (5-FU) is a fluorinated pyrimidine (a nucleic acid component). It interferes with the synthesis of DNA and inhibits the formation of RNA. Since DNA and RNA are essential for cell division and growth, the effect of 5-FU provokes

unbalanced growth and death of the cell. The effect of DNA and RNA deprivation is most marked on those cells which grow more rapidly and which take up the 5-FU at a more rapid rate, such as cancer cells. 5-FU is effective against cancers of the colon, rectum, breast, stomach and pancreas. Originally patented in the late 1950s, its patent protection has expired. This drug is also toxic, resulting in side effects such as nausea, vomiting, mouth sores, gastrointestinal ulceration and bleeding, loss of hair, skin darkening and fatigue. 5-FU is manufactured by Roche Laboratories for intravenous administration.

- Adriamycin (generic name -- doxorubicin hydrochloride) is a cytotoxic agent that selectively kills malignant cells and causes tumor regression. It binds to the DNA, and presumably inhibits nucleic acid synthesis. It is used to treat, among others, leukemia, cancers of the breast, ovaries, bladder, stomach and thyroid, as well as Hodgkin's and non-Hodgkin's lymphoma. Originally patented in 1971, its patent protection has expired. Adriamycin is toxic, resulting in side effects such as nausea, vomiting, loss of hair, mouth sores, colon ulceration and heart damage. It is manufactured by Pharmacia Upjohn for intravenous administration.

- Taxol (generic name -- paclitaxel) is a relatively new anti-leukemic and anti-tumor agent, possessing a cytotoxic activity. It suppresses cell division by binding to so-called microtubules that form in a cell's nucleus to help move the chromosomes around during the division

process. Taxol is most effective against ovarian and advanced breast cancers, particularly after failure of standard chemotherapy. Studies indicate that it might be effective against leukemia, lung carcinoma, colon carcinoma, renal carcinoma, melanoma, and CNS carcinoma. Taxol is toxic, and patients receiving it often develop problems ranging from rashes, drop in blood pressure and anemia to major breathing problems, hives and/or fluid buildup around the heart and bone marrow suppression. Almost all patients experience hair loss from Taxol, and some patients experience severe hypersensitivity reactions to Taxol. It is manufactured by Bristol-Myers-Squibb Company for intravenous administration.

- Cytoxan (generic name -- cyclophosphamide) has action leading to cross-linking of RNA of tumor cells, and thereby interferes with the growth of susceptible rapidly proliferating malignant cells. It is effective against a range of cancers, such as malignant lymphomas, Hodgkin's disease, various leukemias, and cancer of the breast and ovaries. This drug is toxic, with side effects including nausea, vomiting, anorexia, diarrhea, skin rash and darkening and, in extreme cases, heart damage or failure, and secondary malignancies. It is manufactured by Bristol-Myers-Squibb Company for intravenous and oral administration.

- Cisplatin appears to act by inhibiting DNA synthesis. It is effective against metastatic testicular and ovarian tumors (typically in combination with other chemotherapeutic agents, such as Cytoxan, above), and advanced bladder cancer. This drug is toxic, with side effects including renal toxicity, nausea, vomiting, anorexia, diarrhea and anemia. It is manufactured as PLATINOL(R) by Bristol-Myers-Squibb Company for intravenous injection.

Preclinical Animal Studies

As discussed below, we have conducted preclinical animal experiments with an independent laboratory to study the reduction of toxicity of 5-Fluorouracil in combination with each of four of our mannan compounds, selected for the study. We have also conducted a study of the efficacy of 5-FU combined with one of our mannan compounds.

Toxicity Studies

Results of one of our toxicity studies (00-5953-N1 of 02/15/01) indicate that one of the mannan compounds may significantly decrease the toxicity of 5-FU. Ten groups of five animals each were used. In five groups, treated respectively with a placebo and one of four different mannans provided by us, the animals showed no signs of toxicity. That was expected because the animals were not receiving the toxic drug, and the mannans were not expected to be toxic at all. In four groups, treated respectively with 5-FU alone and 5-FU in combination with either of three of the mannans, the animals showed signs of severe toxicity. In one group, treated with 5-FU in combination with the fourth mannan, no clinical signs of toxicity were observed. This provides a preliminary indication of potential reduction in cancer drug toxicity by a carbohydrate-based addition to the cancer drug.

A second, similar study (01-0557-N1 of 03/01/01) was performed to test a potential reduction of toxicity of another anticancer drug, Adriamycin, in combination with each of two mannan compounds selected for the study. Results indicate that one of the mannan compounds may decrease the toxicity of Adriamycin. In two groups, treated with Adriamycin alone and Adriamycin in combination with one mannan, the animals showed signs of severe toxicity. In one group, treated with the same amount of Adriamycin in combination with the second mannan, four out of the five animals in the group did not show any clinical signs of toxicity. Again, this provides a preliminary indication of potential reduction in cancer drug toxicity by a carbohydrate-based addition to the cancer drug. The fact that two different cancer drugs with chemically unrelated structures showed a marked reduction of their toxicity in combination with particular mannans indicates that there might be some fundamental underlying biological reasons, related to the mannans rather than to the drugs, for the reduction in toxicity.

Efficacy Study

A preliminary study was performed to test a potential change in therapeutic efficacy of 5-FU in a combination with that same mannan that decreased toxicity of the drug in healthy animals (see the first study described in " -- Toxicity Studies," above). The study was motivated by the desire to test the possibility that the mannan might diminish both toxicity and efficacy in parallel, if the mannan were merely competing with 5-FU for binding with cells, healthy or cancerous. Results of the study demonstrated, however, that the same mannan that may decrease toxicity of 5-FU may also increase efficacy of the drug when the drug combined with mannan is administered into cancer-carrying animals. In this study, we ascertained a decrease in tumor size following administration of 5-FU alone as well as administration of the 5-FU/mannan combination. When the 5-FU/mannan combination was administered, tumor size decreased by 35%-55% more than when 5-FU was administered alone. Furthermore, compared to control (i.e., when no drug was introduced to the animals), in a week following drug administration (at high 5-FU concentration) tumor size decreased almost four times more with 5-FU alone and almost five times more with the 5-FU/mannan combination. In the two-week period after drug administration of low 5-FU concentration, tumor size decreased (compared to control) over two times more with 5-FU alone, and over three times more with the 5-FU/mannan combination.

Although the foregoing studies are encouraging, the results achieved in preclinical studies with animals are often not duplicated in human patients. Please see "Risk Factors -- Our product candidates will be based on novel technologies..." below.

Cancer Detection Technology

We have an indirect royalty interest in a cancer detection technology that may be applied to the detection of soft tissue nodules in human organs, and may thus assist in the detection of cancerous tissue. A diagnostic system has been developed which is based on this detection technology. This system uses pressure to measure the elasticity or hardness of soft tissue, and, through digitization, provides a clinician with an image of the size and location of nodules in the tissue. While the detection technology is currently being focused on the development of a prostate imaging system, the technology is also believed to be applicable to the detection of nodules or hardness in the breast.

The detection technology is substantially covered by three United States patents: Patent No. 5,265,612 entitled "Intercavity Ultrasonic Device for Elasticity Imaging"; Patent No. 5,524,636, dated June 11, 1996 entitled "Method and Apparatus for Elasticity Imaging"; and Patent No. 5,785,663 dated July 28, 1998, entitled "Method and Device for Mechanical Imaging of Prostate."

The detection technology is owned, and primary development efforts are being conducted, by ArMed, Inc., a Delaware corporation (formerly ArMed LLC, a Delaware limited liability company). Artann Corporation, a New Jersey corporation, and an earlier owner and developer of the detection technology, transferred the detection technology to ArMed, Inc. in 1996, and in return received a license to use, develop, manufacture and market a home use breast cancer system utilizing the detection technology.

Artann Corporation entered into an "Agreement for Transfer of Patent and Proprietary Rights" dated September 5, 1995, as amended on August 29, 1996, with our former parent company, Developed Technology. We refer to that agreement as the "royalty agreement" in this section. We received our rights under the royalty agreement by assignment from Developed Technology on April 23, 2001. Armen P. Sarvazyan is the original inventor of the detection technology, is the principal shareholder of Artann Corporation, and is also a party to the royalty agreement. Sarvazyan and Artann Corporation, combined, have approximately a 9.5% equity and voting interest in ArMed, Inc., on a fully diluted basis.

The royalties which we have a right to receive under the royalty agreement are based on the gross revenues of Artann Corporation and Sarvazyan. Those gross revenues, if generated, will be obtained by Artann Corporation from (i) the sale of home use breast cancer detection systems, utilizing the detection technology, (ii) the licensing or assignment to third parties of the rights to manufacture and sell breast cancer detection systems utilizing the detection technology, and (iii) distributions made by ArMed, Inc. to Artann Corporation. The royalty

computation is complex and not readily subject to description, and varies significantly depending upon the specific application of the detection technology.

We do not anticipate receiving any revenue under the royalty agreement for at least two years, and we do not expect any revenue we do receive to be substantial. An independent appraisal of our royalty interest under the royalty agreement was obtained in March 2001. That appraisal established a fair market value of our royalty interest at $107,000.

We are currently negotiating to exchange our royalty interest for a direct equity interest in ArMed, Inc. We cannot predict whether our royalty interest will ever result in any revenues to us.

Patents and Proprietary Rights

We dedicate significant resources to protecting our intellectual property. We have one pending patent application, entitled "Delivery of Therapeutic Agent in a Formulation for Reduced Toxicity," filed with the U.S. Patent and Trademark Office on March 27, 2001, by Dr. David Platt, our President and Chief Executive Officer and a director, and Dr. Anatole Klyosov, our Senior Vice President and Chief Scientific Officer. Dr. Platt and Dr. Klyosov assigned this patent application to us in April 2001.

In addition, we are the owners of rights to two provisional patent applications. One application, filed on August 30, 2000, concerns a method of improving drug efficacy based on reformulation of drugs with polysaccharides. The other application, filed on September 25, 2000, concerns the synthesis of Galactomycin (i.e., Adriamycin combined with galactose). Both are filed with the U.S. Patent and Trademark Office. We have not undertaken filings elsewhere.

A provisional patent application is not actually reviewed by the U.S. Patent and Trademark Office. Rather, it is used to establish a filing, or priority, date for either a U.S. utility patent application, which is subject to review, or a Patent Cooperation Treaty application, which is subject to an initial search and a further review upon request. In order to retain the benefits of the initial filing or priority date, the inventor must file a utility application with the U.S. Patent and Trademark Office, or an application under the Patent Cooperation Treaty, within one year of the original filing date of the provisional application. Otherwise, the filing, or priority, date will be lost.

We intend to file additional patent applications when appropriate, with respect to improvements in our core technology and to specific products and processes that we develop. There can be no assurance that any patents will issue from any present or future applications or, if patents do issue, that such patents will be issued on a timely basis or that claims allowed on issued patents will be sufficient to protect our technology. Our intellectual property is subject to other risks, including potential patent challenges and possible lack of protection. Please see " -- Risk Factors -- If we fail adequately to protect our intellectual property ...," below, for additional discussion of risks related to intellectual property.

On June 8, 2001 we filed with the U.S. Patent and Trademark Office applications to register the following trademarks/service marks, each on an "intent to use" basis in connection with licensing of our intellectual property: ADVANCING DRUGS THROUGH GLYCOSCIENCE and GLYCO-UPGRADE. The U.S. Patent and Trademark Office has not reviewed such applications. It generally issues an office action several months after an application is filed which reports on its initial determination of whether a mark is registrable under the federal trademark statute.

Research

We anticipate that our focus will be on design and analysis of carbohydrate-based drug enhancement systems. We do not anticipate building in-house research or development facilities, or hiring staff to conduct those activities. As we have done to date, we will have our pre-clinical testing conducted by outside laboratories.

Our early stage research was conducted by Toxikon Corporation, a comprehensive compliance FDA-registered service testing laboratory in Bedford, Massachusetts, that is not affiliated with Pro-Pharmaceuticals. Toxikon's laboratory is ISO-9001 certified and EN-45001 approved, meaning that it complies with quality management standards as established by the International Organization for Standardization and other international organizations.

Our current research on toxicity and efficacy of several chemotherapy drugs both alone and in combinations with our mannans on cancer-carrying animals are being conducted by Southern Research Institute in Birmingham, Alabama. Southern Research Institute is an independent, not-for-profit contract research organization that is not affiliated with our company.

If we develop products eligible for clinical trials, we will contract with an independent clinical research organization to design the trial protocols and arrange for and monitor the clinical trials. We also intend to rely on academic institutions or clinical research organizations to conduct,

supervise or monitor some or all aspects of clinical trials involving our products. In addition, certain clinical trials for our products may be conducted by government-sponsored agencies and consequently will be dependent on governmental participation and funding. Our dependence on third-party researchers will involve risks including lessened control over the timing and other aspects of any clinical trials, since we will not be conducting them on our own. Please see "Risk Factors -- We have no experience in clinical trials and will be dependent on others ...", below, for additional discussion of risks related to our research.

We do not intend to manufacture our products. We anticipate that any products we develop will be manufactured by subcontractors. Please see "Risk Factors -- We intend to rely on third parties to manufacture and market ...", below, for additional discussion of risks related to contract manufacturing.

Manufacturing and Marketing

We are a development company and do not have, or intend to obtain, internal facilities for the manufacture of any of our products for clinical or commercial production. In order to have our products manufactured, we will initially need to develop relationships with third-party manufacturing resources, enter into collaborative arrangements with other parties that have established manufacturing capabilities or elect to have other third parties manufacture our products on a contract basis. Later we would propose to have our products manufactured and marketed pursuant to licensing agreements as discussed below.

We also have no marketing infrastructure, and we do not intend to develop a sales and marketing staff to commercialize pharmaceutical products. If we develop products eligible for commercial sale, we will need to rely on third parties such as licensees, collaborators, joint venture partners or independent distributors to market and sell those products. Our dependence on third-party manufacturers and marketers will involve risks relating to our lessened control, and other risks including those discussed in " -- Risk Factors -- We intend to rely on third parties to manufacture and market our products ...," below.

We currently envision having our manufacturing and marketing operations conducted pursuant to license agreements that we would negotiate with pharmaceutical companies with respect to manufacturing and marketing of their "upgraded" drugs. While we presently contemplate offering the rights to manufacture and market an "upgraded" drug to the original pharmaceutical company that developed the drug, we will evaluate other manufacturing and marketing arrangements as well.

Competition

We expect to encounter significant competition for the principal drug delivery systems we plan to develop. Companies that complete clinical trials, obtain required regulatory approvals and commence commercial sales of their products before their competitors may achieve a significant competitive advantage. Accordingly, the relative speed with which we and any future collaborators can develop products, complete preclinical testing and clinical trials and approval processes, and supply commercial quantities of the products

to the market are expected to be important competitive factors. A number of biotechnology and pharmaceutical companies are developing new drug delivery systems for the treatment of the same diseases being targeted by us. In some instances, such products have already entered late-stage clinical trials or received FDA approval. Significant levels of research in biotechnology, medicinal chemistry and pharmacology occur in academic institutions, governmental agencies and other public and private research institutions. These entities have become increasingly active in seeking patent protection and licensing revenues for their research results. They also compete with us in recruiting and retaining skilled scientific talent.

Please see "Risk Factors -- We are faced with direct and intense competition ...", below, for additional discussion related to our current and potential competition.

Our potential competition includes other companies developing drug delivery systems based on carbohydrates, as well as companies developing drug delivery systems based on other polymers. The principal competitors in the polymer area are Cell Therapeutics, Access Pharmaceuticals, Daiichi, Enzon and Pharmacia which are developing alternate drugs in combination with polymers. We believe we are the only company conducting research on mannan-based drug delivery systems.

In addition, we face competition with technologies other than polymer-based delivery technologies. We believe that the principal current competitors to polymer-based targeting technology fall into two categories: monoclonal antibodies and liposomes. A number of companies are developing or may in the future engage in the development of products competitive with our drug delivery system. Several companies are working on targeted monoclonal antibody therapy including Bristol-Myers Squibb, Centocor, GlaxoSmithKline, Imclone and Xoma. Currently, liposomal formulations being developed by Nexstar (acquired by Gilead Sciences), The Liposome Company (acquired by Elan Corporation) and Sequus Pharmaceuticals (acquired by Alza Corporation), are the major competing intravenous drug delivery formulations which deliver similar drug substances. A number of companies are developing or evaluating enhanced drug delivery systems. We expect that technological developments will occur at a rapid rate and that competition is likely to intensify as various alternative delivery system technologies achieve similar if not identical advantages.

We believe that our ability to compete successfully will be based on our ability to create and maintain scientifically advanced technology, develop proprietary products, attract and retain scientific personnel, obtain patent or other protection for our products, obtain required regulatory approvals and manufacture and successfully market our products either alone or through outside parties.

Government Regulation

The research, development, testing, manufacture, labeling, promotion, advertising, distribution, and marketing, among other things, of our products are extensively regulated by governmental authorities in the United States and other countries. In the United States, the Food and Drug Administration (FDA) regulates drugs under the Federal Food, Drug, and Cosmetic Act and its implementing regulations. Failure to comply with the applicable U.S. requirements may subject us to administrative or judicial sanctions, such as FDA refusal to approve pending new drug applications, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, and/or criminal prosecution. Please see "Risk Factors -- If we fail to obtain regulatory approvals ...", below, for additional discussion of risks related to regulatory compliance.

Drug Approval Process

No drug may be marketed in the U.S. until the drug has received FDA approval. We have not yet submitted an application for approval for any of our product candidates. The steps required before a drug may be marketed in the U.S. include:

- preclinical laboratory tests, animal studies, and formulation studies
- submission to the FDA of an investigational new drug application, or

IND, for human clinical testing, which must become effective before human clinical trials may begin

- adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug for each indication
- submission to the FDA of a New Drug Application, or NDA
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current Good Manufacturing Procedures established by the FDA ("cGMP") and
- FDA review and approval of the NDA.

Preclinical tests include laboratory evaluation of product chemistry, toxicity, and formulation, as well as animal studies. The results of the preclinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND, which must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about issues such as the conduct of the trials as outlined in the IND. In such a case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. We cannot be sure that submission of an IND will result in FDA allowing clinical trials to begin.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing the objectives of the study, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Each trial must be reviewed and approved by an independent Institutional Review Board before it can begin. Study subjects must sign an informed consent form before participating in a clinical trial. Phase I usually involves the initial introduction of the investigational drug into people to evaluate its safety, dosage tolerance, pharmacodynamics, and, if possible, to gain an early indication of its effectiveness. Phase II usually involves trials in a limited patient population to (i) evaluate dosage tolerance and appropriate dosage; (ii) identify possible adverse effects and safety risks; and (iii) evaluate preliminarily the efficacy of the drug for specific indications. Phase III trials usually further evaluate clinical efficacy and test further for safety by using the drug in its final form in an expanded patient population. There is no assurance that these trials will be completed within a specified period of time, if at all.

Assuming successful completion of the required clinical testing, the results of the preclinical studies and of the clinical studies, together with other detailed information, including information on the manufacture and composition of the drug, are submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. Before approving an NDA, the FDA usually will inspect the facility or the facilities at which the drug is manufactured, and will not approve the product unless cGMP compliance is satisfactory. If the FDA evaluates the NDA and the manufacturing facilities as acceptable, the FDA will issue an approval letter. If the FDA evaluates the NDA submission or manufacturing facilities as not acceptable, the FDA will outline the deficiencies in the submission and often will request additional testing or information. Even if we submit the requested additional information, the FDA ultimately may decide that the NDA does not satisfy the regulatory criteria for approval. The testing and approval process requires substantial time, effort, and financial resources, and we cannot be sure that any approval will be granted on a timely basis, if at all. After approval, certain changes to the approved product, such as adding new indications, manufacturing changes, or additional labeling claims are subject to further FDA review and approval.

FDA "Fast Track" Program; Priority Review

The FDA's "fast track" program is intended to facilitate the development and expedite the review of drugs intended for the treatment of serious or life-threatening diseases and that demonstrate the potential to address unmet medical needs for such conditions. Under this program, the FDA can, for example, review portions of an NDA for a fast track product before the entire application is complete, thus potentially beginning the review process at an earlier time. We intend to seek to have some of our products designated as fast track products, with the goal of reducing review time. There can be no guarantee that the FDA will grant any of our requests for fast track designation, that any fast track designation would affect the time of review, or that the FDA will approve the NDA submitted for any of our product candidates, whether or not fast track designation is granted. Additionally, FDA approval of a fast track product can include restrictions on the product's use or distribution (such as permitting use only for specified medical procedures or limiting distribution to physicians or facilities with special training or experience), and can be conditioned on the performance of additional clinical studies after approval.

FDA procedures also provide priority review of NDAs submitted for drugs that, compared to currently marketed products, offer a significant improvement in the treatment, diagnosis, or prevention of a disease. NDAs that are granted priority review are intended to be acted upon more quickly than NDAs given standard review. The FDA's current goal is to act on 90% of priority NDAs within six months of receipt. We anticipate seeking priority review with regard to some of our product candidates. There can be no guarantee that the FDA will grant priority review status in any instance, that priority review status will affect the time of review, or that the FDA will approve the NDA submitted for any of our product candidates, whether or not priority review status is granted.

Post-Approval Requirements

If FDA approval of one or more of our products is obtained, we will be required to comply with a number of post-approval requirements. For example, holders of an approved NDA are required to report certain adverse reactions to the FDA, and to comply with certain requirements concerning advertising and promotional labeling for their products. Also, quality control and manufacturing procedures must continue to conform to cGMP after approval, and the FDA periodically inspects manufacturing facilities to assess compliance with cGMP. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. In addition, discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved NDA, including withdrawal of the product from the market. Also, new government requirements may be established that could delay or prevent regulatory approval of our products under development.

FDA "Orphan Drug" Designation

The FDA may grant orphan drug designation to drugs intended to treat a "rare disease or condition," which generally is a disease or condition that affects fewer than 200,000 individuals in the United States. Orphan drug designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are publicly disclosed by the FDA. Orphan drug designation does not convey an advantage in, or shorten the duration of, the regulatory review and approval process. If a product which has an orphan drug designation subsequently receives the first FDA approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the FDA may not approve any other applications to market the same drug for the same indication, except in certain very limited circumstances, for a period of seven years. As well, orphan drugs usually receive ten years of marketing exclusivity in the E.U.

Non-United States Regulation

Before our products can be marketed outside of the United States, they are subject to regulatory approval similar to that required in the United States,

although the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary widely from country to country. No action can be taken to market any product in a country until an appropriate application has been approved by the regulatory authorities in that country. The current approval process varies from country to country, and the time spent in gaining approval varies from that required for FDA approval. In certain countries, the sales price of a product must also be approved. The pricing review period often begins after market approval is granted. No assurance can be given that even if a product is approved by a regulatory authority, satisfactory prices will be approved for such product.

Environmental Regulation

Pharmaceutical research and development involves the controlled use of hazardous materials including but not limited to certain hazardous chemicals and radioactive materials. In connection with research, development and manufacturing activities, biotechnology and biopharmaceutical companies are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens and wastes. Since we do not anticipate building in-house research, development or manufacturing facilities, but plan to have these activities conducted by contractors and other third parties, we do not anticipate that we will be directly affected by environmental regulations. However, our contractors and others conducting research, development or manufacturing activities for us may be required to incur significant costs to comply with environmental and health and safety regulations in the future, and this could in turn affect our costs of doing business and might ultimately interfere with timely completion of research or manufacturing programs if those third parties are unable to comply with environmental regulatory requirements.

Employees

We currently have three employees: David Platt, our President and Chief Executive Officer; Anatole A. Klyosov, our Senior Vice President and Chief Scientific Officer; and Maureen Foley, our Manager of Operations.

Scientific and Clinical Advisory Boards

We have started, and will continue to recruit members for, a Scientific Advisory Board that will include recognized scientists with expertise in the fields of carbohydrate chemistry and biochemistry, immunology, cell and molecular biology, and synthetic and medical chemistry. The Scientific Advisory Board will meet with our management on a regular basis and in smaller groups or individually from time to time on an informal basis. The members will assist us in identifying scientific and product development opportunities, reviewing with management the progress of our specific projects and recruiting and evaluating our scientific staff. We may also have a Clinical Advisory Board that will assist us from time to time on clinical matters.

The initial members of our Scientific Advisory Board are: Dr. David Platt, our President and Chief Executive Officer and a director; Dr. Anatole A. Klyosov, our Senior Vice President and Chief Scientific Officer; Dr. Dale H. Conaway, a director; Burton Firtel, a director; and Dr. Henry Esber. See "Item 5. Directors and Executive Officers, Promoters and Control Persons" for additional information about the business and educational backgrounds of these persons, other than Dr. Esber whose background is as follows:

Dr. Esber is Executive Director of Business Development for Primedica Corporation, a contract research organization. Dr. Esber has served in this capacity for more than five years. Dr. Esber is a co-founder and a director of BioQuant Corporation (formerly BioSignature Diagnostics, Inc.), a developer of immunochemistry kits for diagnosis and assessment of immunological diseases. He is also a co-founder of Advanced Drug Delivery, Inc., a biotechnology company that focuses on development of drug delivery systems using co-polymers or other modifications for use in the area of cancer and other diseases. Dr. Esber serves on the Scientific Advisory Boards of several U.S. and non-U.S. biotechnology companies, including Celltek Biotechnologies, Inc., BioQuant Corporation and Delmont Laboratories. Dr. Esber received a B.S. degree in Biology from the College of William and Mary in 1961, an M.S. degree in Public Health and

Parasitology from the University of North Carolina in 1963, and a Ph.D. degree in Immunology/Microbiology from West Virginia University Medical Center in 1967.

Risk Factors

We are at an early stage of development without operating history. Our future revenues and profits are uncertain.

We are a development-stage venture without operating history. We were incorporated in January 2001. Our predecessor, Pro-Pharmaceuticals (Massachusetts) was incorporated in July 2000. We have not generated any revenues to date. Though we have prepared and tested several carbohydrate-based formulations in preclinical studies, we have not prepared formulations of any therapeutic product for testing, and we have not commenced any clinical trials. We have no therapeutic products available for sale, and none are expected to be commercially available for several years, if at all. Our research activities may not lead to the development of any commercially viable products. We may never generate revenue or become profitable, even if we are able to commercialize any products. If we are unable to generate revenues or profits, you might not be able to realize returns on your investment in our company. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We have incurred net losses to date, and expect to be dependent on outside sources of capital for the foreseeable future. If we fail to raise substantial additional capital, we will have to curtail or cease operations.

Our predecessor, Pro-Pharmaceuticals (Massachusetts) had incurred net operating losses since its incorporation in July 2000, and as of December 31, 2000, had an accumulated deficit of approximately $103,927 and, as of March 31, 2001, $332,438. We will need to conduct significant research, development, testing and regulatory compliance activities that, together with projected general and administrative expenses, we expect will result in substantial increasing operating losses for at least the next several years. Accordingly, we will not be generating our own capital and will remain dependent on outside sources of financing during that time.

As of March 31, 2001, we had approximately $841,000 in cash and cash equivalents. We have budgeted expenditures in 2001 of $5,000,000 and have begun a private placement exempt from registration under the Securities Act of 1933 in order to raise $5,145,000 to cover those planned expenditures. Please see "Item 2 -- Plan of Operation -- Liquidity and Capital Resources" for further discussion of our present financing plans. We may not be able to raise the entire amount at this time. In any case, we will have to raise additional funds to continue the development of our technologies and complete the commercialization of products, if any, resulting from our technologies. We will require substantial funds to: (1) continue our research and development programs, (2) acquire technologies by license or purchase, and (3) conduct preclinical studies and clinical trials. We may need to raise additional capital to fund our operations repeatedly. We may raise such capital through public or private equity financings, partnerships,

debt financings, bank borrowings, or other sources. Our capital requirements will depend upon numerous factors, including the following:

- the establishment of collaborations
- the development of competing technologies or products
- changing market conditions
- the cost of protecting our intellectual property rights
- the progress of our research and development programs, the progress of our collaborations and receipt of any option/license, milestone and royalty payments resulting from those collaborations
- technology acquisition opportunities

Additional funding may not be available on favorable terms or at all. If

adequate funds are not otherwise available, we may curtail operations significantly. To obtain additional funding, we may need to enter into arrangements that require us to relinquish rights to certain technologies, products and/or potential markets. To the extent that additional capital is raised through the sale of equity, or securities convertible into equity, you may experience dilution of your proportionate ownership of the company.

Our product candidates will be based on novel technologies that have not yet been proven.

Our product candidates will be based upon novel technologies that we plan to use to apply to drugs currently used in the treatment of cancer and other diseases. These technologies have not been proven. Carbohydrates are difficult to synthesize, and we may not be able to synthesize carbohydrates that would be usable as delivery vehicles for the anti-cancer drugs we plan to work with. Furthermore, as is often the case, preclinical results in animal studies may not predict outcomes in human clinical trials. Our product candidates may not be proven safe or effective. If this technology does not work, our product candidates may not develop into commercial products.

If we do not successfully develop products, we may be unable to generate any revenue.

Our product candidates are still in research and preclinical development, which means that they have not yet been tested on humans. We will need to commit significant time and resources to develop these and additional product candidates. We are dependent on the successful completion of clinical trials and obtaining regulatory approval in order to generate revenues. The failure to generate such revenues may preclude us from continuing our research and development of these and other product candidates.

We have no product candidates in clinical trials, and we do not know when, if ever, we will have a candidate and commence clinical trials. Clinical trials are expensive, time-consuming and may not be successful. They involve the testing of potential therapeutic agents, or effective treatments, in humans in three phases (phases I, II, and III) to determine the safety and efficacy of the product candidates necessary for an approved drug. Many products in human clinical trials fail to demonstrate the desired safety and efficacy characteristics. Even if our products progress successfully through initial human testing, they may fail in later stages of development. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after reporting promising results in earlier trials. In addition, data obtained from clinical trials are susceptible to varying interpretations. Government regulators and our collaborators may

not agree with our interpretation of our future clinical trial results. The clinical trials of any of our future product candidates may not be successful.

If we fail to obtain regulatory approvals, we will be unable to commercialize our products.

We do not have any product approved for sale in the U.S. or any foreign market. We must obtain approval from the FDA in order to sell our products in the U.S. and from foreign regulatory authorities in order to sell our drug products in other countries. We have not yet submitted any application for approval to the FDA. Once an application is submitted, the FDA could reject the application or require us to conduct additional clinical or other studies as part of the regulatory review process. Delays in obtaining or failure to obtain FDA approvals would prevent or delay the commercialization of our products, which would prevent, defer or decrease our receipt of revenues.

The regulatory review and approval process is lengthy, expensive and uncertain. Extensive preclinical and clinical data and supporting information must be submitted to the FDA for each indication for each product candidate in order to secure FDA approval. We have no experience in obtaining such approvals, and cannot be certain when we will receive these regulatory approvals, if ever.

In addition to initial regulatory approval, our product candidates will be subject to extensive and rigorous ongoing domestic and foreign government regulation, as we discuss in more detail in "Business of Pro-Pharmaceuticals --

Government Regulation," above. Any approvals, once obtained, may be withdrawn if compliance with regulatory requirements is not maintained or safety problems are identified. Failure to comply with these requirements may subject us to stringent penalties.

Even if our product candidates are successful in clinical trials, they may not be successfully commercialized.

All of our compounds currently are in research or development, and none has been submitted for marketing approval. There can be no assurance that any of our compounds will enter human clinical trials on a timely basis, if at all, or that we will develop any product candidates suitable for commercialization. Prior to commercialization, each product candidate will require significant additional research, development and preclinical testing and extensive clinical investigation before submission of any regulatory application for marketing approval. Potential products that appear to be promising at early stages of development may not reach the market for a number of reasons. Potential products may:

- be found ineffective or cause harmful side effects during preclinical testing or clinical trials
- fail to receive necessary regulatory approvals
- be difficult to manufacture on a large scale
- be uneconomical to produce
- fail to achieve market acceptance
- be precluded from commercialization by proprietary rights of third parties

We cannot assure you that we will undertake any product development efforts, either alone or with collaborative partners. If we do undertake product development efforts, we cannot assure

you that any of those efforts will be successfully completed, that required regulatory approvals will be obtained or that any products, if introduced, will be successfully marketed or achieve customer acceptance.

We have no experience in clinical trials and will be dependent on others to conduct our clinical trials.

We have no experience in conducting clinical trials. We intend to rely on academic institutions or clinical research organizations to conduct, supervise or monitor some or all aspects of clinical trials involving our products. In addition, certain clinical trials for our products may be conducted by government-sponsored agencies and consequently will be dependent on governmental participation and funding. We will have less control over the timing and other aspects of these clinical trials than if we conducted them entirely on our own. We cannot assure you that these trials will commence or be completed as we expect or that they will be conducted successfully. Failure to commence or complete, or delays in, any of our planned clinical trials could delay or prevent the commercialization of our products and harm our business. The actual timing of clinical trials can vary dramatically due to factors such as delays, scheduling conflicts with participating clinicians and clinical institutions and the rate of patient accruals. We cannot assure you that clinical trials involving our product candidates will commence or be completed as forecasted.

If we fail adequately to protect our intellectual property, our competitive position could be harmed.

Development and protection of our intellectual property are critical to our business. If we do not adequately protect our intellectual property, competitors may be able to practice our technologies. Our success depends in part on our ability to:

- obtain patent protection for our products or processes both in the United States and other countries

- protect trade secrets

- prevent others from infringing on our proprietary rights

While we believe that linking our carbohydrate polymers to existing drugs will yield patentable subject matter, to date we have only made two provisional patent applications, as well as a patent application as discussed above under " -- Patents and Proprietary Rights." We do not believe that our carbohydrate-drug conjugates will infringe any third-party patents covering the underlying drug. However, there can be no assurance that we will receive a patent for our carbohydrate-drug conjugates. In addition, we must meet further filing deadlines in the case of our provisional patent applications if we are to retain the filing, or priority, dates for those applications, as discussed above under " -- Patents and Proprietary Rights."

Since patent applications in the United States are maintained in secrecy until patents are issued, and since publication of discoveries in the scientific or patent literature often lag behind actual discoveries, we cannot be certain that we are the first to make the inventions to be covered by the patent applications we intend to file. The patent position of biopharmaceutical firms generally is highly uncertain and involves complex legal and factual questions. The U.S. Patent and Trademark Office has not established a consistent policy regarding the breadth of claims that it will allow in biotechnology patents. If it allows broad claims, the number and cost of patent interference proceedings in the U.S. and the risk of infringement litigation may increase. If it allows narrow claims, the risk of infringement may decrease, but the value of our rights under our patents, licenses and patent applications may also decrease.

We cannot assure you that patent applications in which we have rights will ever issue as patents or that the claims of any issued patents will afford meaningful protection for our technologies or products. In addition, patents issued to us or our licensors may be challenged and subsequently narrowed, invalidated or circumvented. Litigation, interference proceedings or other governmental proceedings that we may become involved in with respect to our proprietary technologies or the proprietary technology of others could result in substantial cost to us. Patent litigation is widespread in the biotechnology industry, and any patent litigation could harm our business. Costly litigation might be necessary to protect our patent position or to determine the scope and validity of third-party proprietary rights, and we may not have the required resources to pursue such litigation or to protect our patent rights. An adverse outcome in litigation with respect to the validity of any of our patents could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or require us to cease using a product or technology.

We also rely upon trade secrets, proprietary know-how and continuing technological innovation to remain competitive. Third parties may independently develop such know-how or otherwise obtain access to our technology. While our employees, consultants and corporate partners with access to proprietary information generally will be required to enter into confidentiality agreements, these agreements may not be honored.

If any of our license agreements for intellectual property underlying any of our products are terminated, we may lose our rights to develop or market that product.

Patents issued to third parties may cover our products as ultimately developed. We may need to acquire licenses to these patents or challenge the validity of these patents. We may not be able to license any patent rights on acceptable terms or successfully challenge such patents. The need to do so will depend on the scope and validity of these patents and ultimately on the final design or formulation of the products and services that we develop. We may not be able to meet our obligations under those licenses that we do enter into. If we enter into a license agreement for intellectual property underlying any of our products, and that license were to be terminated, we may lose our right to market and sell any products based on the licensed technology.

Our products could infringe on the intellectual property rights of others, which may cause us to engage in costly litigation and, if we are not successful, could cause us to pay substantial damages and prohibit us from selling our products.

Although we attempt to monitor the patent filings of our competitors in an effort to guide the design and development of our products to avoid infringement, third parties may challenge the patents that have been issued or licensed to us. We may have to pay substantial damages, possibly including treble damages, for past infringement if it is ultimately determined that our products infringe a third party's patents. Further, we may be prohibited from selling our products before we obtain a license, which, if available at all, may require us to pay substantial royalties. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive and may divert management attention from other business concerns.

Our lack of operating experience may cause us difficulty in managing our growth.

We have no experience in manufacturing or procuring products in commercial quantities and conducting other later-stage phases of the regulatory approval process, or in selling pharmaceutical products, and we have only limited experience in negotiating, establishing and maintaining strategic relationships. We have no experience with respect to the launch of a commercial product. Our ability to manage our growth, if any, will require us to improve and expand our management and our operational and financial systems and controls. If our management is unable to manage growth effectively, our business and financial condition would be materially harmed. In addition, if rapid growth occurs, it may strain our operational, managerial and financial resources.

If we fail to keep pace with rapid technological change in the biotechnology and pharmaceutical industries, our products could become obsolete.

Biotechnology and related pharmaceutical technology have undergone and are subject to rapid and significant change. We expect that the technologies associated with biotechnology research and development will continue to develop rapidly. Our future will depend in large part on our ability to maintain a competitive position with respect to these technologies. Any compounds, products or processes that we develop may become obsolete before we recover any expenses incurred in connection with developing these products.

We are faced with direct and intense competition from our rivals in the biotechnology and pharmaceutical industries.

The biotechnology and pharmaceutical industries are intensely competitive. We have numerous competitors in the United States and elsewhere. Our competitors include major, multinational pharmaceutical and chemical companies, specialized biotechnology firms and universities and other research institutions. Many of these competitors have greater financial and other resources, larger research and development staffs and more effective marketing and manufacturing organizations, than we do. In addition, academic and government institutions have become increasingly aware of the commercial value of their research findings. These institutions are now more likely to enter into exclusive licensing agreements with commercial enterprises, including our competitors, to market commercial products. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and established biotechnology companies. Many of these competitors have significant products that have been approved or are in development and operate large, well-funded research and development programs.

Our competitors may succeed in developing or licensing technologies and products that are more effective or less costly than any we are developing. Our competitors may succeed in obtaining FDA or other regulatory approvals for product candidates before we do. In particular, we face direct competition from many companies focusing on delivery technologies. Products resulting from our research and development efforts, if approved for sale, may not compete successfully with our competitors' existing products or products under development.

We intend to rely on third parties to manufacture and market our products. Our

dependence on third-party manufacturers and marketers means that we may not have sufficient control over the manufacture or marketing of our products.

We do not have, and do not intend to develop, internal facilities for the manufacture of any of our products for clinical or commercial production. We will need to develop relationships with third-party manufacturing resources, enter into collaborative arrangements with licensees or other parties which have established manufacturing capabilities or elect to have other third parties manufacture our products on a contract basis. We expect to be dependent on such collaborators or third parties to supply us in a timely way with products manufactured in compliance with standards imposed by the FDA and foreign regulators. The manufacturing facilities of contract manufacturers may not comply with applicable manufacturing regulations of the FDA nor meet our requirements for quality, quantity or timeliness.

In addition, we have no direct experience in marketing, sales or distribution, and we do not intend to develop a sales and marketing infrastructure to commercialize pharmaceutical products. If we develop products eligible for commercial sale, we will need to rely on third parties such as licensees, collaborators, joint venture partners or independent distributors to market and sell those products. We may not be able to obtain access to a marketing and sales force with sufficient technical expertise and distribution capability. Also, we will not be able to control the resources and effort that a third party will devote to marketing our products. If we are unable to develop and maintain relationships for the necessary marketing and sales capabilities, we may fail to gain market acceptance for our products, and our revenues could be impaired.

If we lose our key personnel or are unable to attract and retain additional personnel, we may be unable to pursue collaborations or develop our own products.

We are highly dependent on Dr. David Platt, President and Chief Executive Officer, and Dr. Anatole Klyosov, Senior Vice President and Chief Scientific Officer. The loss of either of these persons, or failure to attract or retain other key personnel, could prevent us from pursuing collaborations or developing our products and core technologies. We are considering but at this point have not entered into employment agreements with either Dr. Platt or Dr. Klyosov, nor has either entered into an assignment of inventions or confidentiality agreement with us.

Recruiting and retaining qualified scientific personnel to perform research and development work are critical to our success. There is intense competition for qualified scientists and managerial personnel from numerous pharmaceutical and biotechnology companies, as well as from academic and government organizations, research institutions and other entities. In addition, we may face particular difficulties because there is a limited number of scientists specializing in on carbohydrate chemistry, a principal focus of our company. We expect to rely on consultants and advisors, including our scientific and clinical advisors, to assist us in formulating our research and development strategy. Any of those consultants or advisors could be employed by other employers, or be self-employed, and might have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. Such other employment, consulting or advisory relationships could place our trade secrets at risk, even if we require non-disclosure agreements.

Our President and Chief Executive Officer, Dr. David Platt, may be the subject of litigation involving a noncompetition agreement with a former employer.

Dr. David Platt, our President and Chief Executive Officer, received a demand letter dated February 15, 2001, from SafeScience, Inc., his former employer, claiming that his engagement with our business is a violation of a noncompetition covenant he has with SafeScience and demanding that he cease such conduct. Our counsel in a letter dated February 19, 2001 responded on behalf of Dr. Platt stating that we do not believe our business is competitive because, among other things, we are developing methods to reduce toxicity of currently existing chemotherapy drugs by combining the drugs with different carbohydrate molecules (particularly, mannans or other sugars), whereas SafeScience is engaged in new drug development based on a different compound, pectin, which we believe they are developing as a stand-alone drug rather than in combination

with other known drugs, such as in our case. Mannans and pectins differ significantly. Mannans consist of the sugars mannose and galactose, and have an ordered, crystalline structure with a polymannan backbone. In contrast, pectin is amorphous, and it is made of several sugar components and polygalacturonic acid. Counsel for SafeScience indicated a willingness to resolve these matters which resulted in attempts to set up meeting with a scientist from each company to discuss the competition issues. Dr. Platt believes that SafeScience subsequently imposed obstacles to the desired meeting such that he on April 26, 2001 terminated negotiations. We cannot assure you that Safe Science will not proceed to file a lawsuit against us or, if it does, that we will prevail in such action. In addition, litigation could impose a substantial, if not unacceptable, financial burden on us, and be disruptive of our operations.

Because there is a risk of product liability associated with our products, we face potential difficulties in obtaining insurance.

We do not have product liability or other professional liability insurance. In the future, we may, in the ordinary course of business, be subject to substantial claims by, and liability to, persons alleging injury as a result of taking products we have under development. If we are successful in having products approved by the FDA, the sale of such products would expose us to additional potential product liability and other claims resulting from their use. This liability may result from claims made directly by consumers or by pharmaceutical companies or others selling such products. We do not currently have any product liability or professional liability insurance, and it is possible that we will not be able to obtain or maintain such insurance on acceptable terms or that any insurance obtained will provide adequate coverage against potential liabilities. Our inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or limit the commercialization of any products we develop. A successful product liability claim in excess of our insurance coverage could exceed our net worth. While we desire to reduce our risk by obtaining indemnity undertakings with respect to such claims from licensees and distributors of our products, we may not be able to obtain such undertakings and, even if we do, they may not be sufficient to limit our exposure to claims.

Uncertainty regarding third-party reimbursement and health care cost containment initiatives may limit our returns.

Our ability to commercialize our products successfully will be affected by the ongoing efforts of governmental and third-party payors to contain or reduce the cost of health care. Governmental and other third-party payors increasingly are attempting to contain health care costs by:

- challenging the prices charged for health care products and services
- limiting both coverage and the amount of reimbursement for new therapeutic products

- denying or limiting coverage for products that are approved by the FDA but are considered experimental or investigational by third-party payors
- refusing in some cases to provide coverage when an approved product is used for disease indications in a way that has not received FDA marketing approval

In addition, the trend toward managed health care in the United States, the growth of organizations such as health maintenance organizations, and legislative proposals to reform healthcare and government insurance programs could significantly influence the purchase of healthcare services and products, resulting in lower prices and reducing demand for our products.

Even if we succeed in bringing any products to the market, they may not be considered cost-effective and third-party reimbursement might not be available or sufficient. If adequate third-party coverage is not available, we may not be able to maintain price levels sufficient to realize an appropriate return on our investment in research and product development. In addition, legislation and regulations affecting the pricing of pharmaceuticals may change in ways adverse to us before or after any of our proposed products are approved for marketing.

While we cannot predict whether any such legislative or regulatory proposals will be adopted, the adoption of such proposals could make it difficult or impossible to sell our products.

To the extent that our third-party research contractors, developers or manufacturers are required to comply with potentially costly and time-consuming environmental regulations, our costs could increase and our research, development and manufacturing programs could be adversely affected.

Pharmaceutical research and development involves the controlled use of hazardous materials including but not limited to certain hazardous chemicals and radioactive materials. In connection with research, development and manufacturing activities, biotechnology and biopharmaceutical companies are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens and wastes. Since we do not anticipate building in-house research, development or manufacturing facilities, but plan to have these activities conducted by contractors and other third parties, we do not anticipate that we will be directly affected by environmental regulations. However, our contractors and others conducting research, development or manufacturing activities for us may be required to incur significant costs to comply with environmental and health and safety regulations in the future, and this could in turn affect our costs of doing business and might ultimately interfere with timely completion of research or manufacturing programs if those third parties are unable to comply with environmental regulatory requirements.

Our ability to conduct animal testing could be limited in the future.

Our research and development activities have involved, and will continue to involve, animal testing. Such activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas. To the extent the activities of these groups are successful, our business could be materially harmed.

Stock prices for biopharmaceutical and biotechnology companies are extremely volatile, which may affect our ability to raise capital in the future.

The market price for securities of biopharmaceutical and biotechnology companies historically has been highly volatile, and the market from time to time has experienced significant price and volume fluctuations that are unrelated to the operating performance of such companies.

Fluctuations in the trading price or liquidity of our common stock may adversely affect our ability to raise capital through future equity financings.

Factors that may have a significant impact on the market price and marketability of our common stock include:

- announcements of technological innovations or new commercial therapeutic products by us, our collaborative partners or our present or potential competitors
- announcements by us or others of results of preclinical testing and clinical trials
- developments or disputes concerning patent or other proprietary rights
- adverse legislation, including changes in governmental regulation and the status of our regulatory approvals or applications
- changes in health care policies and practices
- economic and other external factors, including general market conditions

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. If a securities class action suit is filed against us, we would

incur substantial legal fees and our management's attention and resources would be diverted from operating our business in order to respond to the litigation.

Our stock is not listed on any exchange, and there is little near-term likelihood that we could meet listing standards on an exchange or for either Nasdaq market. This limits the ability of our shareholders to sell their shares and liquidate their investment.

We have not listed our capital stock on any exchange and do not foresee that in the near-term we would be able to meet the listing standards for any exchange or for the Nasdaq National Market or the Nasdaq Small Cap Market. We are contemplating taking, but have not yet taken any, steps to permit our shares to be traded over the counter including on the over-the-counter bulletin board (OTCBB) sponsored by the National Association of Securities Dealers. There may be, but we cannot assure, a market for our shares on the OTCBB. Accordingly, our stockholders may not find a market for their shares and be unable to sell their shares when they want or at a favorable price.

Four of our principal stockholders own a sufficient number of shares to control the company.

Four of our principal stockholders, David Platt, James Czirr, Offer Binder and Anatole Klyosov, own or control approximately 91% of our outstanding shares of our common stock, and Messrs. Platt and Czirr together own approximately 73%. Even if we sell all of the 1,470,000 shares that we are currently offering in a private placement, the four stockholders named above would still control approximately 82% of our common stock, with Messrs. Platt and Czirr together controlling about 66%. Some or all of these stockholders, acting in concert, will be able to continue to elect the Board of Directors and take other corporate actions requiring stockholder approval, such as recapitalization or other fundamental corporate action, as well as dictate the direction and policies of our company. Such concentration of ownership also could have the effect of delaying, deterring or preventing a change in control of the company that might otherwise be beneficial to stockholders.

Item 2. Plan of Operation

Overview

We are currently in the development stage and have not yet generated any operating revenues. Since the inception of our predecessor, Pro-Pharmaceuticals (Massachusetts) in July 2000, we have been engaged in research and development activities in connection with developing carbohydrate-based enhancement systems for proven anti-cancer drugs. During 2001, we have so far conducted two sets of preclinical animal experiments with an independent laboratory to study the reduction of toxicity of two widely-used anti-cancer drugs, 5-Fluorouracil and Adriamycin, in combination a number of our mannan compounds, selected for the studies, and have also conducted one study of the efficacy of 5-FU when used with one of the mannans. Preliminary results of the studies indicate that one of the mannan compounds may significantly decrease the toxicity of 5-FU and increase its therapeutic efficacy, and another mannan may significantly decrease the toxicity of Adriamycin. We believe that the results of those studies show promise for carbohydrate-based anti-cancer drug delivery systems. We are currently developing formulations of carbohydrates linked to anti-cancer drugs. We have no products and have not yet conducted any clinical trials.

Plan of Operation

During 2001, our plan of operation is as follows:

- Make drug delivery formulations to upgrade the anti-cancer drugs 5-Fluorouracil, Adriamycin, Taxol, Cytoxan and Cisplatin linked to carbohydrates, in quantities necessary for preclinical evaluation of the upgraded formulations

- Based on results of preclinical evaluations, and depending on the availability of funds, select one or more of the drug enhancement systems to conduct clinical trials

- File an Investigational New Drug (IND) application with the FDA to

conduct clinical trials, aiming for a fast-track designation to shorten the FDA approval process

- Begin clinical trials

In subsequent years, we would plan to complete clinical trials, file at least one New Drug Application (NDA) with the FDA and obtain FDA approval to market the product. We would then arrange for manufacture and marketing of the product(s).

We do not plan to purchase or sell any plant or significant equipment during 2001. We expect to maintain our employee headcount at three to four.

Liquidity and Capital Resources

Our capital raised to date was primarily through a private placement of convertible notes, issued by Pro-Pharmaceuticals (Massachusetts). These notes are now our corporate obligations, as a result of the merger. See "Part II. Item 4. Recent Sales of Unregistered Securities" for a discussion of the convertible note issuance. As of March 31, 2001, the proceeds from convertible note issuances totaled approximately $1,100,000. As of March 31, 2001, we had approximately $841,000 in cash and cash equivalents. We have budgeted expenditures in 2001 of $5,000,000, comprised of anticipated expenditures for research and development ($3,200,000), general and administrative ($1,300,000), equipment and leaseholds ($200,000) and contingency allowance ($300,000). We have begun a private placement exempt from registration pursuant to Rule 506 of Regulation D under the Securities Act of 1933 in order to raise $5,145,000 to cover our expenditures. Purchasers under the private placement must qualify as "accredited investors" as such term is defined in Regulation D. The securities consist of 1,470,000 units, offered at $3.50 each, of one share of our common stock and one 4-year warrant exercisable at $6.50 to purchase one share of our common stock. The warrant is subject, following written notice, to acceleration if either (i) we file a New Drug Application with the FDA, or (ii) our stock is listed on an exchange and its closing price exceeds $11.00 on any 10 trading days within a period of 20 consecutive trading days or, if our stock is quoted on the NASDAQ National Market System or Small Cap Market, or over-the-counter, and the average of the closing bid and asked prices thereon exceeds $11.00 on any 10 trading days within a period of 20 consecutive trading days.

Additional funds may be raised through additional equity financings, as well as borrowings and other resources. We are currently holding discussions with potential investors. With the capital we have raised to date, and the additional $5,145,000 we are attempting to raise, we believe that we will be able to proceed with our current plan of operations and meet our obligations for approximately the next twelve months.

We expect to generate losses from operations for several years due to substantial additional research and development costs, including costs related to clinical trials. Our future capital requirements will depend on many factors, in particular our progress in and scope of our research and development activities, and the extent to which we are able to enter into collaborative efforts for research and development and, later, manufacturing and marketing products. We may need additional capital to the extent we acquire or invest in businesses, products and technologies. If we should require additional financing due to unanticipated developments, additional financing may not be available when needed or, if available, we may not be able to obtain this financing on terms favorable to us or to our stockholders. Insufficient funds may require us to delay, scale back or eliminate some or all of our research and development programs, or may adversely affect our ability to operate as a going concern. If additional funds are raised by issuing equity securities, substantial dilution to existing stockholders may result.

Item 3. Description of Property

We entered into a 5-year sublease commencing June 1, 2001 for approximately 2,830 square feet for our executive offices located at 189 Wells Avenue, Suite 200, Newton, Massachusetts 02459. The rent for the first year is $87,730 ($7,311 per month) and is subject to increase in subsequent years. The sublease is a so-called "triple net" lease, meaning that we must pay our proportionate share of items such as property taxes, insurance and operating costs. Under the

sublease, we paid a security deposit of $48,883.

Item 4. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding beneficial ownership of our common stock, as of May 15, 2001, by (1) each shareholder known to us to be the beneficial owner

of more than 5% of our outstanding shares of common stock, (2) each of our executive officers and directors and (3) our executive officers and directors, as a group, as of May 15, 2001.

Name and Address	Shares of Common Stock Beneficially Owned (1)	Percentage of Class
David Platt, Ph.D 12 Appleton Circle Newton, MA 02459	4,941,868	36.4%
James Czirr 425 Janish Drive Sandpoint, ID 83864	4,941,868	36.4%
Anatole Klyosov, Ph.D 36 Walsh Road Newton, MA 02459	1,235,467	9.1%
Offer Binder c/o Pasquale via Settembrini 14/A San Mariano 06073 Corciano (PG) Italy	1,235,467	9.1%
Peter L. Hauser Equity Security Investments, Inc. 701 Xenia Avenue South, Suite 100 Golden Valley, MN 55416	40,000	*
Burton C. Firtel 555 Sherman Avenue Hamden, CT 06518	0	--
Dale H. Conaway, D.V.M 1731 Circle Pines Fort Okemos, MI 48864	0	--
All executive officers and directors as a group (7 persons)	11,159,203	82.2%

* Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares owned by a person and the percentage ownership of that person, shares of common stock subject to options and warrants held by that person that are currently exercisable or exercisable within 60 days of May 15, 2001, are deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. As of May 15, 2001 we had no options or warrants outstanding, and none of the above persons owned any security of our company otherwise exercisable for, or convertible into, shares of our common stock.

We are not aware of any arrangements that may result in "changes in

control" as that term is defined by the provisions of Item 403(c) of Regulation S-B.

Item 5. Directors and Executive Officers, Promoters and Control Persons

The following table sets forth information about our executive officers and directors:

Name	Age as of 5/24/01	Position
David Platt, Ph.D.	47	President, Chief Executive Officer, Treasurer, Secretary and Director
Anatole Klyosov, Ph.D.	54	Senior Vice President and Chief Scientific Officer
James Czirr	47	Executive Vice President of Business Development and Director
Peter Hauser	60	Director
Burton C. Firtel	61	Director
Dale H. Conaway, D.V.M.	46	Director

Dr. Platt has served as our President, Chief Executive Officer, Treasurer, Secretary and a director since May 15, 2001. Previously, he had been President, Chief Executive Officer, Treasurer, Clerk and a director of Pro-Pharmaceuticals (Massachusetts), the Company's predecessor, since its founding in July 2000. He was Chairman of the Board, Chief Executive Officer and Secretary of SafeScience Inc. (NASDAQ SmallCap: SAFS) (formerly IGG International, Inc.), a biotechnology company involved in research and development of products for treating cancer and immune system diseases, from December 1992 through May 2000. Dr. Platt had been Chairman of the Board, Chief Executive Officer and Secretary of Agricultural Glycosystems, Inc., a wholly owned subsidiary of SafeScience, from its inception in June 1995 through May 2000. Agricultural Glycosystems manufactures and markets complex carbohydrate compounds for use in agriculture. He is currently a director of Integrated Pharmaceuticals, Inc. (OTCBB: INTP), a company specializing in molecular-level means of increasing speed of production of enzymes for use in fermentation. Dr. Platt received a Ph.D. in Chemistry from Hebrew University in Jerusalem, Israel, in 1988, and also earned an M.S. degree in 1983 and a B.S. degree in 1978 from Hebrew University. He earned a Bachelor of Engineering degree in 1980 from Technicon in Haifa, Israel.

Dr. Klyosov has served as our Senior Vice President, Chief Scientific Officer since May 15, 2001. Previously, he had been Senior Vice President, Chief Scientific Officer of Pro-Pharmaceuticals (Massachusetts), the Company's predecessor, since its founding in July 2000. From 1996 to the present, Dr. Klyosov has served as Manager, Research and Development, for Thermo Fibergen, Inc. (AMEX: TFG), a biotechnology company that develops and manufactures products including biotechnological materials and fiber-based composites. From 1990 to June 1998, Dr. Klyosov served as Professor of Biochemistry at Harvard Medical School, Center for Biochemical and Biophysical Sciences and Medicine, where he studied an enzyme involved in angiogenesis of cancer cells, glucocorticoid receptors, and biochemistry of alcohol abuse. Dr.

Klyosov received a Ph.D. degree in Physical Chemistry from Moscow State University in 1972, and a D.Sc. degree in Physical Chemistry and Biochemistry from Moscow State University in 1977.

Mr. Czirr has served as Executive Vice President of Business Development and a director since May 15, 2001. He had been a director of Pro-Pharmaceuticals (Massachusetts), the Company's predecessor, since its founding in July 2000. He has been an independent corporate and public relations consultant for over ten years, working with various companies concerning business strategies, including issues such as organization of production, finance and capital programs, marketing strategies and incentive programs. He is a director of the following

companies which are subject to the reporting requirements of the Securities Exchange Act of 1934: Metalline Mining Co. (OTCBB: MMGG), which is developing a zinc mine in Mexico; and NACO Industries Inc., which manufactures polyvinyl chloride fittings for use in agriculture, municipal and industrial applications. Mr. Czirr received a B.B.A. degree from the University of Michigan in 1976, and has completed post-graduate courses at the University of Toledo School of Business Administration, and at the College for Financial Planning.

Mr. Hauser has served as a director since May 15, 2001. He has been a director of Developed Technology Resource, Inc. (DEVT.OB), a company subject to the reporting requirements of the Securities Exchange Act of 1934, since October 1993. Since 1977, he has been employed by Equity Securities Trading Co., Inc., a Minneapolis-based brokerage firm, and is currently a vice president and principal. Mr. Hauser received a B.A. from the University of Minnesota in 1967.

Mr. Firtel has served as a director since May 15, 2001. He is President of Adco Medical Supplies Incorporated, a company he founded in 1970. Adco Medical Supplies distributes disposable medical supplies to U.S. customers, mostly for hospital use. Mr. Firtel also serves as President of Plastic Fabricators Incorporated, a manufacturer of plastic burial supplies sold through distributors to customers in the funeral industry, which was acquired by Adco Medical Supplies in 1992. Mr. Firtel received a B.S. degree in Business Administration from Boston University in 1961.

Dr. Conaway has served as a director since May 15, 2001. He is currently the Deputy Regional Director and the Chief Veterinary Medical Officer for the Office of Research Compliance and Assurance, a division of the U.S. Department of Health and Human Services. From March 1998 to March 2001, he served as Manager of the Equine Drug Testing and Animal Disease Surveillance Laboratories, for the Michigan Department of Agriculture. From July 1994 to March 1998, he was the Regulatory Affairs Manager for the Michigan Department of Public Health Vaccine Production Division. Dr. Conaway received a D.V.M. degree from Tuskegee Institute, Tuskegee, Alabama, in 1979, and a M.S. degree in Pathology from the College of Veterinary Medicine, Michigan State University, in 1984.

None of the persons specified above share any familial relationship. Other than the persons specified above, there are currently no significant employees that we expect to make a significant contribution to our business. All of our directors serve until the next annual meeting of stockholders.

Item 6. Executive Compensation

We were incorporated in January 2001 and have been inactive from that time until April 23, 2001 when we acquired certain rights to potential royalties relating to a cancer detection technology from our former parent, Developed Technology Resources, Inc. Please see "Item 1 -- Business Development -- Cancer Detection Technology". We acquired Pro-Pharmaceuticals (Massachusetts) on May 15, 2001 by means of an exchange of stock. Pro-Pharmaceuticals

(Massachusetts) was incorporated as of July 11, 2000. During the year ended December 31, 2000, none of our executive officers or directors earned any salary, bonus or other cash or non-cash compensation from Pro-Pharmaceuticals (Massachusetts) for services provided in their official capacities. We have no stock option plan or other equity incentive plan, and we have not made any grants of stock options or other equity-based compensation to date.

We do not currently have an employment contract with Dr. David Platt or with any other employees. None of our employees is currently receiving any salary, bonus or other cash or non-cash compensation from us for services provided in their official capacities. We anticipate entering into an agreement to compensate Dr. Platt at a salary of $150,000 per year and Dr. Anatole Klyosov at a salary of $150,000 per year. Dr. Klyosov intends to resign from Thermo Fibergen, Inc. upon entering into an employment contract with us.

We have no standard arrangement to compensate directors for their services in their capacity as directors and have no immediate plans to compensate them or the members of our Scientific Advisory Board.

Item 7. Certain Relationships and Related Transactions

Related Party Transactions

Two of the founding stockholders of Pro-Pharmaceuticals (Massachusetts) were paid $25,000 and $12,500 respectively as fees for managing the operations, compiling chemistry data and planning experiments, and conducting strategic planning for our company's predecessor during the partial year ended December 31, 2000. Pro-Pharmaceuticals (Massachusetts) also issued a convertible $7,000 note to the spouse of one of our shareholders. See "Part II -- Item 1 -- Market Price of and Dividends on ... and Related Stockholder Matters" for detail as to such convertible notes. The accounts payable of Pro-Pharmaceuticals (Massachusetts) include $22,417 as amounts due to our stockholders during the period ended December 31, 2000 for operating expenses incurred and advances received.

Pro-Pharmaceuticals (Massachusetts) paid $67,550 and $105,050 respectively as management fees for the services described in the preceding paragraph to the company's predecessor during the three months ended March 31, 2001. In addition, as of such date Pro-Pharmaceuticals (Massachusetts) owed $9,028 under an unsecured loan without repayment terms, but expected to be paid by December 31, 2001, to one of its stockholders.

Transactions with Promoters

Because we were incorporated less than five years ago, we are required to disclose any transactions we have had with "promoters" of our company. Promoters include founders of our company, as well as any persons who have received 10 percent or more of our common stock in connection with the organization of our company. Our promoters are: Developed Technology Resource, Inc.; Dr. David Platt, our President and Chief Executive Officer and a director; and James Czirr, Executive Vice President of Business Development and a director.

In connection with our formation in January 2001, Developed Technology acquired 1,221,890 shares of our common stock, representing all of our common stock outstanding, for a contract right valued at $107,000. On May 15, 2001, Developed Technology distributed its holdings of our common stock to its shareholders of record at the close of business on May 7, 2001. See "Item 1. Description of Business -- Business Development -- Initial Corporate Organization, Acquisition and Merger" for a discussion of the distribution and related transactions.

Each of Dr. Platt and Mr. Czirr became the owner of 10 percent or more of our common stock in connection with our acquisition of Pro-Pharmaceuticals (Massachusetts) on May 15, 2001, whereby all of the holders of Pro-Pharmaceuticals (Massachusetts) common stock, including Dr. Platt and Mr. Czirr, exchanged their Pro-Pharmaceuticals (Massachusetts) common stock for the common stock of our company. In September 2000, Pro-Pharmaceuticals (Massachusetts) had issued and sold 40,000 shares to Dr. Platt for $4,000 in cash, and also issued and sold 40,000 shares to James Czirr for $4,000 in cash. In addition, Dr. Platt has loaned $6,000 to Pro-Pharmaceuticals (Massachusetts), of which $1,000, loaned in July 2000, was evidenced by a promissory note with an interest rate of 10% per year and a maturity date of July 2002. The remaining $5,000, loaned in two installments in September 2000, will be evidenced by a form of note if Dr. Platt so requests. The $5,000 loan has an interest rate of 8% per year and matures in September 2001.

Item 8. Description of Securities

We have authorized 100,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of $0.01 par value (blank check) undesignated shares. Our common stockholders are entitled to one vote per share on all matters on which holders of common stock are entitled to vote and do not have any cumulative voting rights. This means that the holders of more than 50% of the shares of common stock voting for the election of directors can elect all of the directors if they choose to do so; and, in that event, the holders of the remaining shares of common stock would not be able to elect any person to our board of directors. Subject to the rights of holders of shares of any series of preferred stock, our common stockholders are entitled to receive such dividends as our board of directors may declare, out of legally available funds. Holders of common stock have no pre-emptive, conversion, redemption, subscription or

similar rights. If Pro-Pharmaceuticals were to be liquidated, dissolved or wound up, common stockholders would be entitled to share equally in any of our assets legally available for distribution after we satisfy any outstanding debts and other liabilities as well as any amounts that might be due to holders of preferred stock, if any.

Our shares of authorized preferred stock are undesignated. Our board or directors has authority, without seeking stockholder approval, to determine the designation, preferences, rights and other privileges for any series of preferred stock that the board of directors may designate, which could include preferences on liquidation or as to dividends, voting rights including the right to vote as a separate class on certain corporate events or to elect directors designated by the holders of such series, and rights to conversion, or redemption of their shares and other matters.

We have no charter or by-law provisions that would delay, defer or prevent a change in control of Pro-Pharmaceuticals.

PART II

Item 1. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

There is currently no market for our common stock. We anticipate that, upon completion of the Form 10-SB registration process, application will be made for our common stock to be traded on the Over-the-Counter Bulletin Board.

We have outstanding $1,199,602 principal amount of convertible notes, which are convertible into shares of our common stock at a conversion price to be based on the per share offering price in the most recent equity offering we make prior to conversion of the notes, subject to a maximum conversion price of $2.00 per share. At the maximum conversion price, the notes would be convertible into 599,801 shares of common stock, but could be convertible into more shares of stock depending on the actual offering price. In addition to issuing shares on conversion of the notes, we will also issue additional shares of common stock to the note holders at the rate of one-half share of common stock for each dollar of principal amount of the notes, for another 599,801 shares of common stock to be issued to the note holders. The terms of the notes are discussed below under "Item 4. Recent Sales of Unregistered Securities." None of our common stock is subject to outstanding warrants or options to purchase the common stock.

As of May 15, 2001, 13,576,560 shares of our common stock are outstanding, consisting of 1,221,890 shares which were issued as a dividend to the stockholders of Developed Technology Resource, Inc., and 12,354,670 shares which were issued to the former shareholders of Pro-Pharmaceuticals (Massachusetts). All of our outstanding shares, except for the 1,221,890 shares issued as a dividend to the Developed Technology stockholders, are restricted securities within the meaning of Rule 144 under the Securities Act of 1933 and may not be sold in the absence of

registration under the Securities Act unless an exemption from registration is available, including an exemption contained in Rule 144 under the Securities Act.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated), including an affiliate, as that term is defined in Rule 144 under the Securities Act, who has beneficially owned shares for at least one year is entitled to sell, within any three-month period, a number of such shares that does not exceed the greater of (1) one percent of the then outstanding shares of common stock (approximately 135,766 shares as of May 15, 2001) or (2) the average weekly trading volume in the common stock in the Over-the-Counter market during the four calendar weeks preceding the date on which notice of such sale is filed, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied. In addition, our affiliates must comply with the restrictions and requirements of Rule 144, other than the one-year holding period requirement, in order to sell shares of common stock which are not restricted securities.

Under Rule 144(k), a person who is not an affiliate and has not been an affiliate for at least three months prior to the sale and who has beneficially

owned shares for at least two years may resell such shares without compliance with the foregoing requirements. In meeting the one-and two-year holding periods described above, a holder of shares can include the holding periods of a prior owner who was not an affiliate. The one-and two-year holding periods described above do not begin to run until the full purchase price or other consideration is paid by the person acquiring the shares from the issuer or an affiliate.

The 12,354,670 shares of our common stock issued to the shareholders of Pro-Pharmaceuticals (Massachusetts) in exchange for their Pro-Pharmaceuticals (Massachusetts) common stock will become eligible for sale pursuant to Rule 144 under the Securities Act on May 15, 2002, which is one year from the date of the exchange. We have no agreements with any holder of our common stock that would require us to register any common stock under the Securities Act for sale by security holders.

We do not have any current plans for a public offering of our shares, but we do plan to issue common stock in private placement transactions during the second quarter of 2001, with the issuance amounts to be based on market conditions at the time.

There are 88 holders of record of our common stock.

There have been no cash dividends declared on our common stock since our company was formed. Dividends are declared at the sole discretion of our Board of Directors.

Item 2. Legal Proceedings

None.

Item 3. Changes in and Disagreements with Accountants

None.

Item 4. Recent Sales of Unregistered Securities

Commencing in December 2000 and continuing through April 2001, Pro-Pharmaceuticals (Massachusetts) issued convertible notes with an aggregate principal amount of $1,199,602 to

"accredited investors" as such term is defined in Regulation D promulgated under the Securities Act of 1933. These notes are now our corporate obligations as a result of the merger with Pro-Pharmaceuticals (Massachusetts). The notes have an interest rate of 10% per year and mature one year from their issuance dates. The notes are convertible into shares of our common stock, with the conversion price to be based on the per share offering price in the most recent equity offering we make prior to conversion of the notes, subject to a maximum conversion price of $2.00 per share. In general, if the notes are converted prior to their maturity date, the conversion price will be 75% of the price of our most recent equity offering preceding the conversion date, and if the notes are converted at their maturity date, the conversion price will be $0.50 per share. In addition to issuing shares on conversion of the notes, we will also issue additional shares of common stock to the note holders at the rate of one-half share of common stock for each dollar of principal amount of the notes, or an aggregate of 599,801 shares.

In issuing the notes, Pro-Pharmaceuticals (Massachusetts) relied upon the exemption provided by Rule 506 under Section 4(2) of the Securities Act of 1933.

Item 5. Indemnification of Directors and Officers

Article V of our Articles of Incorporation provides that no director or officer of our company will be liable to us or to any of our stockholders for breach of his or her fiduciary duty as a director or officer, except for:

- Acts or omissions by the director or officer which involve intentional

misconduct, fraud or a knowing violation of law, or

- The payment of any distribution to any of our stockholders in violation of, and as provided under, Section 78.300 of the Nevada Revised Statutes.

Subsection (1) of Section 78.7502 of the Nevada Revised Statutes empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Subsection (2) of Section 78.7502 of the Nevada Revised Statutes empowers a corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth in subsection (1) enumerated above, against expenses (including amounts paid in settlement and attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation except that no indemnification may be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which such action or suit was brought determines that in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Subsection (3) of Section 78.7502 of the Nevada Revised Statutes provides that to the extent a director, officer, employee, or agent of a corporation has been successful in the defense of any action, suit, or proceeding referred to in subsections (1) and (2) or in the defense of any claim, issue, or matter therein, that person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 78.751 of the Nevada Revised Statutes provides that a corporation's charter or by-laws, or an agreement made by the corporation, may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the corporation. Section 78.751 also provides that indemnification and advancement of expenses authorized in or ordered by a court does not exclude any other rights to which the indemnified party may be entitled.

Section 78.752 of the Nevada Revised Statutes empowers the corporation to purchase and maintain insurance on behalf of any person acting in any of the capacities set forth in Subsection (1) of Section 78.7502 against any liability asserted against that person and liability and expenses incurred by that person in any such capacity or arising out of the person's status as such whether or not the corporation would have the power to indemnify that person against such liability and expenses.

Our By-laws have no specific provision for indemnification or limitation of liability for persons serving as our officers or directors.

PART F/S

[LETTERHEAD OF BRAVER AND COMPANY, P.C.]

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Propharmaceutical, Inc.
(A Development Stage Company)

We have audited the accompanying balance sheet of Propharmaceutical, Inc. (A Development Stage Company) as of December 31, 2000, and the related statements of operations, stockholders' deficiency during the development stage, and cash flows for the period commencing July 10, 2000 (inception) to the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Propharmaceutical, Inc. at December 31, 2000 and the results of its operations and its cash flows for the period commencing July 10, 2000 to the year then ended, in conformity with generally accepted accounting principles.

/s/ Braver and Company, P.C.

February 16, 2001

PROPHARMACEUTICAL, INC
(A Development Stage Company)
BALANCE SHEET
DECEMBER 31, 2000

Assets

Current assets	
Cash	$ 204,745
Total current assets	204,745
Other assets	
Patent	8,695
Debt issuance costs	14,500

Total other assets	23,195
	$ 227,940

Liabilities and equity

Current liabilities	
Accounts payable	24,129
Accrued expenses	23,238
Total current liabilities	47,367
Covertible notes payable	284,500
Total liabilities	331,867
Stockholders' deficit accumulated during the development stage	(103,927)
	$ 227,940

The accompanying notes are an integral part of this financial statement

PROPHARMACEUTICAL, INC
(A Development Stage Company)
STATEMENT OF OPERATIONS
FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000

Revenues:	
	$ --
Research and development expenses:	
Laboratory fees	9,000
Consulting fees	50,000
Total	59,000
General and administrative expenses:	
Accounting fees	7,500
Consulting fees	25,000
Legal fees	6,649
Office expenses	5,771
Telephone	4,300
Travel and entertainment	3,730
Total	52,950
Loss from operations	(111,950)
Other income (expense)	
Interest income	261
Interest expense	(1,238)
	(977)
Net loss	$(112,927)

The accompanying notes are an integral part of this financial statement

PROPHARMACEUTICAL, INC
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' DEFICIENCY DURING THE DEVELOPMENT STAGE
FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000

	Common Stock Issued and outstanding Shares	Amount	Stock subscription receivable	Deficit accumulated during the development stage	Stockholders' Equity/deficiency
Balance, July 10, 2000	--	$ --	$ --	$ --	$ --
issuance of common stock	100,000	10,000	(1,000)	--	9,000
Net loss	--	--	--	(112,927)	(112,927)
Balance, December 31, 2000	100,000	$ 10,000	$ (1,000)	$ (112,927)	$ (103,927)

Common stock, no par value, 200,000 shares authorized, 90,000 shares issued and outstanding

The accompanying notes are an integral part of this financial statement

PROPHARMACEUTICAL, INC
(A Development Stage Company)
STATEMENT OF CASH FLOWS
FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000

Increase (decrease) in cash	
Cash flows from operating activities:	
Interest received	$ 261
Cash paid for research and development expenses	(59,000)
Cash paid for general and administrative expenses	(30,349)
Net cash used in operating activities	(89,088)
Cash flows from investing activities:	
Patents costs	(8,695)
Net cash used in investing activities	(8,695)
Cash flows from financing activities:	
Issuance of common stock	9,000
Proceeds from convertible notes payable	284,500
Proceeds from shareholder advances	9,028
Net cash provided by financing activities	302,528
Increase in cash	204,745
Cash beginning of year	--
Cash end of year	$ 204,745
Reconciliation of net loss to net cash used in operating activities	
Net loss	$(112,927)

Adjustments to reconcile net loss to net cash used in operating activities	
Debt issuance costs accrued	(14,500)
Increase in accounts payable	15,101
Increase in accrued expenses	23,238
Total adjustments	23,839
Net cash used in operating activities	$ (89,088)

The accompanying notes are an integral part of this financial statement

PROPHARMACEUTICAL, INC
(A Development Stage Company)
NOTES ACCOMPANYING FINANCIAL STATEMENTS
FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000

1. BUSINESS AND RESULTS OF OPERATIONS:

Propharmaceutical, Inc. (The Company), a Massachusetts corporation, was established on July 10, 2000 to develop a group of new drugs for chemotherapy, targeting cancer cells and utilizing carbohydrate-specific recognition at the cancer cell surface to form patentable new drug formulations with improved efficacy and decreased toxicity. The Company is bringing together experts with contemporary knowledge in carbohydrate chemistry and biochemistry, to combine carbohydrates that bind to recognition sites on cancer cell membranes with proven therapeutic agents active against cancer tumors. The resulting new cancer therapeutics will improve drugs efficacy and reduce toxicity, and enable the development of a novel chemo-prevention product platform for large numbers of important but previously difficult drug targets in different cancer categories.

The Company is in the development stage while it is focusing on research and raising capital. Principal risks to the Company include successful development and marketing to attain profitable operations, dependence on collaborative partners, the need to obtain adequate financing to fund future operations, United States Food and Drug Administrative approval and other regulatory agencies, clearance and regulation, dependence on key individuals and competitors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

RESEARCH AND DEVELOPMENT COSTS: The Company charges research and development costs to operations as incurred. These costs consist primarily of consulting and testing.

DEBT ISSUANCE COSTS: Cost of securing convertible notes payable are capitalized and amortized to expense over the terms of the notes, using the straight-line method. These costs represent fees paid to obtain financing. A fee of 10% is charged for the amount of financing obtained under the existing agreement.

INCOME TAXES: The Company accounts for its income taxes using Statement of Financial Accounting Standard (SFAS) No. 109, "Accounting for Income Taxes," which requires the establishment of a deferred tax asset or liability for the recognition of future deductible or taxable amounts and operating loss carryforwards. Deferred tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and tax basis and existing assets and liabilities, using enacted tax rates in effect in the year(s) in which differences are expected to reverse.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the

reporting period. Actual results could differ from these estimates.

3. PROVISION FOR INCOME TAXES:

For federal income tax purposes, the Company has approximately $112,000 of net operating loss carryforwards at December 31, 2000.

Deferred income taxes at December 31, 2000 represent income taxes at enacted statutory rates on cumulative temporary differences that result primarily from differences in the treatment of start up costs, amortization, and certain operating loss carryforwards as follows:

3. PROVISION FOR INCOME TAXES (CONTINUED):

Deferred tax assets	$ 45,102
Valuation allowance	(45,102)
	$ --

The Company believes that some uncertainty exists with respect to realizations of the deferred tax assets and has established a valuation allowance for the entire amount of the deferred tax assets as of December 31, 2000.

4. CONVERTIBLE NOTES PAYABLE:

Convertible notes payable consist of various notes from note holders ranging from $2,500 to $50,000 dated December of 2000. Interest is charged at 10% per annum. The notes including any unpaid interest are due two years after the original date of the notes. The Company is contemplating being acquired by a public shell company. As additional consideration, the note holders shall receive at the Company's sole discretion 1/2 of one share of the shell corporation's common stock for each whole dollar of the principal amount of the above notes post reverse merger. In the event a reverse merger with a shell corporation isn't completed by the time the notes are due the Company will issue the note holders shares in the Company on a basis of 1/2 share for each dollar loaned. It is agreed that at the time of the issuance of shares under these notes that the Company will issue shares totaling more than 10,000,000 shares. In the event that the number of shares issued and outstanding in the Company is less than 10,000,000 shares at the time these notes are due, the number of shares issued will be adjusted so that the note holders receive such percentage of the Company as would have been the case had 10,000,000 shares been issued and outstanding. No fractional shares will be issued. Any fractional shares shall be rounded-down to the nearest whole share. Not withstanding, the Company agrees to issue to the note holders the shares that make up additional compensation as the earliest of the completion of a merger with a shell corporation, filing a registration with SEC, or the maturity of the notes.

5. RELATED PARTY TRANSACTIONS:

The existing shareholders of the Company's common stock were paid $25,000 and $12,500 respectively for fees associated with the management of the day by day operations of the Company as well as compilation of chemistry data, planning experiments and for strategic planning.

Included in convertible notes payable is $7,000 due to the spouse of a shareholder of the Company.

Included in accounts payable is $22,417 due to shareholders of the company for various operating expenses incurred and advances received.

PROPHARMACEUTICAL, INC
(A Development Stage Company)
NOTES ACCOMPANYING FINANCIAL STATEMENTS
FOR THE PERIOD COMMENCING JULY 10, 2000 (INCEPTION) TO DECEMBER 31, 2000

6. CONTINGENCY:

SafeScience, Inc. ("SafeScience"), a prior employer of David Platt, Ph.D., who founded the Company, issued a demand letter dated Februray 15, 2001 (the "Demand Letter") alleging that Dr. Platt directly, and indirectly through his activity the Company, is engaged in business competitive with SafeScience in violation of a non-competition covenant binding on Dr. Platt. Dr. Platt by his counsel responded in a letter dated February 19, 2001 denying such violation and inviting a meeting to discuss the allegations. An evaluation cannot be made at this time of the likelihood of a favorable or unfavorable outcome, nor can any estimate be made at this time of the likelihood of a favorable or unfavorable outcome, nor can any estimate be made as to the amount or range, if any, of potential loss. The company intends to contest vigorously all the allegations stated in the Demand Letter.

7. CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject the Company to concentration of credit risk consists primarily of temporary cash investments.

The Company places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $100,000. At December 31, 2000, the Company's uninsured cash balance total $104,745.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
BALANCE SHEET
March 31, 2001
(Unaudited)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 840,938
OTHER ASSETS	
Patent	8,695
Debt issuance costs, net of amortization of $4,083	31,917
Total other assets	40,612
	$ 881,550
LIABILITIES AND DEFICIENCY IN ASSETS	
CURRENT LIABILITIES	
Accrued expenses	$ 104,858
Due to stockholder	10,028

Total current liabilities	114,886
CONVERTIBLE NOTES PAYABLE	1,099,102
Total liabilities	1,213,988
DEFICIENCY IN ASSETS	
Common stock, no par value, 200,000 shares authorized, 110,000 shares issued and outstanding	10,000
Deficit accumulated during development stage	(342,438)
	(332,438)
	$ 881,550

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31, 2001	Period from Inception (July 10, 2000) through March 31, 2001
REVENUE	$ --	$ --
RESEARCH AND DEVELOPMENT		
Consulting fees	58,299	108,299
Laboratory fees	16,100	25,100
	74,399	133,399
GENERAL AND ADMINISTRATIVE		
Legal fees	39,864	46,513
Consulting fees	64,962	89,962
Office expenses	26,291	32,062
Contributions	5,000	5,000
Accounting fees	8,000	15,500
Amortization	4,083	4,083
Telephone and utilities	2,606	6,906
Travel and entertainment	666	4,396
	151,472	204,422
Loss from operations	(225,871)	(337,821)
OTHER INCOME (EXPENSE)		
Interest income	7,579	7,840
Interest expense	(11,219)	(12,457)

	---	---
	(3,640)	(4,617)
	---	---
NET LOSS	$(229,511)	$(342,438)
	=========	=========
LOSS PER SHARE		
Basic	Nil	Nil
	=========	=========
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic	100,000	100,000
	=========	=========

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
STATEMENT OF CHANGES IN DEFICIENCY IN ASSETS
Period from Inception (July 10, 2000) through March 31, 2001
(Unaudited)

	Common Stock		Stock Subscription	Deficit Accumulated During Development	
	Shares	Amount	Receivable	Stage	Total
Issuance of Common Stock of Pro-Pharmaceuticals, Inc.	100,000	$10,000	$(1,000)	$ --	$ 9,000
Net loss	--	--	--	(112,927)	(112,927)
Balance at December 31, 2000	100,000	10,000	(1,000)	(112,927)	(103,927)
Receipt of Stock Subscription Receivable			1,000		1,000
Net loss	--	--	--	(229,511)	(229,511)
Balance at March 31, 2001	100,000	$10,000	$ --	$(342,438)	$(332,438)

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months	Period from Inception (July 10, 2000)

	ended March 31, 2001	through March 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(229,511)	$ (342,438)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	4,083	4,083
Changes in assets and liabilities:		
Accounts payable	(15,101)	--
Accrued expenses	60,120	68,858
Net cash used in operating activities	(180,409)	(269,497)
CASH FLOWS FROM INVESTING ACTIVITIES		
Patent costs	--	(8,695)
Net cash used in investing activities	--	(8,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	2,000	11,000
Proceeds from convertible notes payable	814,602	1,099,102
Increase in due to stockholder	--	9,028
Net cash provided by financing activities	816,602	1,119,130
NET INCREASE IN CASH	636,193	840,938
CASH AND CASH EQUIVALENTS, Beginning	204,745	--
CASH AND CASH EQUIVALENTS, End	$ 840,938	$ 840,938
SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS		
Interest	$ --	$ --

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 -- OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pro-Pharmaceuticals, Inc. (the Company), was established on July 10, 2000 to identify, develop and seek regulatory approval of technology that will reduce toxicity and improve the efficacy of currently existing chemotherapy drugs by combining the drugs with a number of specific carbohydrate compounds. The carbohydrate-based drug delivery system may also have applications for drugs now used to treat other diseases and chronic health conditions.

The Company is in the development stage while it is focusing on research and raising capital. Its product candidates are still in research and development, with none yet in clinical trials. Principal risks to the Company include

uncertainty of product development and generation of revenues; dependence on outside sources of capital; risks associated with clinical trials of products; dependence on third-party collaborators for research operations; lack of experience in clinical trials; need for regulatory approval of products; risks associated with protection of intellectual property; and competition with larger, better-capitalized companies.

Significant Accounting Policies

Cash and Cash Equivalents -- For the purposes of reporting cash flows, the Company includes all cash accounts that are not subject to withdrawal restrictions or penalties, as cash and cash equivalents in the accompanying balance sheet.

The Company has cash accounts that exceed $100,000 at a single financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 per depositor. The portion of the deposit in excess of $100,000 is not subject to such insurance and represents a credit risk to the Company. At March 31, 2001, $749,278 was uninsured.

Research and Development Costs -- The Company charges research and development costs to operations as incurred.

Debt Issuance Costs -- The Company's issuance costs with respect to its outstanding convertible notes payable are capitalized and amortized over the terms of the related notes, using the straight-line method. These costs comprise a financing fee of 10 percent of the principal amount of such notes, payable upon issuance of the notes.

Income Taxes -- The Company accounts for income taxes under the asset and liability method. Deferred income taxes and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to reverse.

Use of Estimates in Financial Statements -- Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates that were used.

NOTE 2 -- CONVERTIBLE NOTES PAYABLE

Convertible notes issued by the Company as of March 31, 2001 range in original principal amount from $3,334 to $100,000 and accrue interest at 10% per annum. The notes are due one year after issue (which may be extended one year by the Company) ranging from August 2001 through March 2002 (unless extended). The note contains provisions in the event that the Company is acquired by or merged with a non-operating public company.

At any time up to maturity the holder may, at its option, convert the principal and interest into common stock of the Company. If the conversion is made prior to maturity, the holder will receive that number of shares of the common stock of the Company as calculated by dividing the converted amount by 75% of the offering price per share of the Company's most recent equity offering, subject to a maximum conversion price of $2.00. If the notes are converted at the maturity date, the conversion price is $.50 per share. If at the time of conversion the Company does not have at least 10,000,000 shares outstanding, the conversion price will be adjusted such that the holder receives such number of shares as would result if 10,000,000 shares were outstanding.

As additional consideration if the maturity date is extended, the note holders

receive one-quarter of a share of the Company's common stock for each dollar of principal amount loaned and, if the Company does not then have at least 10,000,000 shares outstanding, or an acquisition by or merger with a public company has not then occurred, the number of shares issued as additional consideration will be adjusted such that the holder receives such number of shares as would result if 10,000,000 shares were outstanding.

As additional consideration in the event of an acquisition or merger of the Company by or with a non-operating public company, the note holders receive one half of a share of the acquiring company's common stock for each dollar of principal amount loaned. If the acquisition has not occurred by the maturity date of the notes, the holders receive one-half of a share of the company for each dollar of principal amount loaned. If the Company does not have at least 10,000,000 shares outstanding as of the maturity date of the notes, the holders will receive such percentage of the Company's common stock as they would have received had 10,000,000 shares been outstanding. The shares for additional consideration are to be issued upon the earliest of completion of such acquisition or merger; filing of a registration statement for the common stock of the Company (or the acquiring company, as the case may be) with the Securities and Exchange Commission; or the maturity date of the notes.

NOTE 3 -- RELATED PARTY TRANSACTIONS

Consulting Fees

For the three months ended March 31, 2001 and the period from inception (July 10, 2000) through March 31, 2001, the Company paid its stockholders $67,550 and $105,050, respectively, for fees associated with the management of the day by day operations of the Company as well as research and development of chemistry data, planning experiments and strategic planning.

Convertible Notes Payable

Included in convertible notes payable is $7,000 due to a stockholder's spouse.

Due to Stockholder

As of March 31, 2001, the Company owes $9,028 to a stockholder of the Company. The loan is unsecured and without repayment terms, but is expected to be paid by December 31, 2001.

NOTE 4 -- INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax asset and liability as of March 31, 2001 are as follows:

	Current Asset	Long-Term Liability
Net operating loss carryforward	$ 137,000	$ --
Valuation allowance	(137,000)	--
Asset (liability)	$ --	$ --

The valuation allowance at March 31, 2001 relates primarily to tax assets associated with net operating losses. Management's assessment is that the nature of future taxable income may not allow the Company to realize certain tax

benefits of net operating losses within the prescribed carryforward period. Accordingly, an appropriate valuation allowance has been made.

The provision for income taxes consisted of the following components:

	Three months ended March 31, 2001	Period from Inception (July 10, 2000) through March 31, 2001
Currently payable	$ --	$ --
Deferred income tax benefit	91,898	137,000
Change in valuation allowance	(91,898)	(137,000)
	$ --	$ --

At March 31, 2001, the Company has approximately $345,000 of available net operating loss carryforwards for which will expire through 2020 for federal and state income tax purposes.

NOTE 5 -- CONTINGENCY

SafeScience, Inc. (SafeScience), a prior employer of David Platt, Ph.D., founder of the Company, issued a demand letter dated February 15, 2001 alleging that Dr. Platt directly and indirectly, through his activity in the Company, is engaged in the business competitive with SafeScience and is in violation of a non-competition covenant binding on Dr. Platt. Dr. Platt, by his counsel, responded in a letter dated February 19, 2001 denying such violation and inviting a meeting to discuss the allegations. No determination has been made of the likelihood of a favorable or unfavorable outcome, nor has any estimate been made as to the amount or range, if any, of potential loss. The Company intends to contest the allegations vigorously.

REPORT OF INDEPENDENT AUDITORS

To the Stockholders
Pro-Pharmaceuticals, Inc.
(formerly DTR-Med Pharma Corp.)
Reno, Nevada

We have audited the accompanying balance sheet of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) as of May 15, 2001 and the related statements of operations, changes in stockholders' equity and cash flows for the period from inception (January 26, 2001) through May 15, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting

the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) at May 15, 2001, and the results of its operations and cash flows for the period from inception (January 26, 2001) through May 15, 2001, in conformity with generally accepted accounting principles.

SIMIONE SCILLIA LARROW & DOWLING LLC

/s/ Simione Scillia Larrow & Dowling LLC

Hartford, Connecticut
June 6, 2001

PRO-PHARMACEUTICALS, INC.
(formerly DTR-Med Pharma Corp.)
BALANCE SHEET
May 15, 2001

ASSETS	
OTHER ASSETS	
Contractual rights	$ 107,000
	$ 107,000
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accrued expenses	$ 75,000
Total current liabilities	75,000
STOCKHOLDERS' EQUITY	
Common stock	
Voting shares, $0.001 par value, 100,000,000 shares authorized, 1,221,890 shares issued and outstanding	1,222
Undesignated shares, $0.01 par value, 5,000,000 shares authorized	--
Additional paid-in capital	105,778
Deficit accumulated	(75,000)
	32,000
	$ 107,000

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.

(formerly DTR-Med Pharma Corp.)
STATEMENT OF OPERATIONS
Period from inception (January 26, 2001)
through May 15, 2001

REVENUE	$ --
GENERAL AND ADMINISTRATIVE	
Legal fees	40,000
Consulting fees	15,000
Accounting fees	10,000
Other expenses	10,000
	75,000
NET LOSS	$ (75,000)
EARNINGS PER SHARE	
Basic	Nil
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	
Basic	1,221,890

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(formerly DTR-Med Pharma Corp.)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Period from inception (January 26, 2001)
through May 15, 2001

	Common Stock						
	Voting Shares		Undesignated Shares		Additional Paid-in	Retained	
	Shares	Amount	Shares	Amount	Capital	Earnings	Total
Issuance of Common Stock of DTR-Med Pharma Corp.	1,221,890	$1,222	--	$ --	$105,778	$ --	$ 107,000
Net loss	--	--	--	--	--	(75,000)	(75,000)
Balance at May 15, 2001	1,221,890	$1,222	--	$ --	$105,778	$(75,000)	$ 32,000

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.

(formerly DTR-Med Pharma Corp.)
STATEMENT OF CASH FLOWS
Period from inception (January 26, 2001)
through May 15, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$(75,000)
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization	--
Changes in assets and liabilities:	
Accrued expenses	75,000
Net cash used in operating activities	--
NET INCREASE IN CASH	--
CASH AND CASH EQUIVALENTS, Beginning	--
CASH AND CASH EQUIVALENTS, End	$ --
SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS	
Interest	$ --

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES
During the year, the Company received certain contractual rights of Developed Technology Resource, Inc.,valued at $107,000, in exchange for shares of the common stock of the Company

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(formerly DTR-Med Pharma Corp.)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Formation

On January 26, 2001, Developed Technology Resource, Inc. (DTR) formed DTR-Med Pharma Corp. (the Company), a Nevada corporation, for the sole purpose of entering into a business combination with Pro-Pharmaceuticals, Inc, a Massachusetts corporation, a development stage biotechnology company. On April 23, 2001, DTR, the Company's parent, contributed certain contractual rights (see below) for equity totaling $107,000. On May 10, 2001 the Company's name was changed to Pro-Pharmaceuticals, Inc.

Significant Accounting Policies

Contractual Rights -- DTR owned a fifty percent interest in Medical Biophysics International, a partnership (MBI) which owned certain rights regarding technologies and patents. MBI assigned these rights to Artann Corporation d/b/a Artann Laboratories. That corporation then assigned those rights to ArMed LLC. In consideration for the assignment of these rights DTR was to receive certain payments relating to royalties or production of the MBI technology. DTR assigned these rights to the Company on April 23, 2001. The Company accounts for the contractual rights received from DTR at fair market value based on an independent appraisal.

Income Taxes -- The Company accounts for income taxes under the asset and liability method. Deferred income taxes and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates for the period in which the differences are expected to reverse.

Use of Estimates in Financial Statements -- Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2-- SUBSEQUENT EVENTS

Stock Exchange and Merger

On May 15, 2001, 1,221,890 shares of the Company's stock were distributed by DTR to its stockholders. Subsequent to the distribution, the Company issued an additional 12,354,670 shares to the stockholders of Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) in exchange for all of the outstanding shares of common stock of that corporation, diluting the Company's prior stockholders' percentage to approximately 9 percent. Following the exchange, Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) will be merged into the Company. After this merger, the Company will be the surviving corporation and assume all assets and liabilities of both corporations.

Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) has raised approximately $1,200,000 in a private placement of convertible debt. Currently, the Company is undertaking a private placement of common stock and common stock purchase warrants and filing a registration statement on Form 10-SB to make the Company a reporting entity under the Securities Exchange Act of 1934.

For accounting purposes, the previous Pro-Pharmaceuticals, Inc. will be treated as the continuing reporting entity in the form of a reverse acquisition.

NOTE 3-- INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets and liabilities as of May 15, 2001 are as follows:

	Current Asset	Long-Term Liability
Net operating loss carryforward	$ 30,000	$ --
Valuation allowance	(30,000)	--
Asset (liability)	$ --	$ --

The valuation allowance at May 15, 2001 relates primarily to tax assets associated with net operating losses. Management's assessment is that the nature of future taxable income may not allow the Company to realize the tax benefits of net operating losses within the prescribed carry forward period. Accordingly, an appropriate valuation allowance has been made.

PRO-PHARMACEUTICALS, INC.
(formerly DTR-Med Pharma Corp.)
NOTES TO FINANCIAL STATEMENTS

The provision for income taxes consisted of the following components for the period from inception (January 26, 2001) through May 15, 2001:

Currently payable	$ --
Deferred income tax benefit	30,000
Change in valuation allowance	(30,000)
	$ --

At March 31, 2001, the Company has approximately $75,000 of available net operating loss carryforwards for income tax purposes, which will expire through 2020 for federal and state income tax purposes.

PRO FORMA FINANCIAL DATA

The following unaudited pro forma balance sheet has been derived from the balance sheet of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) (the "Company") at May 15, 2001 and the balance sheet of Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) ("Pro-Pharmaceuticals MA") at March 31, 2001, and gives effect to the exchange of newly issued stock by the Company for all outstanding shares of Pro-Pharmaceuticals MA. The original stockholders of Pro-Pharmaceuticals MA received 91 percent of the stock of the Company as if the transaction had occured at May 15, 2001. The pro forma balance sheet is presented for informational purposes only and does not purport to be indicative of the financial condition that actually would have resulted if the transaction had been consummated at May 15, 2001. The pro forma balance sheet should be read in conjunction with the notes thereto and each company's financial statements and related notes thereto contained elsewhere in this registration statement.

	Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) May 15, 2001	Pro-Pharmaceuticals, Inc. (a Mass-achusetts corporation) March 31, 2001	Pro Forma Adjustments	Pro Forma May 15, 2001
CURRENT ASSETS	$ --	$ 840,938	$ --	$ 840,938
OTHER ASSETS	107,000	40,612	--	147,612
TOTAL ASSETS	$ 107,000	$ 881,550	$ --	$ 988,550
CURRENT LIABILITIES	$ 75,000	$ 114,886	$ --	$ 189,886
LONG-TERM LIABILITIES	--	1,099,102	--	1,099,102
TOTAL LIABILITIES	75,000	1,213,988	--	1,288,988
STOCKHOLDERS' EQUITY				
Common stock	1,222	10,000	(10,000)a	1,222
Additional paid-in capital	105,778	--	10,000a	115,778
Retained earnings	(75,000)	(342,438)	--	(417,438)
Total Stockholders' Equity	32,000	(332,438)	--	(300,438)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 107,000	$ 881,550	$ --	$ 988,550

a To adjust common stock to reflect the reverse acquisition of the Company by Pro-Pharmaceuticals MA.

PRO FORMA FINANCIAL DATA

The following unaudited pro forma statement of operations has been derived from the statement of operations of Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) (the "Company") for the period from inception (January 26, 2001) through May 15, 2001 and the statement of operations for Pro-Pharmaceuticals, Inc. (a Massachusetts corporation) ("Pro-Pharmaceuticals MA") for the period ended December 31, 2000, and gives the effect of the exchange of newly issued stock by the Company for all outstanding shares of Pro-Pharmaceuticals MA. The original stockholders of Pro-Pharmaceuticals MA received 91 percent of the stock of the Company as if the transaction had occured at July 10, 2000. The pro forma statement of operations is presented for informational purposes only and does not purport to be indicative of the results of operations that actually would have resulted if the transaction had been consummated at July 10, 2000. Additionally there is no material difference in the statement of operations of any three months of a period for the Company on the period presented. The pro forma statement of operations should be read in conjunction with each company's financial statements and related notes thereto contained elsewhere in this registration statement.

	Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) from inception (January 26, 2001) through May 15, 2001	Pro-Pharmaceuticals, Inc. (a Mass-achusetts corporation) from inception (July 20, 2000) through December 31, 2000	Pro Forma Adjustments	Pro Forma
REVENUES	$ --	$ --	$ --	$ --
RESEARCH AND DEVELOPMENT EXPENSES	--	59,000	--	59,000
GENERAL AND ADMINISTRATIVE EXPENSES	75,000	52,950	--	127,950
OPERATING LOSS	(75,000)	(111,950)	--	(186,950)
OTHER EXPENSES	--	(977)	--	(977)
LOSS BEFORE PROVISION FOR INCOME TAXES	(75,000)	(112,927)	--	(187,927)
INCOME TAX EXPENSE	--	--	--	--
NET LOSS	$ (75,000)	$(112,927)	$ --	$ (187,927)
LOSS PER SHARE Basic and fully diluted	Nil	$ (1.25)	$ --	Nil
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING Basic and fully diluted	1,221,890	90,000	--	1,221,890

PRO FORMA FINANCIAL DATA

The following unaudited pro forma statement of operations has been derived from the statement of operations of Pro-Pharmaceuticals, Inc. (the "Company") for the period from inception (January 26, 2001) through May 15, 2001 and the statement of operations for Pro-Pharmaceuticals, Inc. (a Massachusetts corporation)

("Pro-Pharmaceuticals MA") for the three months ended March 31, 2001, and gives the effect of the exchange of newly issued stock by the Company for all outstanding shares of Pro-Pharmaceuticals MA. The original stockholders of Pro-Pharmaceuticals MA received 91 percent of the stock of the Company as if the transaction had occured at January 1, 2001. The pro forma statement of operations is presented for informational purposes only and does not purport to be indicative of the results of operations that actually would have resulted if the transaction had been consummated at January 1, 2001. Additionally there is no material difference in the statement of operations of a period of any three months for the Company on the period presented. The pro forma statement of operations should be read in conjunction with each company's statements and related notes thereto contained elsewhere in this registration statement.

	Pro-Pharmaceuticals, Inc. (formerly DTR-Med Pharma Corp.) from inception (January 26, 2001) through May 15, 2001	Pro-Pharmaceuticals, Inc. (a Mass-achusetts corporation) For the Three Months Ended March 31, 2001	Pro Forma Adjustments	Pro Forma
REVENUES	$ --	$ --	$ --	$ --
RESEARCH AND DEVELOPMENT EXPENSES	--	74,399	--	74,399
GENERAL AND ADMINISTRATIVE EXPENSES	75,000	151,472	--	226,472
OPERATING LOSS	(75,000)	(225,871)	--	(300,871)
OTHER EXPENSES	--	(3,640)	--	(3,640)
LOSS BEFORE PROVISION FOR INCOME TAXES	(75,000)	(229,511)	--	(304,511)
INCOME TAX EXPENSE	--	--	--	--
NET LOSS	$ (75,000)	$(229,511)	$ --	$ (304,511)
LOSS PER SHARE Basic and fully diluted	Nil	$ (2.30)	$ --	Nil
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING Basic and fully diluted	1,221,890	100,000	--	1,221,890

PART III

Item 1. Index to Exhibits

Exhibit Number	Description of Document
3.1	Articles of Incorporation of the Registrant, dated January 26, 2001
3.2	By-laws of the Registrant
10.1	Assignment and Assumption Agreement, dated April 23, 2001, by and between Developed Technology Resource, Inc. and DTR-Med Pharma Corp.
10.2	Stock Exchange Agreement, dated April 25, 2001, by and among Developed Technology Resource, Inc., DTR-Med Pharma Corp., Pro-Pharmaceuticals, Inc. (Massachusetts) and the Shareholders (as defined therein)

Item 2. Description of Exhibits

Text of Exhibits included in filing.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

PRO-PHARMACEUTICALS, INC.
Registrant

By: /s/ David Platt

Name: David Platt
Title: President

Dated: June 11, 2001

Exhibit Number	Description of Document
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Exhibit 3.1

Articles of Incorporation

of

DTR-Med Pharma Corp.

The undersigned, being of full age, for the purpose of organizing a corporation under the Nevada Revised Statutes, Chapter 78, and acts amendatory thereto, does hereby adopt, sign and acknowledge the following Articles of Incorporation.

ARTICLE I

Name

The name of the corporation shall be DTR-Med Pharma Corp.

ARTICLE II

Registered Agent

The name and address of the corporation's registered agent in the state of Nevada is Corporation Trust Company of Nevada, 6100 Neil Road, Suite 500, Reno, Nevada 89511.

ARTICLE III

Authorized Shares

The corporation shall have the authority to issue an aggregate of 100,000,000 shares which shall be common voting shares having a par value of $0.001 per share, and 5,000,000 undesignated shares having a par value of $0.01 per share. The Board of Directors may, from time to time, proscribe by resolution different classes or series of the undesignated shares, the number of shares of each such class or series within the limit of the authorized undesignated shares, and the voting powers, designations, rights, preferences, limitations, restrictions and relative rights of said shares in each such class or series.

ARTICLE IV

Board of Directors

The first board of directors of the corporation shall consist of three persons whose names and addresses are as follows:

Name	Address
John P. Hupp	4708 Bryan Ave. So. Minneapolis, MN 55439
Roger W. Schnobrich	222 So. Ninth St., Suite 3100 Minneapolis, MN 55402
Peter L. Hauser	701 Xenia Ave. So., Suite 100 Golden Valley, MN 55416

The number of directors of the corporation shall not be less than one or more than nine, such number to be determined as provided in the corporation's bylaws.

ARTICLE V

Limitation of Liability

No director or officer of the corporation shall be liable to the corporation or any of its stockholders for damages for breach of his or her

fiduciary duty as a director or officer, except for:

a. acts or omissions by such director or officer which involve intentional misconduct, fraud or a knowing violation of law, or

b. the payment of any distribution to any stockholder of the corporation in violation of, and as provided under, Section 78.300 of the Nevada, Revised Statutes.

ARTICLE VI

Restrictions on Transfer of Shares

No shares of the corporation's outstanding capital stock may be sold, transferred or assigned without the written approval of the corporation until the earlier of May 1, 2003 or the 90th day following the date upon which the common shares of the corporation are registered under Section 12(g) of the federal Securities Exchange Act of 1934.

ARTICLE VII

Incorporator

The name and address of the sole incorporator of the corporation is Roger H. Frommelt, 601 Second Avenue South, Suite 4200, Minneapolis, Minnesota 55402.

Executed by the below named incorporator on January 23, 2001.

/s/ Roger H. Frommelt

Roger H. Frommelt

Exhibit 3.2

By-Laws

of

DTR-Med Pharma Corp.

(a Nevada corporation)

ARTICLE I

DEFINITIONS

BY-LAW 1.01. The following words or phrases when used in these By-Laws, whether or not initially capitalized, shall have the meanings set forth below:

a. "Articles of Incorporation" shall mean the Articles of Incorporation of the Corporation.

b. "Board of Directors" shall mean the Board of Directors of the Corporation.

c. "Corporation" shall mean DTR-Med Pharma Corp.

d. "Director" shall mean a member of the Board of Directors.

e. "Shares" shall mean the authorized shares of the Corporation as identified in the Corporation's Articles of Incorporation.

f. "Shareholder" or "Shareholders" shall mean a Shareholder or the holders of the Corporation's Shares as reflected in the records of the Corporation.

g. "Statute" shall mean chapter 78 of the Nevada Revised Statutes.

ARTICLE II

OFFICES, BOOKS AND RECORDS

BY-LAW 2.01 Registered and Other offices. The registered office of the Corporation in Nevada shall be that of its registered agent as most recently appointed either in the Articles of Incorporation or any amendment thereto, or as evidenced by a certificate of acceptance executed by such registered agent and filed with the Secretary of State of Nevada in the manner prescribed by Statute. The Corporation may have such other offices, including its principal executive offices, within or without the State of Nevada as the Board of Directors shall, from time to time, determine.

BY-LAW 2.02 Maintenance of Records. The original books and records of the Corporation, or copies thereof, shall be maintained at the principal executive office of the Corporation. Certified copies of the Articles of Incorporation and Bylaws, as well as a statement of the name and address of the custodian of the stock ledger shall be maintained at the Corporation's registered office, and shall be available for examination by the Shareholders on such terms and conditions as the Board of Directors may from time to time impose, consistent with and as provided by Statute.

ARTICLE III

SHAREHOLDERS' MEETING

BY-LAW 3.01 Place and Time. Meetings of the Shareholders shall be held in the county where the principal executive office of the Corporation is located, at such place as may be specified by the President, or shall be held at such other

place within the United States of America as the Board of Directors may designate. Consistent with these By-Laws, all meetings of the Shareholders will be held on such date and at such time as may be specified by the President, or on such other date or at such other time as the Board of Directors may designate.

BY-LAW 3.02 Annual Meeting. The annual meeting of the Shareholders shall be held within the five calendar months following the end of the Corporation's fiscal year for federal income tax purposes.

BY-LAW 3.03 Special Meeting. A special meeting of the Shareholders may be called for any purpose by the President, or a majority of the Directors.

BY-LAWS 3.04 Notice. Written notice of the place, date and time of any meeting of the Shareholders shall be given to each Shareholder entitled to vote thereat by personal delivery, or by United States mail, postage prepaid, in accordance with Statute. All notices must be signed by the President, a Vice President, Treasurer, Secretary or any assistant Treasurer or Secretary, or by any other person designated by the Board of Directors. Except where a greater notice period has been fixed by Statute, notice of any meeting of the Shareholders shall be given at least ten days before the meeting. No notice of any meeting of the Shareholders may be given more than sixty days before such meeting. The notice of any meeting shall set forth the purposes of the meeting and, in a

general nature, the business to be transacted at the meeting. Except for incidental matters, the business transacted at any meeting of the Shareholders shall be confined to the purposes stated in the notice of such meeting. In determining the number of days of notice required under this By-Law, the date upon which any such notice is given shall be included as one day and the date of the meeting which is the subject of the notice shall not be included.

BY-LAW 3.05 Waiver of Notice; Consent Meetings. Notice of the time, place and purpose of any meeting of the Shareholders may be waived in writing by any Shareholder before, at, or after any such meeting. Any action which may be taken at a meeting of the Shareholders may be taken without a meeting if authorized by a writing signed by Shareholders owning 80% or more of the voting power of each class of Shares outstanding at the time the action is taken. Attendance at a meeting of the Shareholders is a waiver of the notice of that meeting, unless at the beginning of that meeting a Shareholder objects that the meeting is not lawfully called or convened, or unless prior to the vote on any item of business, a Shareholder objects that the item may not be lawfully considered at that meeting and such Shareholder does not participate in the consideration of that item at that meeting.

BY-LAW 3.06 Quorum; Adjournment. The presence at any meeting, in person or by proxy, of the Shareholders owning at least one third of each class of the outstanding voting Shares shall constitute a quorum for the transaction of business. Once a quorum is established at any meeting of the Shareholders, the voluntary withdrawal of any Shareholder from the meeting shall not affect the authority of the remaining Shareholders to conduct any business which properly comes before the meeting. In the absence of a quorum, the chairman of the meeting or Shareholders present at the meeting may adjourn the meeting from day to day or time to time without further notice other than announcement at such meeting of such date, time and place of the adjourned meeting. At an adjourned meeting of the Shareholders at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed.

BY-LAW 3.07 Voting; Record Date. At each meeting of the Shareholders, each Shareholder entitled to vote thereat may vote in person or by proxy duly appointed by an instrument in writing

subscribed by such Shareholder. Except as may be set forth in the Articles of Incorporation, at a meeting of the Shareholders, each Shareholder shall have one vote for each Share standing in such Shareholder's name on the books of the

Corporation, or on the books of any transfer agent appointed by the Corporation, on the record date established by the Board of Directors, which date may not be more than sixty days from the date of any such meeting. If no record date has been established, the record date shall be as of the close of business on the day immediately preceding the date such notice is first given to a Shareholder, or, if no notice is given and all shareholders waive notice, on the day prior to the date of the meeting. Upon the demand of any Shareholder at the meeting, the vote for directors, or the vote upon any question before the meeting, shall be by written ballot. All elections shall be effected, and all questions shall be decided, by Shareholders owning a majority of the Shares present in person and by proxy, except as otherwise specifically provided for by Statute or by the Articles of Incorporation.

BY-LAW 3.08 Presiding Officer. The President of the Corporation or any person so designated by the President shall preside as chairman over each meeting of the Shareholders, unless another person is designated by the Board of Directors to preside at such meeting or meetings. In the absence of the President or his designee, or another person designated by the Board of Directors to preside at any meeting of the Shareholders, the Shareholders at the meeting may elect any person present to act as the presiding chairman of the meeting.

BY-LAW 3.09 Conduct of Meetings of Shareholders. Subject to the following, meetings of Shareholders generally shall follow accepted rules of parliamentary procedure:

a. The chairman of the meeting shall have absolute authority over matters of procedure and there shall be no appeal from the ruling of the chairman. If the chairman, in his absolute discretion, deems it advisable to dispense with the rules of parliamentary procedure as to any one meeting of Shareholders or part thereof, the chairman shall so state and shall clearly state the rules under which the meeting or appropriate part thereof shall be conducted.

b. If disorder should arise which prevents or impairs the continuation of the legitimate business of the meeting, the chairman may (i) quit the chair and announce the adjournment of the meeting, and upon his so doing, the meeting is immediately adjourned, or (ii) cause the person or persons causing such disorder to be forcibly removed if that person does not leave the meeting voluntarily.

c. The chairman may ask or require that anyone leave the meeting who is not a bona fide Shareholder of record entitled to notice of the meeting, or a duly appointed proxy thereof, and cause the person to be forcibly removed if that person does not leave the meeting voluntarily.

BY-LAW 3.10 Inspectors of Election. The Board of Directors in advance of any meeting of Shareholders may appoint one or more inspectors to act at such meeting or adjournment thereof. If inspectors of election are not so appointed, the person acting as chairman of any such meeting may, and on the request of any Shareholder or his or her proxy present shall, make such appointment. In case any person appointed as inspector shall fail to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting, or at the meeting by the officer or person acting as chairman. The inspectors of election shall determine the number of Shares outstanding, the voting power of each, the Shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, and shall receive votes, ballots, assents or consents, hear and determine all challenges and questions in any way arising and announce the result, and do such acts as may be proper to conduct the election or vote with fairness to all Shareholders. No inspector whether appointed by the Board of Directors or by the officer or person acting as chairman need be a Shareholder.

ARTICLE IV

BOARD OF DIRECTORS

BY-LAW 4.01 Number, Election and Term. Within the limitations set forth in the Articles of Incorporation, the number of the members of the Board of Directors to be elected at any meeting of the Shareholders shall be determined from time to time by the Board of Directors and, if the Board of Directors does not expressly fix the number of Directors to be so elected, then the number of Directors shall be the number of Directors elected at the preceding annual meeting of Shareholders. The number of Directors may be increased at any subsequent special meeting of Shareholders called for the election of additional Directors, by the number so elected. A Director need not be a Shareholder. Directors shall be elected at each annual meeting of the Shareholders. Each Director shall be elected to serve for an indefinite term, terminating at the next annual meeting of the Shareholders and the election of a qualified successor by the Shareholders, or terminating upon the earlier death, resignation, removal or disqualification of such Director.

BY-LAW 4.02 Regular Meetings. Unless otherwise specified by the Board of Directors, a meeting of the Board of Directors shall be held at the place of, and immediately following the adjournment of, the regular meeting of the Shareholders. At such meeting of the Board of Directors, the Board of Directors shall elect such officers as are deemed necessary for the operation and management of the Corporation, and transact such other business as may properly come before it.

BY-LAW 4.03 Special Meetings. Special meetings of the Board of Directors may be called by notice given by or at the direction of the President or any Director at any time, to be held at the principal executive office of the Corporation, or at some other location as the Board of Directors may determine.

BY-LAW 4.04 Notice. Notice of the date, time and place of meetings of the Board of Directors shall be given to each Director at least two days prior to the meeting; provided that if the notice is given by mail, it shall be deposited in the United States mail at least five days prior to the meeting. Notice may be given to each Director orally, by mail, overnight delivery service, or electronic

transmission addressed to the Director's last known business or residence address, facsimile number, e-mail address or similar number or address. In determining the number of days of notice required under this By-Law, the date upon which any such notice is given shall be included as one day, and the date of the meeting which is the subject of the notice shall not be included. In the case of meetings held by voice communication as provided in By-Law 4.05 below, such notice shall set forth the specific manner in which the meeting is to be held and how the Director may participate. Any Director may, before, at, or after a meeting of the Board of Directors, waive notice thereof. Any Director who attends a meeting shall be deemed to have waived notice of the meeting, unless such Director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called and does not participate in the meeting.

BY-LAW 4.05 Telephone and Consent Meetings. Participation in any meeting of the Board of Directors by conference telephone or other similar means of communication, whereby all persons participating in the meeting can simultaneously and continuously hear each other, shall constitute presence in person at that meeting. Any action which might be taken at a meeting of the Board of Directors may be taken without a meeting if done in writing, signed by all members of the Board of Directors.

BY-LAW 4.06 Quorum/Voting. At all meetings of the Board of Directors, a majority of the members must be present to constitute a quorum for the transaction of business. Each member shall have one vote. Voting by proxy, or the establishment of a quorum by proxy, is prohibited. The act of the majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. In the absence of a quorum, a majority of those present may adjourn the meeting from day to day or time to time without notice other than announcement at such meeting of the date, time and place of the adjourned meeting.

BY-LAW 4.07 Order of Business/Record. The Board of Directors may, from time to

time, determine the order of the business at any meeting thereof. The Secretary of the Corporation, or a Secretary Pro Tem chosen by the person presiding over the meeting as chairman, shall keep a record of all proceedings at a meeting of the Board of Directors.

BY-LAW 4.08 Vacancy. A vacancy in membership of the Board of Directors shall be filled by the affirmative vote of the remaining members of the Board of Directors, though less than a quorum, and a member so elected shall serve until his successor is elected by the Shareholders at their next annual meeting, or at a special meeting duly called for that purpose.

BY-LAW 4.09 Committees. The Board of Directors may, by resolution adopted by a majority of the members of the Board of Directors, establish and name a committee, designate one or more persons to constitute such committee, which, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Corporation. At least one committee member on each such committee will be a Director. Any such committee shall be subject at all times to the control and direction of the Board of Directors. Unless otherwise provided by the Board of Directors, the calling of any meeting of a committee, and the conduct of any such meeting, including the voting of committee members thereof, shall be governed by By-Laws 4.03, 4.04, 4.05, 4.06 and 4.07, as if the word "committee" is substituted for the words "Board of Directors," and the words "committee member" are substituted for the word "Director."

BY-LAW 4.10 Other Powers. In addition to the powers and authorities conferred upon them by By-Laws, the Board of Directors shall have the power to do all acts necessary and expedient to the conduct of the business of the Corporation which are not conferred upon the Shareholders by Statute, these By-Laws or the Articles of Incorporation.

ARTICLE V

SHARES

BY-LAW 5.01 Issuance of Securities. The Board of Directors is authorized to issue securities of the Corporation, and rights thereto, to the full extent authorized by the Articles of Incorporation, in such amounts, at such times and to such persons as may be determined by the Board of Directors and permitted by law, subject to any limitations specified in these By-Laws.

BY-LAW 5.02 Certificates for Shares. Every Shareholder shall be entitled to a certificate, to be in such form as prescribed by law and adopted by the Board of Directors, evidencing the number of Shares owned by such Shareholder. The certificates shall be signed by the President, or any other

officer or officers designated by the Board of Directors. If a transfer agent has been appointed for the Shares, such signature may be a facsimile.

BY-LAW 5.03 Transfer of Shares. Subject to any applicable or reasonable restrictions which may be imposed by the Board of Directors, Shares shall be transferred upon written demand of the Shareholder named in the certificate, or the Shareholder's legal representative, or the Shareholder's duly authorized attorney-in-fact, accompanied by a tender of the certificates to be transferred properly endorsed, and payment of all transfer taxes due thereon, if any. The Corporation may treat, as the absolute owner of Shares, the person or persons in whose name or names the Shares are registered on the books of the Corporation.

BY-LAW 5.04 Lost Certificate. Any Shareholder claiming a certificate evidencing ownership of Shares to be lost, stolen or destroyed shall make an affidavit or affirmation of that fact in such form as the Board of Directors may require, and shall, if the Board of Directors so require, give the Corporation (and its transfer agent, if a transfer agent be appointed) a bond of indemnity in such form with one or more sureties satisfactory to the Board of Directors, in such amount as the Board of Directors may require, whereupon a new certificate may be

issued of the same tenor and for the same number of Shares as the one alleged to have been lost, stolen or destroyed.

ARTICLE VI

OFFICERS

BY-LAW 6.01 Election of Officers. The Board of Directors, at its regular meeting held after each regular meeting of Shareholders shall, and at any special meeting may, elect a President, Treasurer and Secretary. Except as may otherwise be determined from time to time by the Board of Directors, such officers shall exercise such powers and perform such duties as are prescribed by these By-Laws. The Board of Directors may elect such other officers and agents as it shall deem necessary from time to time, including one or more Vice Presidents, assistant Treasurers and assistant Secretaries, and a chairman of the board, who shall exercise such powers and perform such duties, not in conflict with the duties of officers designated in these By-Laws, as shall be determined from time to time by the Board of Directors.

BY-LAW 6.02 Terms of Office. The officers of the Corporation shall hold office until their successors are elected and qualified, notwithstanding an earlier termination of their office as Directors. Any officer elected by the Board of Directors may be removed with or without cause by the affirmative vote of a majority of the Board of Directors present at a meeting.

BY-LAW 6.03 Salaries. The salaries of all officers of the Corporation shall be determined by the Board of Directors.

BY-LAW 6.04 Chief Executive Officer. The President shall be the chief executive officer of the Corporation, unless the Board of Directors shall designate another person as the chief executive officer. The chief executive officer shall:

a. have general active management of the business of the Corporation;

b. when present, and except where the Board of Directors elects or designates a chairman other than the president, preside as chairman at all meetings of the Board of Directors and of the Shareholders; c. see that all orders and resolutions of the Board of Directors are carried into effect;

d. sign and deliver in the name of the Corporation any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Incorporation or these By-Laws or by the Board of Directors to some other officer or agent of the Corporation;

e. maintain records of and, whenever necessary, certify all proceedings of the Board of Directors and the Shareholders; and

f. perform other duties prescribed by the Board of Directors.

BY-LAW 6.05 Chief Financial Officer. The Treasurer shall be the chief financial officer of the Corporation, and as such shall:

a. keep accurate financial records for the Corporation;

b. deposit all money, drafts, and checks in the name of and to the credit of the Corporation in the banks and depositories designated by the Board of Directors;

c. endorse for deposit all notes, checks, and drafts received by the Corporation as ordered by the Board of Directors, making proper vouchers therefor;

d. disburse funds of the Corporation, and issue checks and drafts in the name of the Corporation, as ordered by the Board of Directors;

e. render to the chief executive officer and the Board of Directors, whenever requested, an account of all transactions by the Treasurer and of the financial condition of the Corporation; and

f. perform other duties prescribed by the Board of Directors or by the chief executive officer, under whose supervision the Treasurer shall be.

BY-LAW 6.06 Secretary. The Secretary shall:

a. at the request of the chief executive officer or the Board of Directors, attend meetings of the Board of Directors and Shareholders, and record and maintain in the Corporation's permanent records, all votes and the minutes of all such proceedings; and shall perform like duties for a committee when requested by the chief executive officer or the chairman of such committee; and

b. perform other duties prescribed by the Board of Directors, or by the chief executive officer under whose supervision the Secretary shall be.

ARTICLE VII

MISCELLANEOUS

BY-LAW 7.01 Corporate Seal. The Corporation shall not adopt or use a corporate seal. The failure to use any such a seal shall not affect the validity of any documents executed on behalf of the Corporation.

BY-LAW 7.02 Reimbursement by Directors and Officers. Any payments made to any officer or Director of this Corporation, such as salary, commission, bonus, interest, or rent, or entertainment expenses incurred by him, which shall be disallowed in whole or in part as a

deductible expense by the Internal Revenue Service, shall be reimbursed by such officer or Director to the Corporation to the full extent of such disallowance. It shall be the duty of the Board of Directors to enforce payment of each said amount disallowed. In lieu of payment by the officer or Director, subject to the determination of the Board of Directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the Corporation has been recovered.

BY-LAW 7.03 Amendments to By-Laws. These By-Laws may be amended or altered by the vote of a majority of all of the members of the Board of Directors at any meeting. Such authority of the Board of Directors is subject to the power of the Shareholders to adopt, amend or repeal By-Laws adopted, amended or repealed by the Board of Directors, pursuant to Statute at any meeting of the Shareholders called for that purpose.

BY-LAW 7.04 Acquisitions of Controlling Interests. The provisions of Sections 78.378 to 78.3793 of the Statutes shall not apply to the Corporation or to the acquisition of the Corporation's shares by any person.

The foregoing By-Laws of this Corporation were adopted by the Board of Directors on the 12th day of April, 2001.

/s/ Roger W. Schnobrich

Roger W. Schnobrich, Secretary

Exhibit 10.1

ASSIGNMENT/ASSUMPTION AGREEMENT

This Agreement is entered into this 23rd day of April, 2001, by and between Developed Technology Resource, Inc., a Minnesota corporation ("DTR") and DTR-Med Pharma Corp., a Nevada corporation.

Recitals

A. DTR-Med Pharma Corp. is a wholly owned subsidiary of DTR.

B. DTR is a party to an agreement entitled "Agreement for Transfer of Patent and Proprietary Rights" dated September 5, 1995, and an amendment to that agreement dated August 29, 1996, which are together referred to herein as the "Transfer Agreement," a copy of which is attached as Exhibit A.

C. The Transfer Agreement transfers certain medically related patents and technology identified therein (the "Technology") from Medical Biophysics International, a Minnesota partnership (referred to as "MBI"), to Artann Corporation, a New Jersey corporation.

D. DTR was a 50% partner in MBI, and Armen P. Sarvazyan ("Sarvazyan"), a resident of New Jersey, was a 50% partner of MBI.

E. Artann Corporation is owned and controlled by Sarvazyan.

F. The Technology was subsequently assigned by Artann Corporation to ArMed, L.L.C., an Alabama limited liability company which was succeeded by ArMed, L.L.C., a Delaware limited liability company, which was, in turn, succeeded by ArMed, Inc., a Delaware corporation.

G. Under the Transfer Agreement, DTR is entitled to receive payments (the "Percentage Based Payments") from Artann Corporation based upon the gross revenues received by Artann Corporation from (i) the manufacture and sale of home use breast cancer detection systems, utilizing the Technology, (ii) the licensing or assignment to third parties of the rights to manufacture and sell breast cancer detection systems, utilizing the Technology, and (iii) distributions made by ArMed, Inc. The Transfer Agreement and a separate Security Agreement dated June 15, 1997, a copy of which is attached as Exhibit B (the "Security Agreement"), grants to DTR a security interest in units (or membership interests) of ArMed, L.L.C., an Alabama limited liability company, owned by Sarvazyan and Artann Corporation, as collateral for payment Percentage Based Payments.

H. DTR is desirous of transferring, and DTR-Med Pharma Corp. is desirous of receiving, the interests of DTR in the Transfer Agreement and Security Agreement, in consideration of the issuance by DTR-Med Pharma Corp. of 1,221,890 shares of its $0.001 par value common stock.

Agreement

Now, therefore, in consideration of the recitals and the mutual covenants contained herein, the parties hereto agree as follows:

1. Assignment by DTR. DTR assigns and transfers to DTR-Med Pharma Corp., all of its rights and interests under the Transfer Agreement and the Security Agreement.

2. Assumption of Obligations. DTR-Med Pharma Corp. accepts the assignment and transfer, and assumes and agrees to satisfy DTR's obligations under the Transfer Agreement in accordance with the terms thereof.

3. Acknowledgment of Receipt of Certificates. DTR-Med Pharma Corp. acknowledges that it has not received certificates representing the interests of Sarvazyan or Artann Corporation in ArMed, Inc., to be held as collateral under the terms of a security interest granted to DTR under the Transfer Agreement and the Security Agreement to secure the payment of the Percentage Based Payments as

provided thereunder.

4. Representation of DTR. Except to the extent that the assets of ArMed LLC (the Alabama limited liability company) were assigned to ArMed LLC (the Delaware limited liability company) which were in turn assigned to ArMed, Inc., a Delaware corporation, without proper documentation of the security interests of DTR by Artann Corporation and Sarvazyan, to insure that DTR has a perfected security interest in ArMed, Inc.'s capital stock held by Artann Corporation and Sarvazyan, to the knowledge of DTR, neither Artann Corporation or Sarvazyan are in default of the terms of the Transfer Agreement.

5. Limitation of Warranties and Representations. DTR's assignment and transfer hereunder is without warranty or representation, except as expressly provided herein. Specifically, but not with the intention of limiting the foregoing statement, DTR does not warrant the enforceability of the Transfer Agreement or any provision thereof, the future performance of the parties to the Transfer Agreement, or the perfection of the security interest in the ArMed, Inc. interest held by Sarvazyan or Artann Corporation.

6. Indemnification/Hold Harmless. DTR-Med Pharma Corp. will indemnify and hold harmless DTR from all causes of action, proceedings, liabilities, cost and expenses (including reasonable attorneys fees) suffered or incurred by DTR under and as a result of the Transfer Agreement, and the assignment thereof under this Agreement, except where such causes of action or proceedings were initiated, or such liabilities, costs, and expenses were incurred, prior to the date of this Agreement.

In Witness Whereof, the parties hereto execute this Agreement as of the date first above written.

Developed Technology Resource, Inc.	DTR-Med Pharma Corp.
By: /s/ John Hupp	By: /s/ John Hupp
John Hupp, Vice President	John Hupp, President

EXHIBIT A

Agreement for Transfer of Patent and Proprietary Rights

AGREEMENT FOR TRANSFER OF PATENT AND PROPRIETARY RIGHTS

This Agreement for Assignment of Patent and Proprietary Rights (the "Agreement") is entered into effective as of the September 5, 1995, by and among Medical Biophysics International, a Minnesota partnership ("MBI"), with principal offices at 12800 Whitewater Drive, Minnetonka, Minnesota 55343; Developed Technology Resource, Inc., a Minnesota corporation ("DTR"), with principal offices at 12800 Whitewater Drive, Suite 170, Minnetonka, Minnesota 55343; Armen P. Sarvazyan, whose business address is 138 Hardenburg Lane, East Brunswick, New Jersey 08816 ("Sarvazyan"); and Artann Corporation dba Artann Laboratories, a New Jersey corporation ("Artann"), with principal offices at 138 Hardenburg Lane, East Brunswick, New Jersey 08816 ("Artann").

RECITALS

A. DTR and Sarvazyan are the only partners of MBI and each holds a 50% partnership interest in MBI;

B. Sarvazyan and his spouse own more than 51% of the capital stock of Artann and maintain voting control over Artann;

C. Sarvazyan and the other inventors of the MBI Technology have previously assigned all right, title and interest in the MBI Technology to MBI; and

D. MBI desires to assign the MBI Technology to Artann, and DTR and Sarvazyan are willing to consent to such assignment pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the foregoing Recitals, which are incorporated with and are made a part of this Agreement, and in further consideration of the mutual covenants and agreements contained in this Agreement, the parties hereto agree as follows:

ARTICLE 1: DEFINITIONS

Whenever they are used in this Agreement, the following capitalized terms shall have the respective meanings defined in this ARTICLE 1.

1.1 Affiliate. "Affiliate" shall mean any present or future domestic or foreign corporation or entity which shall be owned or controlled directly or indirectly by Artann or Sarvazyan or which owns or controls Artann (either directly or indirectly) or which is under common ownership or control with Artann (either directly or indirectly).

1.2 MBI Technology. "MBI Technology" means any and all knowledge, information, know-how, methods and devices, whether patentable or not, owned or controlled by MBI and relating to the method or process of elasticity imaging as disclosed or shown in the MBI Patents for any purpose and the following assets of MBI: computers, electrical and electronic components, Teksean pressure sensor arrays and software purchased by MBI for project development.

1.3 MBI Patents. "MBI Patents" means all method, device and/or apparatus patents and patent applications (in any country) that are owned or controlled by MBI, alone or jointly with others, and which relate to the MBI Technology, including, without limitation (i) U.S. Patent No. 5,265,612, dated November 30, 1993, entitled "Intracavity Ultrasonic Device for Elasticity Imaging," (the "Existing Device Patent") and any non-U.S. counterparts, and any continuations,

continuations-in-part, or divisional applications and any U.S. or non-US. patents resulting from such applications and any reissues thereof and (ii) International Publication Number WO 94/14375, dated July 7, 1994, entitled "Method and Apparatus for Elasticity Imaging," (the "Pending Method/Device Patent") and any continuations, continuations-in-part, or divisional applications and any U.S. or non-US. patents resulting from such applications and any reissues thereof.

1.4 Patented Products. "Patented Products" means each and every product that is covered by any valid claim of any of the MBI Patents (including issued patents and pending patents). Each claim of the MBI Patents shall be presumed valid in accordance with 35 U.S.C. 282.

1.5 Licensing of Patented Products. "Licensing of Patented Products" means the licensing by Artann or its Affiliates of the MBI Patents to enable a third party to manufacture the Patented Products.

1.6 Manufacture and Sale of Patented Products. "Manufacture and Sale of Patented Products" means the manufacture and sale by Artann or its Affiliates of Patented Products.

1.7 Gross Revenue. "Gross Revenue" means the gross royalty, invoice or billing price for Licensing of Patented Products or the Manufacture and Sale of Patented Products (as the case may be) by Artann or its Affiliates, with no deductions except for: (1) the actual cost of freight charges, if any, if stated separately from the ordinary net invoice price; (2) trade, quantity and cash discounts, if any, actually allowed; (3) any taxes or duties applicable to such products, provided such taxes or duties are actually paid and are shown separately from the net invoice price of such products (no deduction shall be made for taxes based on net income); and (4) such credits or allowances, if any, given or made because of the rejection or return of such products.

1.8 Confidential Information. "Confidential Information" means the

technical information, know-how, technology, formulae, devices, designs, configurations, prototypes, ideas, inventions, improvements, data, files, supplier and customer identities and lists, accounting records, project management plans, and other information and documentation to which a person or entity has rights relating to this Agreement or the MBI Technology (embodied in the MBI Technology) and all copies and tangible embodiments thereof (in whatever form or medium) that are not known to the public.

ARTICLE 2: TRANSFER AND COMMERCIALIZATION OF THE MBI TECHNOLOGY

2.1 Assignment of MBI Technology to Artann. Subject to the provisions of this Agreement, MBI hereby assigns and transfers to Artann all of MBI's right, title and interest in the MBI Technology, including without limitation, the MBI Patents, computers, electrical and electronic components, Teksean pressure sensor arrays and software purchased by MBI for project development (the "Assignment"). The parties agree that MBI will execute and deliver such additional assignments of the MBI Technology and MBI Patents to Artann as may be necessary to perfect the foregoing Assignment, including without limitation, any assignments of the MBI Patents for filing with any governmental patent office.

2.2 Warranty Disclaimer. The MBI Technology is transferred to Artann "as is" and without warranty. DTR AND MBI EXCLUDE AND DISCLAIM ALL EXPRESS AND IMPLIED WARRANTIES, INCLUDING SPECIFICALLY ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR PARTICULAR PURPOSE.

2.3 Subsequent Transfers. Artann and its Affiliates may sell, assign, license, sublicense, grant security interests in or otherwise transfer rights to the MBI Technology and MBI Patents only pursuant to a written agreement that is subject to and consistent with all of the terms

and conditions of this Agreement (a "Subsequent Transfer"). Artann will not enter into a Subsequent Transfer arrangement or agreement without DTR's prior written consent.

2.4 Continued Efforts of Artann. Artann shall use reasonable efforts consistent with the exercise of its best judgment to exploit the rights transferred under this Agreement, and shall develop a plan for developing and commercializing the MBI Technology and the MBI Patents, directly and/or through approved sublicensing or other ventures, on terms not inconsistent with the terms of this Agreement.

ARTICLE 3: PRESERVATION OF INTELLECTUAL PROPERTY RIGHTS

3.1 Patent Prosecution. Except for reimbursement by MBI pursuant to Section 3.2 below, Artann shall hereafter have the right to file and prosecute, in its name, United States and foreign patent applications and maintain such patents in connection with the MBI Technology. The parties acknowledge that Artann shall have final authority over all decisions concerning prosecution of patents pertaining to the MBI Technology. Artann and Sarvazyan agree to keep DTR fully informed of all patent filing and prosecution efforts for the MBI Technology, and give DTR the opportunity to comment on such filing and prosecution efforts.

3.2 Reimbursement By MBI of Costs for Prosecution of the Pending Method/Device Patent in the United States. MBI will promptly reimburse or pay all expenses incurred by Artann in the prosecution in the United States of the Pending Method/Device Patent and a continuation-in-part (CIP) application on "Apparatus for Ultrasonic Elasticity Imaging" (the "CIP Application"); provided, however, the obligations of MBI under this Section 3.2 shall terminate after reimbursement or payment by MBI of an aggregate of $5,000 for such patent prosecution. MBI will pay all fees that will be required for having the pending MBT Patent issued.

3.3 Payment to Nick Westman. MBI will promptly pay Nick Westman his outstanding invoices in the aggregate amount of $1,500 for previous services rendered by Mr. Westman in the prosecution of the MBI Patents.

3.4 Infringement of the MBI Patents. If any party hereto obtains evidence of alleged infringement of the MBI Patents, such party shall promptly notify the other parties in writing of such potential infringement. Artann shall have the right, but not the obligation, to bring suit at its expense against such alleged

third party infringer and to settle any such suit. In the event Artann decides to bring suit, Artann shall give prompt written notice to DTR of such decision to commence litigation.

3.5 Confidentiality. Each of the parties agrees to hereafter maintain the confidentiality of all Confidential Information.

ARTICLE 4: PAYMENTS TO DTR

4.1 Acknowledgment By MBI and Sarvazyan of Payments-to DTR: Payment of $9,000 Obligation. MBI and Sarvazyan each acknowledge and agree that: (i) all of the payments to DTR under this ARTICLE 4 are in consideration of the Assignment by MBI and DTR's 50% ownership interest in MBI and (ii) Sarvazyan, waives payment by Artann or MBI of any additional consideration for such Assignment. The parties acknowledge that under a prior letter of understanding dated June 18, 1992, the authors of the inventions, including, without limitation, A. Skovoroda, S. Emelianov and Sarvazyan (the "Authors"), must be rewarded for assigning patent rights to MBI by payment by Artann to the Authors of an aggregate amount of (a) $3,000, payable upon approval of the "Existing Device Patent" with a total amount of payment up to an aggregate of $20,000 from proceeds of commercialization of such patent and (b) $6,000 payable upon approval of the "Pending Method/Device Patent" with a total amount of payment up to an

aggregate of $100,000 from proceeds of commercialization of such patent. If the source of funding related to the MBI Technology that becomes available to Artann is not a license fee, royalty or other payment from product sales but is a direct investment, $240,000 from such investment will be paid to MBI and distributed to the MBI partners on a pro rata basis as follows: (i) $120,000 to DTR and (ii) $120,000 to Sarvazyan (Artann) for due payment to the Authors and for the expenses of future patenting and development of MBI Technologies. Artann assumes and will indemnify DTR for all responsibilities for payments to the Authors. DTR shall have no responsibilities for payments to the Authors or any other inventors of the MBI Technology.

4.2 $120,000 Payment. Artann shall pay DTR, commencing on the date of this Agreement: (i) thirty-three and one-third percent (33-1/3%) of the Gross Revenues of Artann and its Affiliates from Licensing of Patented Products anywhere in the world and (ii) three and one-third percent (3-1/3%) of the Gross Revenues of Artann and its Affiliates from the Manufacture and Sale of Patented Products anywhere in the world; up to a maximum payment of $120,000 to DTR under this Section 4.2 (the "$120,000 Payment"). The parties acknowledge that DTR will not receive 50% of the Gross Revenues because Artann has agreed to assume all responsibilities for payments to the Authors.

4.3 Additional Percentage Payments to DTR. In addition to the $120,000 Payment, Artann shall pay each of the following percentage payments to DTR until latest expiration date of the MBI Patents and any extensions thereof (the "Additional Percentage Payments"):

(a) Commencing on the date of this Agreement: (i) twenty percent (20%) of the Gross Revenues of Artann and its Affiliates from Licensing of Patented Products anywhere in the world that are based on the Existing Device Patent and (ii) two percent (2%) of the Gross Revenues of Artann and its Affiliates from the Manufacture and Sale of Patented Products anywhere in the world that are based on the Existing Device Patent;

(b) Commencing on the issuance of the Pending Method/Device Patent: (i) ten percent (10%) of the Gross Revenues of Artann and its Affiliates from Licensing of Patented Products anywhere in the world that are a breast or prostate clinical device or method and (ii) one percent (1%) of the Gross Revenues of Artann and its Affiliates from the Manufacture and Sale of Patented Products anywhere in the world that are a breast or prostate clinical device or method;

(c) Commencing on the issuance of the Pending Method/Device Patent: (i) five percent (5%) of the Gross Revenues of Artann and its Affiliates from Licensing of Patented Products anywhere in the world that are a breast or prostate non-clinical (i.e. home or other non-clinical use) device or method and (ii) one-half percent (1/2%) of the Gross Revenues of Artann and

its Affiliates from the Manufacture and Sale of Patented Products anywhere in the world that are a breast or prostate non-clinical (i.e. home or other non-clinical use) device or method.

(d) Commencing on the issuance of the CIP Application: (i) five percent (5%) of the Gross Revenues of Artann and its Affiliates from Licensing of Patented Products anywhere in the world that are based on the CIP Application and (ii) one-half percent (1/2%) of the Gross Revenues of Artann and its Affiliates from the Manufacture and Sale of Patented Products anywhere in the world that are based on the CIP Application; and

(e) The parties acknowledge and agree that no amounts shall be payable under Sections 4.3(b) or 4.3(c) above unless the Pending Method/Device Patent is issued.

4.4 Payments In U.S. Dollars. All amounts payable under this Article 4 shall be paid in United States dollars to DTR by check mailed to the address first set forth above, or to such other

address as DTR may from time to time designate in writing to Artann. All payments due under this Section 4 shall be calculated after Artann's Gross Revenues are converted into United States dollars (in the event of payment in non-United States dollars) by Artann. Any currency conversions that are necessary to calculate payments shall be made at the exchange rate used by Artann for financial accounting purposes in accordance with generally accepted accounting principles.

4.5 Quarterly Payments to DTR. Within sixty (60) days after the close of each calendar quarter, Artann shall pay DTR all amounts due under this Section 4 for Licensing of Patented Products or the Manufacture and Sale of Patented Products (as the case may be) during the three months included in such calendar quarter.

4.6 Quarterly Reports. With each payment under Section 4.5 above, Artann shall provide DTR a quarterly written report of all sales, licenses or other distributions of Patented Products by country and by Artann and its licensees in such detail so as to enable DTR to calculate the proper amount of the accrued payments due to DTR for that quarter.

4.7 Interest. Artann shall pay interest, at three percent (3%) above the then prevailing prime rate as announced from time to time by Norwest Bank Minnesota or its successor, on any payments due under this ARTICLE 4 and not paid within the time period described in Section 4.5 above, to accrue from the date due until paid.

4.8 Records. Artann agrees to keep accurate and detailed records required for the computation and verification of payments to be paid hereunder, all in accordance with generally accepted accounting principles. Artann shall permit one or more representatives selected by DTR upon reasonable notice at mutually agreeable reasonable times during normal business hours to inspect all such records as may be necessary or desirable to determine the correctness of any report or payment made under this Agreement or to obtain information concerning payments to DTR for any period in the event of failure of Artann to report or pay any payments due under the terms of this Agreement. The records required by this Section 4.8 shall be maintained and available for inspection hereunder for at least three (3) years following the calendar quarter to which they pertain.

ARTICLE 5: SECURITY INTEREST

Artann hereby grants DTR a security interest (the "Security Interest") in the MBI Technology, including without limitation, the MBI Patents, as security for payment and performance of Artann's obligations under this Agreement, including without limitation, payment of the $120,000 Payment and the Additional Percentage Payments. The parties agree to execute, deliver and file UCC financing statements and other documents necessary to perfect and maintain the Security Interest as a first priority Security Interest.

ARTICLE 6: INDEMNIFICATION AND INSURANCE

6.1 Indemnification by Artann. Artann shall indemnify and hold harmless DTR

and MBI, and their respective directors, officers, partners, employees and representatives, jointly and severally, from and against all liabilities, demands, damages, expenses, or losses, including, without limitation, costs and attorneys' fees, arising from:

(a) the manufacture, use, lease, sale, or other disposition of any Patented Products by Artann or its licensees;

(b) a third party's use of a Patented Product purchased, leased or otherwise acquired from or through Artann or its licensees;

(c) a third party's manufacture of a Patented Product at the request of Artann or its licensees;

(d) any claim that the MBI Technology or the MBI Patents infringe any patent, copyright, trade secret right, trademark right or other proprietary right of a third party;

(e) from any claim that a Patented Product manufactured or sold by Artann or its licensees infringes any trademark rights of a third party; and

(f) from any failure of Artann to comply with all applicable government regulations, directives and laws as they may apply to the Patented Products or Artann's activities hereunder.

6.2 Insurance. Commencing with the first commercial sales of Patented Products, Artann agrees to maintain at its expense liability insurance to insure against any of the indemnified liabilities in Section 6.1 above in an amount as determined by Artann at its reasonable discretion. Artann shall provide DTR with certification of such insurance.

ARTICLE 7: REPRESENTATIONS AND WARRANTIES

7.1 Authority of Artann. Artann represents and warrants that (i) the transactions and activities contemplated by this Agreement have been duly authorized and no other actions on its part or on the part of any other person or entity are necessary to authorize the transactions and activities contemplated by this Agreement and (ii) this Agreement is a legal, valid and binding agreement enforceable against Artann in accordance with its terms, except as the enforceability of this Agreement may be limited by equitable principles, bankruptcy or other laws relating to or affecting creditors' rights generally.

7.2 Prior Assignments of Proprietary Rights. Sarvazyan represents and warrants that prior to the execution of this Agreement, all inventors of the MBI Technology had assigned to MBI all patent, copyright, trade secret and other proprietary rights to the MBI Technology

ARTICLE 8: LIMITATION OF LIABILITY

EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS OF ARTANN UNDER SECTION 6.1 ABOVE, NO PARTY BE LIABLE TO THE OTHER UNDER THIS AGREEMENT FOR INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS.

ARTICLE 9: DEFAULT AND TERMINATION

9.1 Termination. This Agreement may be terminated only as follows (each of the notices in Sections 9(a), (b) or (c) below are referred to as an "Event of Default"):

(a) Nonpayment or Other Breach by Artann. If Artann fails to make any payments to DTR within ten (10) days after the date due or fails to comply with any other term or condition under this Agreement, DTR may elect to give Artann written notice requiring Artann to cure such default. If Artann has not cured such default within thirty (30) days after receipt of notice from DTR, in addition to DTR's other remedies, this Agreement shall terminate at the end of such thirty (30) day period (unless a dispute resolution proceeding is then pending under Article 10 below).

(b) Failure to Pay $120,000 Payment After Five Years. If the entire amount of the $120,000 Payment has not been paid to DTR by the fifth anniversary of the date of this Agreement, DTR may so notify Artann. If Artann has not paid the entire $120,000 Payment within thirty (30) days after receipt of such notice from DTR, this Agreement shall terminate at the end of such thirty (30) day period (unless a dispute resolution proceeding is then pending under Article 10 below).

(c) Mutual Agreement. This Agreement may be terminated at any time by mutual written agreement among the parties.

9.2 Survival. The terms and provisions of Articles 1, and 3 through 11 (inclusive) of this Agreement shall survive the termination of this Agreement and continued in full force and effect.

ARTICLE 10: DISPUTE RESOLUTION

10.1 Conflicts. It is expected that any disputes or differences that may arise under this Agreement will be resolved in the usual course of business. If, however, any dispute does arise among the parties which relates to or arises from this Agreement, whatever its nature, the parties agree to forego litigation and proceed as follows: Any party may notify the other parties of the matter in dispute and that it wishes to begin the dispute resolution procedure. Within thirty (30) days after notification, a designated representative of each party will meet and confer in an effort to resolve the problem. The parties may, if they wish, agree to mediation or other voluntary form of dispute resolution. If the matter is not resolved within thirty (30) days thereafter (or such further time as they may agree), any party may elect to have the dispute arbitrated in the manner provided in Section 10.2.

10.2 Arbitration. Any dispute or claim not resolved in the manner provided under Section 10.1 above shall be resolved by final and binding arbitration. Unless the parties agree otherwise, the arbitration shall be conducted in accordance with the rules of the American Arbitration Association then in effect. There shall be a single arbitrator, whose award shall become final ten (10) days after it is delivered in writing to the parties for their final comment. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. ss.1 et seq. Judgment upon the arbitrator's award may be entered by any court having jurisdiction thereof. The arbitration shall be conducted in Minneapolis, Minnesota, if initiated by Artann or Sarvazyan, or in New York, New York if initiated by DTR or MBI, and any awards shall be subject to the limitations of liability expressed in this Agreement.

10.3 Remedies. In addition to the remedies under this Agreement and applicable law, the prevailing party in any action under this Agreement shall be entitled to injunctive relief and reimbursement of costs and reasonable attorneys' fees.

ARTICLE 11: GENERAL

11.1 Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and delivered personally or sent by registered or certified mail, postage prepaid and return receipt requested (or sent via fax and confirmed by mail), to the attention of the parties and the respective addresses set forth in the first paragraph of this Agreement (or to such other address as the parties shall designate by notice to the other in accordance with this Section 11. 1) and shall be deemed to have been given as of the date of personal delivery, as of the date on the receipt or as of the date returned unclaimed by the Postal Service.

11.2 Modifications. This Agreement can only be modified by written agreement duly signed by the parties.

11.3 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota.

11.4 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future law, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

11.5 Complete Agreement. This Agreement contains the complete agreement between the parties concerning the subject matter hereof and supersedes all prior understandings, proposals or agreements, and all prior communications between the parties relating to the subject matter of this Agreement. This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year first above written.

MEDICAL BIOPHYSICS INTERNATIONAL

By: _____
Armen P. Sarvazyan,
Partner

By: Developed Technology Resource, Inc,
Partner

By: _____
John P. Hupp,
President

DEVELOPED TECHNOLOGY RESOURCE, INC.

By: _____
John P. Hupp
President

_____
Armen P. Sarvazyan

ARTANN CORPORATION
dba ARTANN LABORATORIES

By: _____
Armen P. Sarvazyan,
President

AMENDMENT NO. 1
TO
AGREEMENT FOR TRANSFER OF PATENT AND PROPRIETARY RIGHTS

This Amendment No. 1 to Agreement for Assignment of Patent and Proprietary Rights ("Amendment No. 1") is entered into effective as of the August 29, 1996, by and among Medical Biophysics International, a Minnesota partnership ("MBI"), with principal offices at 12800 Whitewater Drive, Minnetonka, Minnesota 55343; Developed Technology Resource, Inc., a Minnesota corporation ("DTR"), with principal offices at 12800 Whitewater Drive, Suite 170, Minnetonka, Minnesota 55343; Armen P. Sarvazyan, whose business address is 138 Hardenburg Lane, East Brunswick, New Jersey 08816 ("Sarvazyan"); and Artann Corporation dba Artann Laboratories, a New Jersey corporation ("Artann"), with principal offices at 138 Hardenburg Lane, East Brunswick, New Jersey 08816.

RECITALS

A. MBI, DTR, Sarvazyan and Artann entered into an Agreement for Assignment of Patent and Proprietary Rights as of September 5, 1995 (the "Agreement"), which has not been amended prior to the date hereof;

B. Sarvazyan and Artann have informed DTR that Sarvazyan and Artann have

continued to comply with all of the terms and provisions of the Agreement;

C. Effective August 29, 1996, Artann has entered into an Operating Agreement ("Operating Agreement") of Armed, L.L.C., an Alabama limited liability company ("Armed"), among Vladimir Drits, K. Breslauer, M. Brady, Naum Tselesin, Graco Resources, Inc., Brad Dunn, Jim Davis, Miller Investments, Ltd. and Ed Lillenstein (collectively, the "Members"), a copy of which has been provided to DTR;

D. Pursuant to the Operating Agreement, Artann, Sarvazyan, and Armed have entered into an Assignment dated August 29, 1996 (the "Artann/Armed Assignment"), under which Artann has assigned the MBI Technology to Armed, a copy of which has been provided to DTR;

E. Pursuant to the Operating Agreement and in consideration of the Artann/Armed Assignment, Armed has issued to Artann 50.5 Class A Units of Armed, representing 50.5% of the outstanding Class A and Class B Units of Armed (those units and any other units or member interests of Armed now or hereafter beneficially owned by Artann, Sarvazyan or their Affiliates are referred to as the "Artann-Owned Units");

F. Pursuant to the Operating Agreement, the Class B Members of Armed identified therein have agreed to make certain loans to Armed, secured by a security interest in all of Armen's assets, including the MBI Technology;

G. Pursuant to the Operating Agreement, the Class B Members of Armed have received an option ("Option") to purchase additional Class B Units of Armed, which if exercised could result in the percentage of the outstanding Class A and B Units of Armed owned by Artann to be reduced;

H. Pursuant to a License Agreement (the "Armed/Artann License"), Armed will grant to Artann a license to use and commercialize the non-mechanical imaging portions of the MBI Technology;

I. The parties desire to amend and supplement the Agreement pursuant to Section 11.2 thereof, on the terms as described below.

AGREEMENT

In consideration of the foregoing Recitals, which are incorporated with and are made a part of this Amendment No. 1, and in further consideration of the mutual covenants and agreements contained in this Amendment No. 1, the parties hereto agree and amend the Agreement as follows:

1. Definitions. Capitalized terms not otherwise amended or defined herein have the same respective meanings as set forth in the Agreement.

2. Amendment of Section 1.1. Section 1.1 of the Agreement is hereby amended to include the following additional provision:

Armed shall not be considered an "Affiliate" of Artann for purposes of the Agreement or this Amendment No. 1.

3. Amendment of Section 1.3. Section 1.3 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 1.3:

1.3 MBI Patents. "MBI Patents" means all method, device and/or apparatus patents and patent applications (in any country) that are now or hereafter owned or controlled by MBI or its assigns, alone or jointly with others, and which relate to the MBI Technology, including, without limitation: (i) U.S. Patent No. 5,265,612, dated November 30, 1993, entitled "Intercavity Ultrasonic Devices for Elasticity Imaging," and any non-U.S. counterparts, and any continuations, continuations-in-part ("CIP"), or divisional applications and any U.S. or non-U.S. patents resulting from such applications and any reissues thereof, (ii) U.S. Patent No. 5,524,636 dated June 11, 1996, entitled "Method and Apparatus for Elasticity Imaging," and any non-U.S. counterparts, and any continuations, continuations-in-part, or divisional applications and any U.S. or non-U.S. patents resulting from such applications and any reissues thereof" and

(iii) U.S. Patent Application Number 08/607,645 filed February 27, 1996 entitled "Method and Device for Mechanical Imaging of Prostate" (the "Pending Patent"), and any non-U.S. counterparts, and any continuations, continuations-in-part, or divisional applications and any U.S. or non-U.S. patents resulting from such applications and any reissues thereof.

4. Amendment of Section 1.5. Section 1.5 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 1.5;

1.5 Licensing/Assignment of Patented Products. "Licensing/Assignment of Patented Products" means the licensing or assignment (or other transfer) by Artann, Sarvazyan or Armed and their respective Affiliates and sublicensees and assignees (together "Assignees") of any of the MBI Patents to enable a third party to manufacture the Patented Products.

5. Amendment of Section 1.6. Section 1.6 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 1.6:

1.6 Manufacture and Sale of Patented Products. "Manufacture and Sale of Patented Products" means the manufacture and sale by Artann, Sarvazyan or Armed and their respective Affiliates and Assignees of Patented Products.

6. Amendment of Section 1.7. Section 1.7 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 1.7:

1.7 Artann Gross Revenues. "Artann Gross Revenues" means any payment of cash or cash equivalents (for conversion into U.S. dollars pursuant to Section 4.4) to Artann, Sarvazyan or their respective Affiliates, pertaining to the use, license, assignment or commercialization of the MBI Technology and arising from:

A. the gross royalty, invoice or billing price for Licensing/Assignment of Patented Products or the Manufacture and Sale of Patented Products (as the case may be) by Artann, Sarvazyan and their respective Affiliates or Assignees (excluding Armed) anywhere in the world, with no deductions except for: (1) the actual cost of freight charges, if any, if stated separately from the ordinary net invoice price; (2) trade, quantity and cash discounts, if any actually allowed; (3) any taxes or duties applicable to such products, provided such taxes or duties are actually paid and are shown separately from the net invoice price of such products (no deduction shall be made for taxes based on net income); and (4) such credits or allowances, if any, given or made of the rejection or return of such products; or

B. any dividends, distributions or other payments of any kind from Armed to Artann, Sarvazyan or their Affiliates;

provided, however, the term "Artann Gross Revenues" shall not include any payments by Armed to Artann, Sarvazyan or their Affiliates for consulting work or the development of prototypes so long as such payments are for actual services rendered and are not made with the intent of diminishing the amounts otherwise payable by Artann or Sarvazyan to DTR under the Agreement or Amendment No. 1.

7. Amendment of Section 4.1. Section 4.1 of the Agreement is hereby amended by adding the following additional provision at the end of Section 4.1:

Artann represents that none of the Authors has any further right to payment with respect to the MBI Technology. Section 4.1 of the Agreement shall not require Armed, or Artann or Sarvazyan based on investments in Armed, to make any payments to DTR.

8. Amendment of Section 4.2. Section 4.2 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 4.2:

4.2 $120,000 Payment. Artann shall pay DTR, commencing on the date of this Agreement: (i) thirty-three and one-third percent (33-1/3%) of the Artann Gross Revenues from Licensing/Assignment of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees and (ii) three and one-third percent (3-1/3%) of the Artann Gross Revenues from the Manufacture and Sale of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees, up to a maximum payment of $120,000 to DTR unde this Section 4.2 (the "$120,000 Payment"). The parties acknowledge that DTR will not receive 50% of the Artann Gross Revenues because Artann has agreed to assume all responsibilities for payments to the Authors.

9. Amendment of Section 4.3. Section 4.3 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Section 4.3:

4.3 Additional Percentage Payments to DTR. In addition to the $120,000 Payment, Artann shall pay each of the following percentage payments to DTR until latest expiration date of the MBI Patents and any extensions thereof (the "Additional Percentage Payments"):

(a) Commencing on the date of this Agreement: (i) twenty percent (20%) of the Artann Gross Revenues from the Licensing of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are based on Patent No. 5,265,612 dated November 30, 1993, entitled "Intracavity Ultrasonic Device for Elasticity Imaging"; and (ii) two percent (2%) of the Artann Gross Revenues from the Manufacture and Sale of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are based on Patent No. 5,265,612 dated November 30, 1993, entitled "Intracavity Ultrasonic Device for Elasticity Imaging";

(b) Commencing on the date of this Agreement with respect to the issued MBI Patents: (i) ten percent (10%) of the Artann Gross Revenues from the Licensing of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are a breast or prostate clinical device or method based on Patent No. 5,524,636 dated June 11, 1996, entitled "Method and Apparatus for Elasticity Imaging"; and (ii) one percent (1%) of the Artann Gross Revenues from the Manufacture and Sale of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are a breast or prostate clinical device or method based on Patent No. 5,524,636 dated June 11, 1996, entitled "Method and Apparatus for Elasticity Imaging";

(c) Commencing on the date of this Agreement with respect to the issued MBI Patents: (i) five percent (5%) of the Artann Gross Revenues from the Licensing of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are a breast and not clinical (i.e., home or other non-clinical use) device or method based on Patent No. 5,524,636 dated June 11, 1996, entitled "Method and Apparatus for Elasticity Imaging"; and (ii) one-half percent (1/2%) of the Artann Gross Revenues from the Manufacture and Sale of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are a breast, and not clinical (i.e., home or other non-clinical use) device or method based on Patent No. 5,524,636 dated June 11, 1996 entitled "Method and Apparatus for Elasticity Imaging";

(d) Commencing on the issuance of any CIP application for the MBI Patents; (i) five percent (5%) of the Artann Gross Revenues from the Licensing of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are based on such CIP application; and (ii) one-half percent (1/2%) of the Artann Gross Revenues from the Manufacture and Sale of Patented Products anywhere in the world by Artann, Sarvazyan, Armed or their respective Affiliates or Assignees that are based on such CIP application.

10. Amendment of Article 5. Article 5 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Article 5:

ARTICLE 5: SECURITY INTEREST

5.1 Grant of Security Interest in Artann-Owned Units. Artann hereby grants DTR a security interest (the "Security Interest") in the Artann-Owned Units (collectively, the "Collateral"), as security for payment and performance of Artann's obligations under

this Agreement and Amendment No. 1, including without limitation, payment of the $120,000 Payment and the Additional Percentage Payments (collectively, the "Obligations"). Artann and Sarvazyan will promptly deliver and continue to deliver to DTR all certificates representing all of the Artann-Owned Units, and will execute, deliver and file UCC financing statements and other documents, all as necessary to perfect and maintain the Security Interest as a first priority security interest in the Collateral. Artann and Sarvazyan represent and warrant that Artann holds all right, title and interest in the Artann-Owned Units and none of the Artann-Owned Units are or will be subject to any lien or security interest other than the Security Interest in favor of DTR. If Artann or Sarvazyan are in default of their obligations, DTR may elect to foreclose on its Security Interest and take ownership and possession of the Artann-Owned Units or, if such units are subject to a call or assessment obligation, in lieu of foreclosure DTR may elect to instruct Armed to pay all distributions with respect to the Artann-Owned Units to DTR and Armed will comply with that instruction (in lieu of distributions paid to Artann, Sarvazyan or their Affiliates).

5.2 Notice. Artann and Sarvazyan will promptly notify DTR of any (i) dilution in the ownership of Armed by Artann, Sarvazyan or their Affiliates or (ii) any additional Artann-Owned Units beneficially owned by Artann, Sarvazyan or their Affiliates. DTR will promptly notify Artann and Sarvazyan of any assignment of DTR's rights hereunder to any third party.

5.3 Consent to Transfer of Artann-Owned Units to DTR. Within 60 days after the execution of this Amendment No. 1, Artann and Sarvazyan will deliver to DTR a consent signed by Armed and each of its Members, consenting to the transfer of the Artann-Owned Units to DTR if DTR forecloses on its Security Interest and obtains beneficial ownership of the Artann-Owned Units.

5.4 Release of Prior Security Interest. Concurrently with the creation of the Security Interest under this Amendment No. 1, and with the Collateral as substitute collateral, DTR hereby releases any security interest in the MBI Patents and MBI Technology and will deliver promptly to Armed UCC-3 Statements of Termination and other documents prepared by Armed in recordable form for terminating of record any other agreements or documents evidencing or perfecting the above security interest in the MBI Patents and MBI Technology (whether recorded in the Office of the Secretary of State of Minnesota or New Jersey, the U.S. Patent and Trademark Office or in any other governmental office).

11. Amendment of Article 9. Article 9 of the Agreement is hereby superseded and deleted in its entirety and replaced with the following new Article 9:

ARTICLE 9: DEFAULT AND TERMINATION

9.1 Termination. This Agreement may be terminated only as follows (each of the notices in Sections 9(a), (b) or (c) below are referred to as an "Event of Default"):

(a) Nonpayment or Other Breach by Artann. If Artann or Sarvazyan fails to make any payments to DTR within ten (10) days after the date due or fails to comply with any other term or condition under this Agreement, DTR may elect to give Artann and Sarvazyan written notice requiring Artann and Sarvazyan to cure such default. If Artann and Sarvazyan have not cured such default within thirty (30) days after receipt of notice from DTR, in addition to DTR's other remedies, this

Agreement shall terminate at the end of such thirty (30) day period (unless a dispute resolution proceeding is then pending under Article 10 below) and DTR shall have

the rights and remedies described in Section 9.3 below, in addition to its other remedies at law or in equity.

(b) Failure to Pay $120,000 Payment After Seven Years. If the entire amount of the $120,000 Payment has not been paid to DTR by the seventh anniversary of the date of this Amendment No. 1, DTR may so notify Artann and Sarvazyan. If Artann and Sarvazyan have not paid the entire $120,000 Payment within thirty (30) days after receipt of such notice from DTR, this Agreement shall terminate at the end of such thirty (30) day period (unless a dispute resolution proceeding is then pending under Article 10 below), and DTR shall have the rights and remedies described in Section 9.3 below, in addition to its other remedies at law or in equity.

(c) Mutual Agreement. This Agreement may be terminated at any time by mutual written agreement amount the parties.

9.2 Survival. The terms and provisions of Article 1, and 3 through 11 (inclusive) of this Agreement shall survive the termination of this Agreement and continued in full force and effect. No termination of this Agreement shall terminate Articles 2 or 11 of this Agreement.

9.3 Rights and Remedies of DTR. If Artann or Sarvazyan breaches any of the terms or provisions of this Agreement, without timely cure as provided herein, or if DTR terminates this Agreement under Section 9.1 above (an "Event of Default"), DTR shall have the right to foreclose its Security Interest and receive all right, title and interest in and to the Collateral as a secured party under the Minnesota Uniform Commercial Code or any other applicable law. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given at least ten (10) days before such disposition in the manner described in Section 10.1 of the Agreement. Artann agrees, if an Event of Default occurs, to make the Collateral available to DTR at a place or places acceptable to DTR, and to pay all costs of DTR, including reasonable attorneys' fees, incurred in the removal of and transfer of rights to the Collateral and the enforcement of any of DTR's rights.

12. Consent and Representation of DTR. DTR hereby consents to the Artann/Armed Assignment. DTR represents and warrants to Armed that DTR (a) has not granted any security interest or lien in the MBA Technology to any third party and (b) no officer of DTR has actual knowledge, without inquiry, of any claim or right of any third party in or to the MBI Technology, except as disclosed in the Agreement or this Amendment No. 1. Except as provided in the preceding sentence, DTR makes no representation or warranty to Armed, its Members or their Affiliates regarding the MBI Patents or other MBI Technology.

13. Additional Agreements of Artann and Sarvazyan. So long as any amounts are payable to DTR under this Agreement (whether or not accrued): (i) Artann and Sarvazyan shall provide DTR on a quarterly basis financial information concerning Artann and the basis for any payments under this Agreement and (ii) DTR and its representatives shall have the right to audit and inspect the books and records of Artann and Sarvazyan and ensure compliance with this Agreement. Artann will provide DTR a copy of the License Agreement promptly after it is signed.

14. Effect of Amendment. All of the terms and provisions of the Agreement shall remain unchanged and in full force and effect, pursuant to the terms thereof, except to the extent expressly amended and supplemented by this Amendment No.. This Amendment No. 1 may be executed by fax and in any number of counterparts, each of which, when executed and delivered,

shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, and shall be deemed effective upon the date first written above.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. l .

MEDICAL BIOPHYSICS INTERNATIONAL

By: _____
Armen P. Sarvazyan,
Partner

By: Developed Technology Resource, Inc.
Partner

By: _____
John P. Hupp,
President

DEVELOPED TECHNOLOGY RESOURCE, INC.

By: _____
John P. Hupp,
President

ARTANN CORPORATION
dba ARTANN LABORATORIES

By: _____
Armen P. Sarvazyan,
President

_____
Armen P. Sarvazyan

AGREEMENT AND CONSENT OF ARMED AND DTR

Armed has read and understands the Agreement, as modified by the above Amendment No. 1, and in consideration of DTR's execution of Amendment No. 1, Armed and DTR agree as follows:

1. Definitions. Capitalized terms used below have the same respective meanings as set forth in the Agreement, as modified by Amendment No. 1

2. Notification to DTR. So long as DTR holds its Security Interest in the Artann-Owned Units, Armed will provide DTR at least ten (10) days advance written notice of any (i) proposed dividends, distributions, consulting fees or other payments of any kind from Armed to Artann or Sarvazyan or their Affiliates or (ii) proposed issuance, purchase or transfer of any existing or prospective Artann-Owned Units.

3. Additional Agreements of Armed. So long as DTR holds its Security Interest in the Artann-Owned Units: (i) Armed will deliver to DTR any certificates representing the Artann-Owned Units, (ii) Armed will not take any actions which would prevent DTR from foreclosing upon its Security Interest and receiving ownership of Artann-Owned Units, (iii) Armed will not structure any distributions, fees or other payments to Artann, Sarvazyan or their Affiliates in any manner intended to diminish the amount otherwise payable by Artann, Sarvazyan to DTR under the Agreement or Amendment No. 1, (iv) Armed will promptly notify DTR of any call or assessment applicable to the Artann-Owned Units and (v) in the event of foreclosure of the Security Interest,

Armed consents to and will assist DTR with receipt of the ownership of the Artann-Owned Units. If Artann or Sarvazyan are in default of their obligations, DTR may elect to foreclose on its Security Interest and take ownership and possession of the Artann-Owned Units or, if such units are subject to a call or assessment obligation, in lieu of foreclosure DTR may elect to instruct Armed to pay all distributions with respect to the Artann-Owned Units to DTR and Armed will comply with that instruction (in lieu of distributions paid to Artann, Sarvazyan or their Affiliates).

4. Consent to Transfer of Artann-Owned Units to DTR. Within 30 days after the execution of this Amendment No. 1, Armed will deliver to DTR a consent signed by Armed and each of its Members, consenting to the transfer of the Artann-Owned Units to DTR if DTR forecloses on its Security Interest and obtains beneficial ownership of the Artann-Owned Units.

5. Payments to DTR. Nothing in the Agreement of Amendment No. 1 shall require Armed to make payments directly by Armed to DTR, unless DTR forecloses upon its Security Interest and receives ownership of the Artann-Owned Units.

6. Release and Assignment. Concurrently with the creation of the Security Interest under Amendment No. 1, and with the Collateral as substitute collateral, DTR hereby releases any security interest in the MBI Patents and MBI Technology and will deliver promptly to Armed UCC-3 Statements of Termination and other documents prepared by Armed in recordable form for terminating of record any other agreements or documents evidencing or perfecting the above security interest in the MBI Patents and MBI Technology (whether recorded in the Office of the Secretary of State of Minnesota or New Jersey, the U.S. Patent and Trademark Office or in any other governmental office). DTR hereby consents to the Artann/Armed Assignment. DTR represents and warrants to Armed that DTR (a) has not granted any security interest or lien in the MBI Technology to any third party and (b) no officer of DTR has actual knowledge, without inquiry, of any claim or right of any third party in or to the MBI Technology, except as disclosed in the Agreement or Amendment No. 1. Except as provided in the preceding sentence, DTR makes no representation of warranty to Armed, its Members or their Affiliates regarding the MBI Patents or other MBI Technology.

IN WITNESS WHEREOF, Armed and DTR have executed the foregoing Agreement and Consent, which may be signed via fax and in counterpart.

ARMED, L.L.C.	DEVELOPED TECHNOLOGY RESOURCE, INC.
By: _____	By: _____
	John P. Hupp, President
Title: _____	
Date: _____	Date: _____

EXHIBIT B

Security Agreement

SECURITY AGREEMENT

SECURITY AGREEMENT made June 15, 1997, effective as of August 29, 1996 between ARMEN P. SARVAZYAN, a resident of the State of New Jersey ("Sarvazyan"), ARTANN CORPORATION, a New Jersey corporation ("Artann") and DEVELOPED TECHNOLOGY RESOURCE, INC., a Minnesota corporation ("DTR").

IN CONSIDERATION OF the mutual covenants and agreements set forth below and in the Agreement and Amendment No. 1 defined below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sarvazyan and Artann hereby grant DTR a security interest in any and all units or membership interests of ArMed, LLC, an Alabama limited liability company, now or hereafter owned by Sarvazyan or Artann, and the distributions and proceeds thereof, as security for payment and performance of the obligations of Sarvazyan and Artann under that certain Agreement for Transfer of Patent and Proprietary

Rights effective as of September 5, 1995 among Medical Biophysics International, a Minnesota partnership, DTR, Sarvazyan and Artann (the "Agreement"), as amended by Amendment No. 1 effective as of August 29, 1996 ("Amendment No. 1"), including, without limitation, payment of the $120,000 Payment and Additional Percentage Payments, as defined in the Agreement and Amendment No. 1.

IN WITNESS WHEREOF, the undersigned have executed this Security Agreement on the date and year set forth above effective as of August 29, 1996.

ARTANN CORPORATION

By:

Armen P. Sarvazyan, President

ARMEN P. SARVAZYAN

DEVELOPED TECHNOLOGY
RESOURCE, INC.

By:

Its:

Exhibit 10.2

STOCK EXCHANGE AGREEMENT

between

DTR-MED PHARMA CORP.,

DEVELOPED TECHNOLOGY RESOURCE, INC.,

PRO-PHARMACEUTICALS, INC.

and

THE SHAREHOLDERS OF PRO-PHARMACEUTICALS, INC.

April 25, 2001

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Exhibits

A. Copies of the Articles of Organization and ByLaws and amendments thereto of Pro-Pharma.

B. Copies of the Articles of Incorporation and ByLaws and amendments thereto of the Company.

Schedules

3.6 Rights to Acquire Capital Stock of the Company
3.10 Interim changes of Pro-Pharma from December 31, 2000

STOCK EXCHANGE AGREEMENT

This Agreement is entered into this 25th day of April, 2001, by and among Developed Technology Resource, Inc., a Minnesota corporation ("Resource"), DTR-Med Pharma Corp., a Nevada corporation (the "Company"), Pro-Pharmaceuticals, Inc., a Massachusetts corporation ("Pro-Pharma"), and shareholders of Pro-Pharma (the "Shareholders") who are individually identified in Article III and on the signature page of this Stock Exchange Agreement (the "Agreement").

Premises

A. The common stock of Resource is registered under Section 12(g) of the Securities Exchange Act of 1934.

B. The Company is a newly-organized wholly owned subsidiary of Resource.

C. Following the execution of this Agreement, Resource (i) is willing to transfer to the Company its interest in a contract or contracts which may provide the Company with revenue from the sale, development or licensing of a technology described in Schedule 6.3 of this Agreement, and (ii) plans to distribute, as a dividend, the shares of the Company to the shareholders of Resource on a share for share basis.

D. The Shareholders are all of the shareholders of Pro-Pharma, and are desirous of exchanging their shares of capital stock of Pro-Pharma for the authorized but unissued shares of common stock of the Company, whereby Pro-Pharma will become the wholly owned subsidiary of the Company, and the Shareholders will own in excess of 90% of the outstanding capital stock of the Company. As soon as practicable after such share exchange, Pro-Pharma will be merged "upstream" into the Company and the Company will change its name to "Pro-Pharmaceuticals, Inc."

E. Pro-Pharma has issued convertible notes (the "Convertible Notes") in anticipation of the business combination evidenced hereby and the parties contemplate that the Company will, as a result of the merger, become the obligor under the Convertible Notes and issue its securities upon exercise of the conversion rights thereunder.

Agreement

Now, therefore, in consideration of the premises and mutual covenants contained in this Agreement, the parties hereto agree as follows:

ARTICLE I

TRANSFER OF THE STOCK

At the Closing (as defined in Article X), the Shareholders shall transfer, assign and deliver to the Company, free and clear of all liabilities, liens, security interests and other encumbrances, and the Company shall accept and receive from the Shareholders, all rights, title and interest, both legal and equitable, in and to all of the outstanding common stock of Pro-Pharma (the "Stock") as identified on the signature page of this Agreement.

ARTICLE II

CONSIDERATION

The aggregate consideration (the "Consideration") to be paid to the Shareholders at the Closing in exchange for the Stock will be certificates registered in the name of Shareholders representing 12,354,670 shares of the authorized but previously unissued common stock of the Company, having a par value of $0.001 per share (authorized common stock of the Company is hereinafter referred to as (the "Common Shares"). The Common Shares issued as the Consideration represent as of the Closing (as defined in Section 10.1) at least ninety-one percent (91%) of the issued and outstanding Common Shares.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

David Platt, Offer Binder, James Czirr and Anatole Klyosov, the beneficial or record shareholders of Pro-Pharma (the "Shareholders"), represent and warrant to Resource, such representations and warranties to survive the Closing and continue in accordance with the terms of Article XI hereof, as follows:

3.1 Organization and Power. Pro-Pharma is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, and has the corporate power and authority, and all material requisite licenses, permits and franchises to own, operate or lease its properties and to carry its business as now being conducted. Attached hereto as Exhibit A, are true copies of the Articles of Organization and ByLaws of Pro-Pharma, including all amendments thereto, in effect as of the date hereof.

3.2 Qualification. Pro-Pharma is duly qualified to do business as a foreign corporation, and is in good standing in all jurisdictions where, by the nature of its business or the character and location of its property or personnel, failure to be so qualified would have a material adverse effect upon its business as now being conducted.

3.3 Authorization. The execution, delivery and performance of this Agreement has been duly and validly authorized and approved by the Board of Directors of Pro-Pharma and has been duly executed and delivered by an authorized officer of Pro-Pharma. All corporate and other actions required to be taken by Pro-Pharma to authorize the execution, delivery and performance by Pro-Pharma of this Agreement and all transactions contemplated hereby have been, or on the Closing Date will have been, duly and properly taken.

3.4 Validity of Stock. The Stock was duly authorized and validly issued by Pro- Pharma, and is, or will be at the Closing Date, fully paid and non-assessable.

3.5 Ownership and Authority to Deliver. Each Shareholder has full record and beneficial ownership of the Stock owned by that Shareholder as reflected on the signature page of this Agreement, with full power and authority to deliver record and beneficial ownership of the Stock to the Company, free of all liens, encumbrances and restrictions whatsoever, other than those imposed under applicable state and federal securities laws.

3.6 Capital Stock. The authorized capital stock of Pro-Pharma consists of 200,000 shares of common stock, without par value, 100,000 shares of which are outstanding and constitute the Stock. There are no outstanding options, warrants or other rights to acquire capital stock or any other securities of Pro-Pharma, except as set forth on Schedule 3.6.

3.7 Enforceability. This Agreement and the other documents to be delivered at the Closing have been, or will be, duly executed and delivered by the Shareholders and Pro-Pharma, and, or will be, the lawful, valid and legally binding obligations of the Shareholders and Pro- Pharma, respectively, enforceable in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency, or similar debtor relief legislation or decisions affecting the rights of creditors generally and subject to the application of general principles of equity.

3.8 Conflict with Other Agreements, etc. The execution and delivery of this Agreement by the Shareholders and Pro-Pharma, and the consummation of the transactions contemplated hereby are not prohibited by, do not violate or conflict with any provisions of, and will not result in a material default under or a material breach of (i) the Articles of Organization or ByLaws of Pro-Pharma, (ii) any material contract, agreement or other instrument to which Pro-Pharma is a party, (iii) to the Shareholders' knowledge, any material order, writ, decree or judgment of any court or governmental agency, or (iv) to the Shareholders' knowledge, any material law or regulation applicable to them or Pro-Pharma.

3.9 Financial Statements. The Shareholders have delivered to Resource the following financial statements (the "Financial Statements"):

(a) The audited balance sheet of Pro-Pharma as of December 31, 2000; and

(b) The audited statement of operations of Pro-Pharma for the period since inception on July 10, 2000 and ended December 31, 2000.

The Financial Statements present fairly, in all material respects, the financial position and results of operations of Pro-Pharma as of their respective dates, and were prepared on an accrual basis using generally accepted accounting principles applied in a consistent manner, except as noted therein or in the notes thereto.

3.10 Interim Change. Except as described in Schedule 3.10 hereto, since December 31, 2000, there has not been any material adverse change in the financial condition, assets, liabilities, personnel, properties, results of operations or business of Pro-Pharma, and Pro-Pharma has, except as otherwise disclosed in this Agreement, operated its business consistent with prior practice.

3.11 Material Contracts. All agreements and instruments (other than those entered into after the date hereof with the written consent of Resource) relating to or involving Pro-Pharma or its business, to which Pro-Pharma is a party or bound, or by which any of its properties are subject or bound, meeting any of the descriptions set forth below (the "Material Contracts"), are listed on Schedule 3.11:

(a) any lease of machinery, equipment or other personal property involving payment of aggregate rentals in excess of $5,000 per year in any lease year;

(b) any contract for the purchase of any materials or supplies in excess of $5,000, except those incurred in the ordinary course of business;

(c) any contract for the purchase of equipment or any construction or other similar agreement involving any expenditure in excess of $5,000;

(d) any instrument evidencing or related to indebtedness, obligation or liability for borrowed money, or liability for the deferred purchase price of property in excess of $5,000 (excluding normal trade payables), any letter of credit in excess of $25,000 or any instrument guaranteeing or in effect guaranteeing any indebtedness, obligation or liability, or any obligation to incur any indebtedness, obligation or liability;

(e) any oral or written employment or consulting contract;

(f) any joint venture partnership or other cooperative arrangement;

(g) any sales agency, brokerage, distribution or similar contract;

(h) any license or franchising agreements;

(i) any agreement between Pro-Pharma and any person who is an officer, director or shareholder of Pro-Pharma; and

(j) any other documents meeting the descriptions (assuming no dollar limitations) set forth in subsections (a), (b), (c) or (d) of this Section 3.11, if in the aggregate, in the case of each subsection, they involve a liability in excess of $25,000.

With respect to the Material Contracts: (i) each is in full force and effect, and to the Shareholders' knowledge, is valid, binding and enforceable, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency or similar debtor relief legislation or decisions affecting the rights of creditors generally and subject to the application of general principles of equity; (ii) neither Pro-Pharma nor, to the Shareholders' knowledge, any party thereto is in default in any material respect thereunder; (iii) the transactions contemplated by this Agreement will not constitute a breach of, or default under, any provision of any such Material Contract; and (iv) to the Shareholders' knowledge, all material rights of Pro-Pharma under such Material Contracts will be enforceable by Pro-Pharma in accordance with their terms and conditions without the consent or agreement of any other party, except as otherwise required thereunder and except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency or similar debtor relief legislation or decisions affecting the rights of creditors generally and subject to the application of general principles of equity.

3.12 Title to Assets. Pro-Pharma was the sole and exclusive legal and equitable owner of all right and title in, and has good and indefeasible title to, all of the assets reflected in its Financial Statements as being owned by Pro-Pharma, as of the date thereof, free and clear of any pledge, lien, claim, assessment, easement, restriction or other encumbrance of any kind or nature, direct or indirect, whether accrued, absolute, contingent or otherwise, except only those encumbrances or restrictions (i) as specifically set forth in Schedule 3.12, or (ii) which are minor and will not materially restrict the use or marketability of Pro-Pharma's assets or the value thereof.

3.13 Intellectual Property. Schedule 3.13 identifies all patents and trademarks owned by Pro-Pharma, and all patent applications and invention disclosures filed with the United States Patent and Trademark Office, and any foreign agency. Except as set forth on Schedule 3.13, Pro-Pharma is the exclusive owner of such patents, patent applications and invention disclosures, with the sole right, to the Shareholders' knowledge, to use or practice the art described therein. Except as set forth on Schedule 3.13, Pro-Pharma is not a licensee or licensor of any intellectual property, and the business of Pro-Pharma and the exploitation of its intellectual property rights does not require that it become a licensee of the intellectual property rights of others. To the Shareholders' knowledge, Pro-Pharma has not infringed upon the intellectual property rights of any other person, and the Shareholders do not have any knowledge of any trademark, trademark rights, trade name, trade name rights, service mark, copyright or application thereof or similar property which would infringe upon, or be infringed upon by, any intellectual property rights of Pro-Pharma.

3.14 Real Property. Pro-Pharma has no interests in real property, except as identified in Schedule 3.14.

3.15 Personal Property Leases. Pro-Pharma is not a party to any personal property lease, except as identified in Schedule 3.15.

3.16 Employees. To the Shareholders' knowledge, Pro-Pharma is in substantial compliance with all federal, state and local employee safety, labor and other laws and regulations that materially concern or affect its business.

During the past three years Pro-Pharma has not been, and is not now subject to, any adverse rulings, findings or determinations of unlawful employment practices (including, without limitation, determinations of the Equal Employment Opportunity Commission, the National Labor Relations Board, or any other state or federal court or agency), or violations of other related material statutes, and Pro-Pharma has not received any notice of any pending or threatened investigation, proceeding, labor dispute or litigation of any unlawful employment practice claim or claims (including alleged violations of the National Labor Relations Act or Title VII of the Equal Employment Opportunity Act), or violations of other related material state or federal statutes, executive orders, or administrative determinations or regulations before any commission, agency, tribunal, or court of law (state or federal).

3.17 Related Party Interests. Except as disclosed in Schedule 3.17, neither the Shareholders, nor, any officer, director, agent or employee of Pro-Pharma, nor any corporation, partnership, joint venture or other business organization or facility in which any Shareholder has any direct or indirect interest or investment:

(a) has any material cause of action or other claim whatsoever against, owes any material amount to, or is owed any material amount by, Pro-Pharma, except for compensation owed to Pro-Pharma's existing employees as part of their regular salary in the ordinary course of business;

(b) has any interest in or owns any material property or right used in the conduct of the business of Pro-Pharma;

(c) is a party to any material contract, lease, agreement, arrangement or commitment with Pro-Pharma; or

(d) received from or furnished to Pro-Pharma or its business any material amount of goods or services other than services performed as an employee (with or without consideration) since December 31, 2000.

3.18 Litigation. Except as set forth in Schedule 3.18, Pro-Pharma is not engaged in, a party to, or threatened in writing with, any material suit, claim, action, proceeding, investigation or legal, administrative, arbitration or other method of settling disputes or disagreements, or governmental investigation before or by any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, including, without limitation the Environmental Protection Agency and the Occupational Safety and Health Commission. To the Shareholders' knowledge, neither Pro-Pharma nor any of its assets are subject to any material order, writ, injunction, or decree of any court, domestic or foreign, or any federal agency or instrumentality.

3.19 Compliance with Law. Except as disclosed in Schedule 3.19, Pro-Pharma (i) has obtained and is in substantial compliance with all material licenses, permits, approvals,

franchises and other authorizations necessary in order to enable it to own its properties and to engage in its business, and all such licenses, permits, approvals, franchises and authorizations, where appropriate with respect to activities heretofore performed, are in full force and effect, and will continue to be in full force and effect for the benefit of Pro-Pharma following the Closing Date, (ii) is in substantial compliance in all material respects with all applicable federal, state and local laws, regulations, codes, orders and decrees which are material to Pro-Pharma or its business, including federal, state and local environmental protection and occupational safety and health laws and regulations; and (iii) has no material liability for damage caused by Pro-Pharma to any site, location or body of water (surface or subsurface), or, to the Shareholders' knowledge, for any illness of or personal injury to any employee or other individual for any reason under any environmental, health or safety law.

3.20 ERISA. Except as set forth on Schedule 3.20, Pro-Pharma does not have any liability (whether absolute or contingent, whether in the nature of penalties, excise taxes, additional contributions or otherwise) with respect to any pension, profit sharing or other plan which is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to which

Pro-Pharma makes or has ever made a contribution and in which any employee of Pro-Pharma is or has ever been a participant. With respect to such plans, to the Shareholders' knowledge Pro-Pharma is in compliance in all material respects with all applicable provisions of ERISA.

3.21 Governmental Consent, etc. No permit, consent, approval or authorization of, or declaration to or filing with, any governmental authority is required in connection with the execution, delivery and performance by Pro-Pharma of this Agreement or any other agreements contemplated hereby, or the consummation by Pro-Pharma of any other transactions contemplated hereby or thereby, except as may be described under Schedule 3.21.

3.22 Brokers. Pro-Pharma has not retained any broker or finder, or incurred any liability or obligation for any brokerage fees, commissions or finders fees with respect to this Agreement or the transactions contemplated hereby, except as set forth on Schedule 3.22.

3.23 Shareholders' Investment Representations. Each Shareholder is acquiring the Common Shares hereunder for his own account, and has no present intention of dividing such Shareholder's interest in such securities or reselling such securities, in violation of the federal securities laws or any applicable state securities laws. Each Shareholder understands that any certificate representing the Common Shares will bear a legend stating in effect that neither the issuance nor the sale of the Common Shares has been registered under applicable securities laws, and understands that the Common Shares may not be sold, transferred, assigned, pledged or otherwise disposed of in the absence of an effective registration statement under applicable securities laws or an opinion from counsel acceptable to the Company stating that such registration is not required.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF RESOURCE

Resource represents and warrants to Pro-Pharma and the Shareholders, such representations and warranties to survive the Closing and continue in accordance with the terms of Article XI hereof, as follows:

4.1 Organization and Power. Resource and the Company are corporations duly organized, validly existing and in good standing under the laws of the state of Minnesota and Nevada, respectively, and have the corporate power and authority and all material requisite licenses, permits and franchises to own, operate, or lease their respective properties and to carry on their respective businesses as now being conducted. Attached hereto as Exhibit B are true copies of the Articles of Incorporation and ByLaws of the Company, including all amendments thereto, in effect as of the date hereof.

4.2 Authorization. The execution, delivery and performance of this Agreement has been duly and validly authorized and approved by the Board of Directors of both Resource and the Company and has been duly executed and delivered by authorized officers of Resource and the Company, respectively. All corporate and other actions required to be taken by Resource and the Company to authorize the execution, delivery and performance by Resource and the Company, respectively, of this Agreement, and all transactions contemplated hereby have been, or on the Closing Date will have been, duly and properly taken.

4.3 Capital Stock. The authorized capital stock of the Company consists of 50,000,000 shares of common stock having a par value of $0.001 per share of which 1,221,890 shares will be issued and outstanding on the Closing Date, and all of which are or will be on the Closing Date, validly issued, fully paid and non-assessable; and 5,000,000 shares of undesignated capital stock of which none are designated or outstanding.

4.4 Validity of Shares. The Common Shares to be issued in consideration of the exchange of the Stock of the Shareholders pursuant to Article II will be, when issued, duly authorized, validly issued, fully paid and non-assessable, and will be subject to no liens, encumbrances or restrictions other than those caused by the Shareholders, and other than restrictions imposed by applicable state and federal securities laws, which restrictions may be noted on the certificate or certificates representing such Common Shares. No holder of

capital stock or any other security of the Company is entitled to preemptive or similar rights to purchase any capital stock or securities by the Company by reason of the issuance of the Common Shares pursuant hereto.

4.5 Enforceability. This Agreement and the other documents to be delivered at the Closing have been, or will be, duly executed and delivered by Resource and the Company, and are, or will be, the lawful, valid and legally binding obligations of Resource and the Company, enforceable in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, reorganization, insolvency, or similar debtor relief legislation or decisions

affecting the rights of creditors generally and subject to the application of general principles of equity.

4.6 Conflict with Other Agreements etc. The execution and delivery of this Agreement by Resource or the Company, and the consummation of the transactions contemplated hereby are not prohibited by, do not violate or conflict with any provisions of, and will not result in any material default under or any material breach of (i) the Articles of Incorporation or ByLaws of Resource or the Company, (ii) any material contract, agreement or other instrument to which either Resource or the Company is a party, (iii) any material order, writ, decree or judgment of any court or governmental agency, or (iv) any material law or regulation applicable to Resource or the Company.

4.7 Brokers. Neither Resource nor the Company has retained any broker or finder, or incurred any liability or obligation for any brokerage fees, commissions or finders fees with respect to this Agreement or the transactions contemplated hereby.

4.8 The Company's Investment Representations. The Company is acquiring the Stock hereunder for its own account with the present intention of holding such securities for purposes of investment, and has no present intention of dividing its interest in such securities or reselling such securities in a public distribution in violation of the federal securities laws or any applicable state securities laws.

4.9 Contracts Breaches or Defaults. Except for this Agreement and as set forth in Schedules 4.9 or 6.3, the Company is not a party to any executory contract, and is not in default in any material respect under any material contract or instrument to which it was a party, or any license, permit or other regulatory authorization issued to it.

4.10 Governmental Consent, etc. No permit, consent, approval or authorization of, or declaration to, or filing with, any governmental authority is required in connection with the execution, delivery and performance by Resource or the Company of this Agreement or the other agreements contemplated hereby, or the consummation by Resource or the Company of any other transactions contemplated hereby or thereby, except as may be set forth in Schedule 4.10.

4.11 Assets and Liabilities. As of the Closing Date, the Company will have no assets or liabilities, either contingent or otherwise, other than as set forth in Schedule 4.11.

4.12 Taxes. All material tax returns and reports of every nature required to be filed by or on behalf of the Company or its business, including but not limited to payroll tax deposits, have been filed or will be filed in due course, and such returns are true, correct and complete in all material respects. Except as disclosed in Schedule 4.12 hereto, no extensions of time in which to file any such returns or reports are in effect and all taxes shown on such returns and deficiency assessments, penalties and interests have been paid. As of the Closing Date, no tax liabilities will have accrued to the Company which will become payable at a later date.

4.13 Intellectual Property. To the knowledge of Resource, neither the assets nor the business of the Company has infringed upon, nor does either infringe upon, the intellectual

property rights of any other person, and Resource does not have any knowledge of any trademark, trademark rights, trade name, trade name rights, service mark, copyright or application thereof or similar property which would infringe upon, or be infringed upon by, any intellectual property rights of the Company.

4.14 Real Property. The Company has no interests in real property.

4.15 Personal Property Leases. The Company is not a party to any real or personal property lease.

4.16 Bank Accounts. The Company has no account with any bank or other financial institution.

4.17 Employees. The Company has no employees, and has never had any employees.

4.18 Litigation. The Company is not engaged in, a party to, or threatened in writing with, any material suit, claim, action, proceeding, investigation or legal, administrative, arbitration or other method of settling disputes or disagreements, or governmental investigation before or by any federal, state, municipal or other governmental department, commission, board, agency or instrumentality, domestic or foreign, including, without limitation, the Environmental Protection Agency and the Occupational Safety and Health Commission. Neither the Company nor its assets are subject to any material order, writ, injunction, or decree of any court, domestic or foreign, or any federal agency or instrumentality.

4.19 Compliance with Law. The Company (i) is in substantial compliance in all material respects with all applicable federal, state and local laws, regulations, codes, orders and decrees which are material to the Company or its business, including federal, state and local environmental protection and occupational safety and health laws and regulations; and (ii) has no material liability for damage caused by the Company to any site, location or body of water (surface or subsurface), or, to Resource's knowledge, for any illness of or personal injury to any employee or other individual for any reason under any environmental, health or safety law.

ARTICLE V

OTHER AGREEMENTS OF PRO-PHARMA AND THE SHAREHOLDERS

Pro-Pharma and the Shareholders hereby agree to the following:

5.1 Interim Conduct of Business. From the date hereof until the Closing Date, except as permitted by this Agreement, Pro-Pharma shall, and the Shareholders will cause Pro-Pharma to, use its best efforts to preserve, protect and maintain Pro-Pharma's business and assets, and Pro-Pharma shall operate its business consistent with prior practice and not other than in the ordinary course of business.

5.2 Election of Director. The Shareholders will vote their Common Shares to elect Peter Hauser, or his designee (the "Candidate") as a member of the Board of Directors of the Company at any meeting of the shareholders of the Company at which members of the Board of Directors are proposed for election. The obligation of the Shareholders under this Section shall terminate with respect to any meeting of the shareholders of the Company held after December 31, 2003. The Shareholders shall not be obligated to vote their Common Shares for a Candidate who does not consent in writing to act in such capacity, who refuses to provide the Company with information concerning such Candidate as set forth in Rule 401(a)(d)(e) and (f) of Regulation S-K of the 1934 Act, or whose election to the Board of directors requires disclosure under Section 401(f) of such Regulation S-K. Except for the sales of the Common Shares made in a transaction described in Rule 144(f) under the Securities Act of 1933, the Shareholders will take all steps reasonable and necessary to ensure that the obligations of this Section 5.2 are assumed by any transferee of Common Shares owned by a Shareholder, including causing a legend to be placed on certificates representing Common Shares owned by the Shareholders, referencing this Section 5.2.

5.3 Merger of Pro-Pharma into Company. Immediately following the Closing, the Shareholders shall cause the Company, as the holder of all the issued and outstanding stock of Pro-Pharma, to effect a short-form "upstream" merger of Pro-Pharma into the Company in accordance with the Massachusetts Business Corporation Law and Chapter 92A of the Nevada Revised Statutes. In connection therewith, the Shareholders will cause the Company to prepare and file such documents and take such actions as are necessary or advisable to complete such merger with the Massachusetts and Nevada secretaries of state or other appropriate authorities.

5.4 Filing with the Securities and Exchange Commission. As soon as practicable following the "upstream" merger contemplated in Section 5.3 hereof, the Shareholders will cause the Company (under its new name, "Pro-Pharmaceuticals, Inc.") to file, with the United States Securities and Exchange Commission, a Form 10 or Form 10SB (as applicable) in compliance with Section 12 of the Securities Exchange Act of 1934 (the "34 Act"), relating to the registration under the 34 Act of the Common Shares of the Company. The Shareholders warrant and represent that the Form 10 or Form 10-SB so filed will contain all material information required to be included in said Form pursuant to the rules and regulations established under the 34 Act, and that said Form as filed and subsequently amended, shall not contain any untrue statement of material fact, or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VI

OTHER AGREEMENTS OF THE COMPANY AND RESOURCE

Resource and the Company agree to the following:

6.1 Interim Conduct of Business. From the date hereof until the Closing Date, except as set forth in Schedule 4.11 or contemplated to consummate the transactions provided for in this

Agreement, the Company will not conduct any business operations, incur any liabilities or enter into any agreements.

6.2 Records and Documents. Upon the request of Pro-Pharma on or after the Closing Date, Resource will deliver to the officers of the Company, and assist such officers in obtaining possession of, the books, records, ledgers, files, documents, correspondence, lists, reports and other printed or written materials concerning the Company or its properties in the possession of Resource. For one year following the Closing Date, Resource shall grant to the Company and its representatives, at the Company's request, access to and the right to make copies of those records and documents related to the Company, possession of which is retained by Resource, as may be necessary or useful in connection with the Company's conduct of its businesses after the Closing Date. If during such period Resource or the Company shall determine to dispose of such records, it shall first give Resource or the Company, as the case may be, sixty days' prior written notice thereof, during which period the other party shall have the right to take possession of such records.

6.3 Transfer of Assets. Prior to the Closing Date, Resource will take all steps as it reasonably deems necessary to transfer to the Company all of Resource's interest under contracts identified in Schedule 6.3 (the "Contract Rights"), without warranty or representation as to the value or validity thereof, or the effectiveness of each transfer; provided, however, that (i) Resource reasonably believes that the Company is entitled to rely for purposes of its books and records on a valuation performed by an independent valuation company of the Contract Rights in contemplation of this Agreement, a complete and true copy of which Resource shall have delivered to the Company on or before the date hereof, and (ii) Resource has not received any notice (whether orally or in writing), nor does it have any grounds to believe (other than as stated in Schedule 6.3) that the Contract Rights are or could be invalid or that the transfer of the Contract Rights as contemplated by this Section 6.3 invalidate or substantially diminish or reduce the Contract Rights.

6.4 Dividend. Prior to the Closing Date, Resource will declare and pay a dividend to its shareholders in the form of the Common Shares owned by Resource, on the basis of one Common Share for each share of the common stock of Resource outstanding, and following the payment of such dividend, Resource shall no longer own any Common Shares, either of record or beneficially.

6.5 Merger of Pro-Pharma into Company. DTR and the Company acknowledge that it is the intention of the Company as soon as practicable after the Closing, then as the holder of all the issued and outstanding stock of Pro-Pharma, in accordance with the Massachusetts Business Corporation Law and Chapter 92A of the Nevada Revised Statutes, to effect a short-form "upstream" merger of Pro-Pharma with and into the Company and to qualify the Company as a foreign corporation to do business in Massachusetts.

6.6 Filing with the Securities and Exchange Commission. Following the Closing Date, the Company will file a Form 10 or Form 10SB with the United States Securities and Exchange Commission as provided in Section 5.4.

6.7 Pro-Pharma Convertible Notes. The Company acknowledges that the Convertible Notes were issued and sold by Pro-Pharma in contemplation of the business combination evidenced hereby and that the Convertible Notes contemplate a private placement of equity securities by the Company. The Company acknowledges and agrees that pursuant to the "upstream" merger contemplated by Section 6.5 hereof, the Convertible Notes shall become obligations of the Company and that the Company shall issue Common Shares upon conversion of the Convertible Notes and in other events pursuant to the terms and conditions thereof.

ARTICLE VII

OTHER AGREEMENTS OF ALL PARTIES

The Shareholders, the Company and Resource agree to the following:

7.1 Confidentiality. All information received by any party to this Agreement from any other party to this Agreement, in connection with the transactions contemplated herein, will be treated as confidential to the extent that the information was not known by the receiving party prior to the commencement of the negotiations leading up to the transaction contemplated hereby, or which could not have been obtained from any other source, which, in the receiving party's reasonable belief, did not acquire such information by any unlawful means. This provision shall not prevent any party hereto from disclosing information (i) to certain selected employees and agents for the purpose of consummating the transactions contemplated herein, or (ii) as may, in the opinion of legal counsel for the disclosing party, be required under applicable federal or state securities laws, or the rules or regulations thereof.

7.2 Publicity. Except for disclosures to those requiring information in connection with the transactions contemplated hereby, and disclosures which would be permitted under Section 7.1, all releases or disclosures of information by Resource or the Company regarding the transactions contemplated hereby will be subject to the review and approval of Pro-Pharma, and all releases or disclosures of information by Pro-Pharma or the Shareholders regarding the transactions contemplated hereby will be subject to the review and approval of Resource; provided that if approval for a public release is not obtained within a reasonable time after submission for review, nothing herein will preclude disclosure of information which is deemed appropriate by counsel for any party hereto in view of federal or state securities laws.

7.3 Expenses. Each party to this Agreement shall pay all expenses incurred by him or it in connection with the negotiation and preparation of this Agreement and the transactions contemplated hereby.

ARTICLE VIII

CONDITIONS PRECEDENT TO OBLIGATIONS OF PRO-PHARMA AND THE SHAREHOLDERS

Each of the obligations of Pro-Pharma and the Shareholders to consummate the transactions contemplated by this Agreement are subject to fulfillment, prior to or as of the Closing Date, of the following conditions precedent, each of which may be waived in whole or in part by Pro-Pharma or the Shareholders:

8.1 Accuracy of Warranties; Performance of Covenants. The representations and warranties of Resource contained herein shall be accurate in all material respects as if made on and as of the Closing Date, as well as on the date when made. Resource and the Company shall have substantially performed each and all of the obligations and substantially complied with each and all of the material covenants, agreements and conditions specified herein to be performed or complied with on or prior to the Closing Date.

8.2 No Pending Action. As of the Closing Date, no action or proceeding (nor any investigation preliminary thereto) shall be instituted or threatened at any time prior to or as of the Closing Date before any court or other governmental body by any person or public authority seeking to restrain or prohibit, or seeking damages or other relief in connection with, the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

8.3 Condition of Business. The business of the Company shall not have been materially adversely affected in any way by any event or occurrence.

8.4 Opinion of Counsel for Resource and the Company. Resource and the Company shall cause to be delivered to Pro-Pharma an opinion of Felhaber, Larson, Fenlon & Vogt, P.A., counsel for Resource and the Company, dated as of the Closing Date, in form and substance satisfactory to legal counsel for Pro-Pharma, to the effect that:

(a) Resource and the Company are corporations duly organized and validly existing and in good standing under the laws of the State of Minnesota and Nevada, respectively, have all requisite corporate power and authority to own or lease their properties and assets and to carry on their business.

(b) Resource and the Company have full corporate right, power, authority and capacity to make, execute, deliver and perform this Agreement without the approval or consent of any other person. The execution, delivery and performance of this Agreement and all documents to be delivered by Resource and the Company hereunder have been duly authorized and approved by all requisite corporate action.

(c) This Agreement and each of the documents required to be executed and delivered by Resource and the Company hereunder have been duly executed and delivered and constitute valid and legally binding obligations of Resource or the

Company, as the case may be, as applicable, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights, and subject to the application of general equity principles.

(d) To the knowledge of such counsel, all material consents, approvals or authorizations of any governmental authority required in connection with the execution, delivery and performance by Resource and the Company of this Agreement and the other documentation referred to or provided for herein to be executed and delivered by Resource and the Company in connection with the transactions contemplated hereby have been duly obtained and are in full force and effect.

(e) To the knowledge of such counsel, neither the execution nor delivery of this Agreement by Resource or the Company, nor the consummation of the transactions contemplated hereby, are prohibited by, violate or conflict with any provisions of, or result in a material default under or a material breach of (i) the Articles of Incorporation or ByLaws of Resource or the Company, (ii) any material contract, agreement or other instrument

to which Resource or the Company is a party, (iii) any material order, writ, decree or judgment of any court or governmental agency, or (iv) any material law or regulation applicable to Resource or the Company.

8.5 Election of Directors. John Hupp and Roger Schnobrich, shall have resigned as members of the Board of Directors of the Company, and the remaining member of the Company's Board of Directors, Peter Hauser, shall have caused David Platt, Anatole Klyosov, James Czirr, Dale Conaway and Burton Firtel to be elected as the members of the Board of Directors of the Company.

8.6 Change of Name. The name of the Company will be Pro-Pharmaceuticals, Inc.

ARTICLE IX

CONDITIONS PRECEDENT TO OBLIGATIONS OF RESOURCE AND THE COMPANY

Each of the obligations of Resource and the Company to consummate the transactions contemplated by this Agreement are subject to fulfillment, prior to or as of the Closing Date, of the following conditions, each of which may be waived in whole or in part by Resource or the Company:

9.1 Accuracy of Warranties, Performance of Covenants. The representations and warranties of the Shareholders contained herein shall be accurate in all material respects as if made on and as of the Closing Date, as well as on the date when made. Pro-Pharma and the Shareholders shall have substantially erformed each and all of the obligations and substantially

complied with each and all of the material covenants specified in this Agreement to be performed or complied with on or prior to the Closing Date.

9.2 No Pending Action. As of the Closing Date, no action or proceeding (nor investigation preliminary thereto) shall be instituted or threatened at any time prior to or as of the Closing before any court or other governmental body or by any person or public authority seeking to restrain or prohibit, or seeking damages or other relief in connection with, the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

9.3 Condition of Business. The business of Pro-Pharma shall not have been materially adversely affected in any way by any event or occurrence.

9.4 Opinion of Counsel for Pro-Pharma and the Shareholders. Pro-Pharma and the Shareholders shall have delivered to Resource an opinion of Perkins, Smith & Cohen, LLP, counsel for Pro-Pharma and the Shareholders, dated as of the Closing Date, in form and substance satisfactory to legal counsel for Resource and the Company, to the effect that:

(a) Pro-Pharma is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, and has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business.

(b) Pro-Pharma and (to such counsel's knowledge based upon representations of the Shareholders) the Shareholders have full right, power, authority and capacity to make, execute, deliver and perform this Agreement without the approval or consent of any other person, and the execution, delivery and performance of this Agreement and all documents to be delivered by Pro-Pharma hereunder have been duly authorized and approved by all requisite corporate action.

(c) This Agreement and each of the documents required to be executed and delivered by Pro-Pharma and the Shareholders hereunder have been duly executed and delivered and constitute valid and legally binding obligations of Pro-Pharma and the Shareholders, as the case may be, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights, and subject to the application of general equity principles.

(d) All shares of the Stock issued by Pro-Pharma and delivered by the Shareholders to the Company under Article II have been validly issued and are fully paid and non-assessable, and upon such delivery are subject to no restrictions or encumbrances except those imposed under the applicable state and federal securities laws.

(e) To the knowledge of such counsel, all material consents, approvals or authorizations of any governmental authority required in connection with the execution,

delivery and performance by Pro-Pharma and the Shareholders of this Agreement, and the other documentation referred to or provided for herein to be executed and delivered by Pro-Pharma and the Shareholders in connection with the transactions contemplated hereby have been duly obtained and are in full force and effect.

(f) To the knowledge of such counsel, neither the execution nor delivery of this Agreement by Pro-Pharma or the Shareholders, nor the consummation of the transactions contemplated hereby, are prohibited by, violate or conflict with any provisions of, or result in a material default under or a material breach of (i) the Articles of Organization or ByLaws of Pro-Pharma, (ii) any material contract, agreement or other instrument to which Pro-Pharma is a party, (iii) any material order, writ, decree or judgment of any court or governmental agency, or (iv) any material law or regulation applicable to Pro- Pharma or the Shareholders.

ARTICLE X

CLOSING AND DELIVERY OF STOCK

10.1 Closing. The delivery of the Stock and the delivery of the Consideration specified in Article II contemplated by this Agreement (the "Closing") shall take place at the offices of Perkins, Smith & Cohen, LLP, One Beacon Street, Boston, MA 02108 at 10:00 a.m. on May 15, 2001 (the "Closing Date"). At the Closing, all transactions shall be conducted substantially concurrently and no transaction shall be deemed to be completed until all are completed. In the event the Closing has not occurred as of the date that is 30 days after the date hereof, by reason of the failure of any of the parties hereto to meet any condition to Closing described in Articles VIII or IX hereof, either Resource (if the failure is that of Pro-Pharma or any Shareholder), at its option, or Pro-Pharma (if the failure is that of Resource or the Company) at its option, may terminate this Agreement, without any liability to any other party hereto, so long as the terminating party and its shareholders or subsidiary, as the case may be, are not in material breach of any of its covenants set forth in this Agreement, and the terminating party has used its best efforts to consummate the transaction contemplated hereunder; provided that a party shall not be required to expend material amounts of money in order to be considered to have used best efforts.

10.2 Deliveries by Resource or Company. At the Closing, Resource or the Company shall deliver to Pro-Pharma or the Shareholders the following:

(a) A certificate of the President of Resource certifying as to the continued accuracy of the representations and warranties, the performance of the covenants and the compliance with the conditions precedent contained in Articles IV, VI, VII and VIII, respectively, of this Agreement;

(b) An opinion of legal counsel to Resource and the Company to the effect described in Section 8.4 hereof;

(c) Certificates representing and aggregate of 12,354,670 Common Shares, registered in the names of the Shareholders, for the amount of common stock in each case, as set forth on the signature page hereof;

(d) A certificate from the Secretary of State of Nevada as to the good

standing of the Company as a corporation organized in that state;

(e) A certificate of the respective secretaries of Resource and the Company certifying as to the adoption of resolutions of the Board of Directors of each corporation authorizing execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and that such resolutions have not been amended or rescinded and remain in full force and effect; and

(f) Such other instrument or documents as may be reasonably necessary to carry out the transactions contemplated hereby and to comply with the terms hereof.

10.3 Deliveries by Pro-Pharma or the Shareholders. At the Closing, Pro-Pharma or the Shareholders shall deliver or cause to be delivered to Resource or the Company the following:

(a) A certificate of the President of Pro-Pharma certifying as to the continued accuracy of the representations and warranties, the performance of the covenants and the compliance with the conditions precedent contained in Articles III, V, VII and IX, respectively, of this Agreement;

(b) An opinion of legal counsel to Pro-Pharma and the Shareholders to the effect described in Section 9.4 hereof;

(c) Certificates representing the Stock, accompanied by one or more assignments duly executed by the Shareholders effectively transferring the Stock to the Company in such form as is reasonably satisfactory to counsel for Resource;

(d) A certificate of the President of Pro-Pharma certifying as to the resolutions of the Board of Directors of Pro-Pharma authorizing execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, and that such resolutions have not been amended or rescinded and remain in full force and effect;

(e) Certificate from the Secretary of the Commonwealth of Massachusetts as to the good standing of Pro-Pharma as a corporation organized in that state; and

(f) Such other instruments or documents as may be reasonably necessary to carry out the transactions contemplated hereby and to comply with the terms hereof.

ARTICLE XI

SURVIVAL, INDEMNIFICATION, INJUNCTIVE RELIEF, ETC.

11.1 Survival. All representations, warranties, covenants and agreements contained in this Agreement, and all representations and warranties contained in any document delivered pursuant hereto shall be deemed to be material and to have been relied upon by the parties hereto (unless otherwise stated in such document), and, except with respect to agreements and covenants requiring performance after the Closing Date, shall survive the Closing exclusively for purposes of the indemnity afforded by this Article XI for a period (the "Indemnity Period") extending for eighteen months after the Closing Date. Upon the expiration of the Indemnity Period, all such representations, warranties, covenants and agreements shall expire, terminate and be of no further force or effect, except to the extent that any covenants contained in Articles V, VI, VII, XI and XIII specifically require performance following the Closing Date, and except that no representation, warranty, covenant or agreement shall expire to the extent that a written notice has been provided to an indemnifying party within the Indemnity Period pursuant to which a breach of any such representation, warranty, covenant or agreement is alleged, and such notice specifies the claim for which indemnification is sought.

11.2 Indemnification by the Shareholders. Subject to the limitations of Section 11.1 above, the Shareholders shall indemnify, defend and hold harmless Resource and the Company from and against any and all loss, damage (except

incidental and consequential damages), expense (including court costs, reasonable attorneys' fees, interest expenses and amounts paid in compromise or settlement), suits, actions, claims, penalties, liabilities or obligations (collectively, "Losses") related to, caused by, arising from or on account of any misrepresentation, or breach of any representation, warranty, covenant or agreement of the Shareholders, made or contained in this Agreement, or arising from any action taken by the Company following the Closing Date.

11.3 Indemnification by Resource and the Company. Subject to the limitations of Section 11.1 above, Resource shall indemnify, defend and hold harmless Pro-Pharma and the Shareholders from and against any and all Losses related to, caused by, arising from or on account of any misrepresentation, or breach of any representation warranty, covenant or agreement of Resource or the Company, made or contained in this Agreement, or arising from any action taken by the Company (up to the Closing) or Resource.

11.4 Indemnification - General. Promptly after discovery by an indemnified party under Section 11.2 or 11.3 of any facts or circumstances which form the basis for a claim of indemnification, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 11.2 or 11.3, notify in writing the indemnifying party of such facts or circumstances. The omission of the indemnified party to promptly notify the indemnifying party will not relieve the indemnifying party from any liability or obligation under Section 11.2 or 11.3 as to the particular item for which indemnification is then being sought, unless such omission materially impairs the indemnifying party's ability to adequately remedy such facts or circumstances, or to defend any third party action based in whole or part thereon. In case any third party action is brought against any indemnified party and it seeks

indemnification hereunder, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel who shall be to the reasonable satisfaction of such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under Section 11.2 or 11.3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Any such indemnifying party shall not be liable to any such indemnified party on account of any settlement with a third party of any claim or action effected without the consent of such indemnifying party. An indemnified party shall have the right to employ its own counsel in any matter with respect to which indemnity may be sought by the indemnified party against an indemnifying party in which event the fees and expenses of separate counsel shall be borne by the indemnified party.

11.5 Injunctive Relief, etc. It is acknowledged by all parties that it would likely not be able to determine damages as the result of a breach of the filing requirements set down under Sections 5.4 and 6.7 of this Agreement by the Shareholders. Accordingly, Resource may commence an action against the Shareholders and the Company to seek injunctive or other equitable relief to cause the Shareholders and the Company to comply with Sections 5.4 and 6.7, respectively. Unless such action is deemed to have been brought frivolously or without any basis in fact, Resource shall be entitled to recover all of its costs and disbursements (including reasonable attorney's fees, incurred in commencing and maintaining such action, regardless of the outcome. In addition, if Resource is successful in obtaining an order of a court granting equitable relief in such action, Resource will be entitled to liquidated damages from the Shareholders equal to $100,000.

ARTICLE XII

VENUE AND JURISDICTION

With respect to any action brought against any party with respect to this Agreement, or any controversy arising out of this Agreement, such action must be brought and venued in the district court for the County of Hennepin, State of Minnesota, and each party hereto submits and consents to the jurisdiction of such court with respect to any such action.

ARTICLE XIII

GENERAL PROVISIONS

13.1 Amendment and Waiver. No amendment or waiver of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

13.2 Return of Documents. In the event this Agreement is terminated, and the transactions as contemplated hereunder are not consummated, Pro-Pharma and the Shareholders shall return to Resource and the Company all information and records relating to the business of Resource and the Company, and all copies thereof, which it has received from Resource or the Company in connection with negotiations leading to the execution of this Agreement, and Resource and the Company will return to Pro-Pharma and the Shareholders, all information and records relating to the business of Pro-Pharma, and all copies thereof, which it has received from Pro-Pharma or the Shareholders in connection with negotiations leading to the execution of this Agreement.

13.3 Notices. To be effective, all notices or other communications required or permitted hereunder shall be in writing. A written notice or other communication shall be deemed to have been given hereunder (i) if delivered by hand, when the notifying party delivers such notice or other communication to all other parties to this Agreement, (ii) if delivered by telecopier or overnight delivery service, on the first business day following the date such notice or other communication is transmitted by telecopier or timely delivered to the overnight courier, or (iii) if delivered by mail, on the fourth business day following the date such notice or other communication is deposed in the U.S. mail by certified or registered mail addressed to the other party, whichever occurs earlier. Mailed or telecopied communications shall be directed as follows unless written notice of a change of address or telecopier number has been given in writing in accordance with this paragraph:

To Pro-Pharma and the Shareholders: Pro-Pharmaceuticals, Inc.
12 Appleton Circle
Newton, MA 02459
Facsimile No.: (617) 928-3450

Copy to: Jonathan C. Guest
Perkins, Smith & Cohen, LLP
One Beacon Street, 30th Floor
Boston, MA 02108
Facsimile No.: (617) 854-4040

To: Resource and the Company: John Hupp
Developed Technology Resource, Inc.
5223 Edina Industrial Blvd.
Edina, MN 55439

Copy to: Roger H. Frommelt
Felhaber, Larson, Fenlon & Vogt, P.A.
601 Second Avenue South, Suite 4200
Minneapolis, MN 55402-4302
Facsimile No. (612) 338-0535

13.4 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties named herein and their respective successors and assigns. Any assignment of

this Agreement or the rights hereunder by a party hereto without the prior written consent of the other parties shall be void.

13.5 Entire Transaction. This Agreement and the other documents referred to herein shall contain the entire understanding among the parties with respect to the transactions contemplated hereby and shall supersede all other agreements and understandings among the parties.

13.6 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota.

13.7 Severability. Should any provision of this Agreement be declared invalid, void or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

13.8 Cooperation. Subsequent to the Closing, the parties hereto will execute such documents and take such actions as are reasonably requested by any other party to carry out the intent of this Agreement.

13.9 Headings. The Article, Section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the day and year first above written, before the undersigned witnesses.

DEVELOPED TECHNOLOGY RESOURCE, INC.

By: /s/ John Hupp

John Hupp, President

DTR-Med Pharma Corp.

By: /s/ John Hupp

John Hupp, President

Pro-Pharmaceuticals, Inc.

By: /s/ David Platt

David Platt, President

SHAREHOLDERS	Number of Shares of Pro-Pharma Owned	Number of Shares of the Company to be Received
/s/ David Platt --- David Platt	40,000	4,941,868
/s/ Offer Binder --- Offer Binder	10,000	1,235,467

/s/ James Czirr --- James Czirr	40,000	4,941,868
/s/ Anatole Klyosov --- Anatole Klyosov	10,000	1,235,467

SCHEDULE 3.6

RIGHTS TO ACQUIRE CAPITAL STOCK OF PRO-PHARMA

No exceptions as to Pro-Pharma; however, holders of the convertible notes referred to in Schedule 3.11A have rights thereunder to receive Common Shares of the Company.

SCHEDULE 3.10

INTERIM CHANGES OF PRO-PHARMA FROM DECEMBER 31, 2000

See disclosure in Schedule 3.18.

SCHEDULE 3.11

MATERIAL CONTRACTS

1. Convertible Notes issued to the following persons in the amounts shown in Schedule 3.11A hereto.

2. "Non-Exclusive Best Efforts Finder's Fee Agreement" dated March 20, 2001 with Tomlinson Programs Inc. entered into for purposes of sale of the Convertible Notes.

3. Oral Agreement with Toxikon Corporation, of Bedford, MA, with respect to animal tests of compounds furnished by Pro-Pharma.

4. Oral Agreement with Argus International, Inc., of Horsham, PA, with respect to a project leading to development of an investigational new drug application for Pro-Pharma.

SCHEDULE 3.11A

CONVERTIBLE NOTE HOLDERS

NAME	AMOUNT
Beakey, James and Loretta	$10,000
Berkman, Adrienne	$10,000
Biehl, James and Donna	$10,000

Carlson, Lesley R.	$25,000
Chess, Jason A.	$10,000
Conaway, Dale	$6,000
Conaway, Dale and Carla	$2,500
Crane, Michael and Cheryl	$50,000
Dubuc, Robing C. Living Trust dated 1/21/1987	$100,000
Emerson, Michael D. Revocable Trust Dated 4-11-97	$15,000
Faske, Harold	$10,000
Favazza, Dawn	$10,000
Favazza, Ruth	$40,000
Favazza, James D.	$10,000
Favazza, Joseph R.	$20,000
Favazza, Joseph J.	$10,000
Favazza, Thomas J.	$30,000
Firtel, Burton	$100,000
Franklin, Bruce W.	$12,500
Greene, Gari-Sue and George Chappell Jr.	$12,500
Garrison, Richard H.	$10,000
Gasior, Kathleen A.	$10,000
Genzer, Norman	$10,000
Golan, Reuven	$10,000
Goldstein, Alvin	$25,000
Gresh, Wayne and Sandra Lee	$10,000
Grossman, Morton	$20,000
Hanson, Raymond A.	$50,000
Hawkins, H. Preston and Carrie	$20,000
Jenkins, Thomas E.	$10,000
Kosek, Michael T.	$10,000
Leppo, Harold	$30,000
Marko, Jeffrey	$10,000
Marks, George	$10,000
Martin, Katherine and Walter	$12,500
Messing, Carl	$10,000
Minaudo, Sebastian	$10,000

SCHEDULE 3.11A (CONT.)

CONVERTIBLE NOTE HOLDERS

Moore, Charles	$10,000
Newcomb, Philip	$5,000
Nuriel, Gali	$80,000
Ott, Carol L.	$10,000
Pasquale, Anna	$10,000
Platt, Naomi	$10,000
Prince, Julian F.	$10,000
Richard, Carl	$25,000
Ran, Talia Irrevocable Trust	$3,334
Ran, Tamar R. Irrevocable Trust UAD	$3,334
Ran, Yonatan Y. Irrevocable Trust UAD	$3,334
Ran, Yigal	$5,000
Ran, Suzanna F.	$50,000
Rome, Jerald K.	$80,000
Sare, Michael J.	$10,000
Schmahl, Dennis and Nancy	$10,000
Schmidt, Martin L.	$10,000
Thalacker, Leland and Cessily J.	$28,600
Van Leijenhorst, D.M.	$20,000
Weinberg, Leon	$20,000
White Family Living Trust	$15,000
White, Glenn E. White Trust dated 6/8/95	$20,000
Total	$1,199,602.00

SCHEDULE 3.12

TITLE TO ASSETS

No exceptions.

SCHEDULE 3.13

PATENTS AND TRADEMARKS OF PRO-PHARMA

1. Provisional Patent Application entitled "Drug Formulations and Modifications with Carbohydrates" (application no. 60/229,270) filed with the U.S. Patent and Trademark Office on August 30, 2000 and assigned by David Platt, Ph.D., the inventor thereunder, to Pro-Pharma under Assignment dated September 20, 2000 and recorded September 29, 2000 (reel 011161/frame 0008).

2. Provisional Patent Application entitled "Synthesis of Galactomycin" (application no. 60/235,141) filed with the U.S. Patent and Trademark Office on September 25, 2000 and assigned by David Platt, Ph.D., the inventor thereunder, to Pro-Pharma under Assignment dated October 5, 2000 and recorded November 1, 2000.

Pro-Pharma may permit one or both of these provisional applications to expire as a result of not filing an actual application.

3. On March 27, 2001, David Platt and Anatole Klyosov, co-inventors, delivered for filing with the U.S. Patent and Trademark Office a utility patent application entitled "Delivery of a Therapeutic Agent in a Formulation for Reduced Toxicity". Such co-inventors have assigned all their rights to such invention and patent application to Pro-Pharma.

Pro-Pharma has investigated the registrability of certain trademarks but has not filed registration applications.

SCHEDULE 3.14

REAL PROPERTY LEASES

No exceptions.

SCHEDULE 3.15

PERSONAL PROPERTY

No exceptions.

SCHEDULE 3.17

RELATED PARTY INTERESTS

See disclosure in Schedule 3.18

SCHEDULE 3.18

LITIGATION

Pro-Pharma is not a party to any litigation, nor has it been directly threatened with any litigation. However, SafeScience, Inc., a publicly traded corporation ("SafeScience") founded by Dr. David Platt and of which he is a stockholder, by letter dated February 15, 2001 (i) alleged that "the business of Pro-Pharmaceuticals is directly competitive with that of SafeScience" and thus in violation of Dr. Platt's employment agreement with SafeScience dated June 29, 1999, the non-competition covenant of which was continued in a severance letter with Dr. Platt dated May 31, 2000, and (ii) demanded that Dr. Platt cease such conduct. Dr. Platt responded in a letter from counsel dated February 19, 2001, which argued that, as a developer of a drug delivery system for chemotherapies already in use, Pro-Pharma is not competitive with SafeScience, which is developing new chemotherapy drugs. Such letter more particularly stated that SafeScience is engaged in development of drugs based on GBC 590, a galacturonic acid polymer, for application to a new oncology drug structure seeking to inhibit metastasis and shrink tumors, whereas Pro-Pharma aims to reduce the toxicity and increase the efficacy of chemotherapy drugs now in widespread use, by encapsulating them in polymannose, based on different carbohydrate chemistry, so as to target delivery of such drugs to diseased tissue. Counsel to the parties held a meeting and agreed on an informal "standstill" pending occurrence of a meeting between scientist representatives of SafeScience and Pro-Pharma to discuss whether their respective technologies would lead to competitive businesses.

SCHEDULE 3.19

COMPLIANCE WITH LAW

No exceptions.

SCHEDULE 3.20

BENEFIT PLANS

No exceptions.

SCHEDULE 3.21

GOVERNMENTAL CONSENT, ETC.

Pro-Pharma is engaged in a business subject to regulation by the Food and Drug Administration.

SCHEDULE 3.22

BROKERS

No exceptions.

SCHEDULE 4.9

CONTRACTS

1. The Company is a party to an Agreement for Transfer of Patent and Proprietary Rights dated September 5, 1995, as amended on August 29, 1996 (the "Agreement"), as a result of the assignment and acceptance of the rights and obligations of Developed Technology Resource, Inc. under the Agreement. Other parties to the Agreement are Armen P. Sarvazyan, Artann Corporation, a New Jersey corporation, and ArMed, Inc., a Delaware corporation and successor to ArMed, LLC, an Alabama limited liability company, and an original signatory to the Agreement, a copy for which has been provided to the Shareholders.

2. The Company will have likely entered into an agreement with a transfer agent for its outstanding shares of the Company's common stock.

SCHEDULE 4.10

GOVERNMENTAL CONSENT, ETC.

The Company contemplates, or is obligated, under the Agreement, to take certain action following the closing date which will require filings with governmental agencies, including those required in connection with the filing of a Form 10-KSB with the Securities and Exchange Commission, and the merger of Pro-Pharmaceuticals, Inc. into the Company, and the qualification of the Company to do business in Massachusetts.

SCHEDULE 4.11

NO ASSETS OR LIABILITIES

1. See Schedule 4.9 for contractual rights and obligations.

2. The Company may have a liability to the stock transfer agent appointed for its common stock.

3. The Company will have liabilities relating to the transactions contemplated in this Agreement, including liabilities to appraisers, lawyers, accountants, printers and the stock transfer agent for Resource, not to exceed $35,000 in the aggregate.

SCHEDULE 4.12

TAXES

None.

SCHEDULE 6.3

CONTRACTS

See Schedule 4.9.

The Company may not have a perfected security interest in the membership units of ArMed, LLC (a Delaware limited liability company) or the capital stock of its successor, ArMed, Inc., a Delaware corporation.

Armen P. Sarvazyan and Artann Corporation could claim that the assignment of the contractual rights in the "Agreement" (defined in Schedule 4.9) require their consent.