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

FORM 10-QSB/A

(Mark One)

[X] Amendment No. 1 to quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2001

[_] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 000-32877

PRO-PHARMACEUTICALS, INC.
(Exact name of small business issuer as specified 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 02459
(Address of principal executive offices)

(617) 559-0033
(Issuer's telephone number)

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

Check whether the issuer filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [_] No [_]

NOT APPLICABLE

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: The total number of shares of Common Stock, par value $0.001 per share, outstanding as of September 30, 2001, was 14,727,226.

Transitional Small Business Disclosure Format (Check one): Yes [_] No [X]

This amendment on Form 10-QSB of Pro-Pharmaceuticals, Inc. incorporates certain revisions to historical financial data and related descriptions but is not intended to update other information presented in this report as originally filed, except where specifically noted. The amendment reflects the restatement of the Registrant's condensed consolidated financial statements for the three and six months ended September 30, 2001 included in its Form 10-QSB filed on November 14, 2001. See note 10 to our financial statements for detailed discussion of the matter.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
And Shareholders of
Pro-Pharmaceuticals, Inc.
Newton, Massachusetts

We have reviewed the accompanying balance sheets of Pro-Pharmaceuticals, Inc. as of September 30, 2001 and the related statements of operations, changes in deficiency in assets, and cash flows for the three and nine-month periods then ended and for the period from inception (July 10, 2000) through September 30, 2001. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such financial statements for them to be in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, certain conditions raise substantial doubt about the Corporation's ability to continue as a going concern. Management's plans in regard to these matters are also described in that note.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Pro-Pharmaceuticals, Inc. and subsidiaries as of December 31, 2000, and the related statements of operations, changes in deficiency in assets and cash flows for the year then ended (not presented herein); and in our report dated December 4, 2001, except as to Note 7, as to which the date is April 10, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2000 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ Scillia Dowling & Natarelli LLC
Scillia Dowling & Natarelli LLC

Hartford, Connecticut
October 30, 2001, except for Note 1 as to which the date is April 10, 2002

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
BALANCE SHEETS (AS RESTATED)

	September 30, 2001 (unaudited) (As Restated)	December 31, 2000 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 865,913	$ 204,745
Other current assets	2,228	--
	868,141	204,745
PROPERTY AND EQUIPMENT, at cost	96,800	--
Less accumulated depreciation	(2,572)	--
	94,228	--
OTHER ASSETS		
Patent	47,345	8,695
Contractual rights	107,000	--
Debt issuance costs, net of accumulated amortization of $8,583 and $0 at June 30, 2001 and December 31, 2000, respectively	5,000	14,500
Deposit	48,883	--
	208,228	23,195
	$ 1,170,597	$ 227,940

	September 30, 2001 (unaudited) (As Restated)	December 31, 2000 (As Restated)
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 290,317	$ 79,129
Accrued expenses	189,690	23,238
Other current liabilities	10,029	--
Total current liabilities	490,036	102,367
CONVERTIBLE NOTES PAYABLE , net of discount of $0 and $205,255 at September 30, 2001 and December 31, 2001, respectively	195,000	79,245
Total liabilities	685,036	181,612
STOCKHOLDERS' EQUITY		
Common voting shares, $0.001 par value, 100,000,000 shares authorized, 13,576,560 and 12,354,670 shares issued and outstanding at September 30, 2001 and December 31, 2000, respectively	14,728	12,355
Undesignated shares, $0.01 par value, 5,000,000 shares authorized, none issued	--	--
Private placement units of common stock and warrants	883,200	--
Private placement units subscription receivable	(73,500)	
Additional paid-in capital	3,042,391	221,910
Deficit accumulated during development stage	(3,381,258)	(187,937)
	485,561	46,328
	$ 1,170,597	$ 227,940

See notes to financial statements.

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

	For the Three Months Ended September 30, 2001 (unaudited) (As Restated)	For the Nine Months Ended September 30, 2001 (unaudited) (As Restated)	Period from Inception (July 10, 2000) through September 30, 2001 (unaudited) (As Restated)
REVENUE	$ --	$ --	$ --
RESEARCH AND DEVELOPMENT			
Consulting fees and salaries	248,295	339,146	430,396
Laboratory fees	86,140	150,830	159,830
	334,435	489,976	590,226
GENERAL AND ADMINISTRATIVE			
Legal fees	2,108	221,478	228,127
Consulting fees	50,036	133,365	172,115
Salaries	84,501	130,335	130,335
Accounting fees	24,230	113,746	121,246
Office expenses	3,393	71,856	77,627
Marketing	28,575	54,962	54,962
Rent	27,781	40,941	40,941
Travel and entertainment	8,670	27,179	30,909
Payroll taxes and benefits	16,111	24,599	24,599
Miscellaneous	16,507	17,697	17,697
Depreciation and amortization	23,870	33,572	33,572
Telephone and utilities	9,914	14,637	18,937
Repairs and maintenance	3,501	12,032	12,032
Contributions	--	5,100	5,100
Insurance	2,140	2,490	2,490
	301,337	903,989	970,689
NET LOSS FROM OPERATIONS	(635,772)	(1,393,965)	(1,560,915)
OTHER INCOME (EXPENSE)			
Interest income	4,326	16,992	17,253
Interest expense	(557,864)	(1,816,348)	(1,834,241)
Amortization debt discount	--	--	--
	(553,538)	(1,799,356)	(1,816,988)
NET LOSS	$ (1,189,310)	$ (3,193,321)	$ (3,377,903)
LOSS PER SHARE			
Basic and diluted	$ (0.09)	$ (0.24)	
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
Basic and diluted	13,883,404	13,072,422	

See notes to financial statements.

PRO-PHARMACEUTICALS, INC.
(A Company in the Development Stage)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (AS RESTATED)

	Common Voting Shares		Private Placement Units of Common Stock and Warrants	Private Placement Units Common Subscription Receivable
	Shares	Amount		
Issuance of Common Stock of Pro-Pharmaceuticals, Inc.	12,354,670	$ 12,355	$ --	$ --
Beneficial conversion feature & Common Share Grants embedded in convertible notes	--	--	--	--
Net loss	--	--	--	--
Balance at December 31, 2000	12,354,670	12,355	--	--
Beneficial conversion feature & Common Share Grants embedded in convertible notes	--	--	--	--
Issuance of Stock to Acquire Contractual Rights, and Payment of Stock Subscription Receivable	1,221,890	1,222	--	--
Sale of Private Placement Units, beginning June 2001	--	--	883,200	(73,500)
Warrants issued to induce conversion of notes payable	--	--		
Conversion of Notes Payable to common stock	1,150,666	1,151	--	--
Net loss	--	--	--	--
Balance at September 30, 2001 (unaudited)	14,727,226	$ 14,728	$ 883,200	$ (73,500)

	Additional Paid-in Capital	Deficit Accumulated in the Development Stage	Stockholders' Equity
Issuance of Common Stock of Pro-Pharmaceuticals, Inc.	$ --	$ (3,355)	$ 9,000
Beneficial conversion feature & Common Share Grants embedded in convertible notes	106,778	--	221,910
Net loss	--	(184,582)	(184,582)
Balance at December 31, 2000	221,910	(184,582)	46,328
Beneficial conversion feature & Common Share Grants embedded in convertible notes	1,026,102	--	1,026,102
Issuance of Stock to Acquire Contractual Rights, and Payment of Stock Subscription Receivable	106,778	--	108,000
Sale of Private Placement Units, beginning June 2001	--	--	809,700
Warrants issued to induce conversion of notes payable	503,019	--	503,019
Conversion of Notes Payable to common stock	1,184,582	--	1,185,733
Net loss	--	(3,193,321)	(3,193,321)

Balance at September 30, 2001 (unaudited)	$ 3,042,391	$(3,381,258)	$ 485,561

See notes to financial statements.

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

	For the Three Months Ended September 30, 2001 (unaudited) (As Restated)	For the Nine Months Ended September 30, 2001 (unaudited) (As Restated)	Period from Inception (July 10, 2000) through September 30, 2001 (unaudited) (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(1,189,310)	$(3,193,321)	$(3,377,903)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	23,600	33,572	33,572
Non cash interest expense	503,019	1,734,376	1,751,031
Changes in assets and liabilities:			
Debt issuance cost	(819)	(2,228)	(2,228)
Accounts payable	250,544	436,300	515,139
Accrued expenses	(2,601)	--	--
Net cash used in operating activities	(415,567)	(991,301)	(1,080,389)
CASH FLOWS FROM INVESTING ACTIVITIES			
Patent costs	(38,650)	(38,650)	(47,345)
Deposit	(21,933)	(48,883)	(48,883)
Purchase of property, plant and equipment	(80,988)	(96,800)	(96,800)
Net cash used in investing activities	(141,571)	(184,333)	(193,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the sale of private placement units	676,700	809,700	809,700
Proceeds from the issuance of common stock	--	--	9,000
Proceeds from convertible notes payable	--	1,026,102	1,310,602
Increase in due to Stockholder	--	--	9,028
Cash received from stock subscription receivable	--	1,000	1,000
Net cash provided by financing activities	676,700	1,836,802	2,139,330
NET INCREASE IN CASH	119,562	661,168	865,913
CASH AND CASH EQUIVALENTS, Beginning	746,351	204,745	--
CASH AND CASH EQUIVALENTS, Ending	$ 865,913	$ 865,913	$ 865,913

See notes to financial statements

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

NOTE 1 -- OPERATIONS

Nature of Operations

Pro-Pharmaceuticals, Inc. (the "Company") was established in July 2000. The Company is in the development stage and is engaged in developing 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 devoting substantially all of its efforts toward product research and development and raising capital. Its product candidates are still in the research and development stage, with none yet in clinical trials. The Company is subject to a number of risks similar to those of other development-stage companies, including dependence on key individuals, 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. To date, the Company has raised capital principally through the issuance of convertible notes and the sale of common stock through a private placement.

The Company's financial statements have been presented on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company is in the development stage, has incurred a net loss since inception of $3,377,903 and expects to incur additional losses in the near future. Successful completion of the Company's development program and, ultimately, the attainment of profitable operations is dependent upon future events, including maintaining adequate financing to fulfill its development activities and achieving a level of sales adequate to support the Company's cost structure. The Company is actively seeking additional financing to fund future operations and future significant investments in the business. However, there can be no assurance that the Company will be able to obtain financing on acceptable terms, or at all.

Reverse Merger Transaction

On May 15, 2001, Pro-Pharmaceuticals, Inc., a Nevada corporation organized in January 2001 and formerly known as DTR-Med Pharma Corp. ("Pro-Pharmaceuticals-NV"), issued 12,354,670 shares of its common stock to the stockholders of Pro-Pharmaceuticals, Inc., a Massachusetts corporation organized in July 2000 ("Pro-Pharmaceuticals-MA"), in exchange for all of the outstanding shares of the common stock of Pro-Pharmaceuticals-MA. Such exchange diluted the ownership percentage of the prior Pro-Pharmaceuticals-NV stockholders to approximately 9% and resulted in the prior stockholders of Pro-Pharmaceuticals-MA owning approximately 91% of Pro-Pharmaceuticals-NV's outstanding shares. Following the exchange of stock, Pro-Pharmaceuticals-MA, as a wholly owned subsidiary, merged with Pro-Pharmaceuticals-NV, which is the surviving corporation in the merger.

At the time of the merger, the common shares issued to the stockholders of Pro-Pharmaceuticals-NV represented a majority of the Company's common stock, enabling them to retain voting and operating control of the Company. The merger was treated as a capital transaction and was accounted for as a reverse merger in which Pro-Pharmaceuticals-MA was the accounting acquirer. The historical results presented are those of Pro-Pharmaceuticals-MA, the accounting acquirer. Information concerning common stock in 2000 has been restated on an equivalent-share basis.

NOTE 2 -- BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month and nine month periods ended September 30, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. For further information, refer to the financial statements and footnotes which were filed with the Securities and Exchange Commission by the Company in a registration statement on Form 10-SB (General Form for Registration of Securities of Small Business Issuers) (File No. 000-32877), which registration became effective as of August 13, 2001.

NOTE 3 -- NEW ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 141

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS 141). This statement addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16 Business Combinations, and FASB Statement No. 38, Accounting for Preacquisition Contingencies of Purchased Enterprises. All business combinations in the scope of this statement are to be accounted for using one method, the purchase method.

Statement of Financial Accounting Standards No. 142

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS 142). Upon adoption of SFAS 142, intangible assets with finite lives will be amortized over those lives and assets with infinite lives will be tested for impairment at least annually.

NOTE 4 -- PRIVATE PLACEMENT

The Company began on May 25, 2001, a private placement of securities exempt from registration pursuant to Rule 506 of Regulation D of the Securities Act of 1933 in order to raise $5,145,000. The securities consist of 1,470,000 units offered at $3.50 each of one share of its common stock and one four-year warrant exercisable at $6.50 to purchase one share of common stock. The warrant is subject, following written notice, to acceleration if either (i) the Company files a "New Drug Application" with the Food and Drug Administration; or (ii) the Company's 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 the Company's 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.

As of September 30, 2001, the Company had received proceeds of $809,700 from the sale of the securities offered in the private placement representing 250,400 units. Such purchases will result in the Company issuing 250,400 shares of common stock and warrants to purchase 250,400 shares of its common stock. In addition, the Company has a subscription receivable totaling $73,000 which would result in the sale of the securities offered in the private placement representing approximately 21,000 units. Such purchases will result in the Company issuing 21,000 shares of common stock and warrants to purchase 21,000 shares of its common stock.

NOTE 5 -- WARRANTS

As part of the Private Placement the Company issued 339,200 and 550,100 warrants to purchase common stock at $6.50 and $5.00 per share, respectively. All of the warrants are exercisable immediately and expire through December 2005. The Company, upon giving written notice, may accelerate the exercise of the warrants and effect an early termination thereof in the event of either of the following: (i) the Company files an NDA with the Food and Drug Administration or (ii) the market price exceeds $11.00 and $10.00 for warrants with exercise prices of $6.50 and $5.00, respectively, on any 10 trading days within a period of 20 consecutive trading days, as defined. In the event of acceleration, the unexercised warrants automatically terminate without payment by the Company upon the thirtieth day following the written notice. The Company valued the warrants at $886,328 using the Black-Scholes option-pricing model, based on a deemed fair market value of the Company's common stock of $2.28 per share, an assumed volatility of 95%, a risk-free interest rate of 3.9%, a weighted-average expected life of three years, and a dividend rate of 0.0%.

NOTE 6 -- PER SHARE DATA

The shares of common stock issuable upon exercise of the warrants issued pursuant to the May 2001 private placement of the Company have not been included in the calculation of loss per share of common stock as the effect of such an inclusion would be anti-dilutive reducing the loss per share.

The outstanding shares have been restated to reflect the shares outstanding as of each period based upon the reverse acquisition transactions (see Note 1).

NOTE 7 -- RELATED PARTY TRANSACTIONS

The Company has paid consulting fees as follows, to a corporation controlled by a person who is also a stockholder, director and officer of the Company for financing and business development services classified as a general and administrative expense in the financial statements, to a stockholder for strategic advisory services also classified as general and administrative expense, and to a corporation controlled by a stockholder formerly an officer of the Company for research and development services.

	For the Three Months Ended September 30, 2001	For the Nine Months Ended September 30, 2001	Period from Inception (July 10, 2000) through September 30, 2001
General and administrative fees	$ 70,711	$147,063	$159,563
Research and development	16,143	67,038	92,038
	$ 86,854	$214,101	$251,601

NOTE 8 -- COMMITMENTS AND CONTINGENCY

Litigation

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 a business competitive with SafeScience in violation of a non-competition covenant binding on Dr. Platt. In a letter dated February 19, 2001, Dr. Platt denied any violation because the Company is involved in drug delivery technology rather than new drug development. Counsel for SafeScience indicated a willingness to resolve these matters but attempts to set up a meeting were unsuccessful. No determination has been made of the likelihood of a substantive 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 if SafeScience takes further action.

Financial Consulting Agreement

In August 2001, the Company retained I.W. Miller Group, Inc. of Irvine, California, for two years to provide the Company with financial public relations and consulting services. This engagement was terminated on September 21, 2001.

Private Placement

On August 22, 2001, the Company sold 133,400 units of the offered securities described in Note 3 for $400,200 to one subscriber willing to make a substantial investment. The aggregate purchase price for such securities represents a reduction of the unit price from $3.50 to $3.00. In addition, the holder's exercise price under the warrant is reduced from $6.50 to $5.00, and the Company's exercise acceleration rights occur at $10.00 rather than $11.00 (see Note 3 for detail). The Company also granted this subscriber an option to purchase an additional 200,000 units of the offered securities upon the same terms at any time until after 30 days after the Company notifies the investor that an investigational new drug application of the Company filed with the Food and Drug Administration has become effective with respect to any one compound.

The Company notified each previous purchaser of such securities of such event. This could result in the Company agreeing to refund some or all of the previous investments.

Subsequent to September 30, 2001, the Company issued 285,400 shares of common stock related to the private placement.

Consulting Arrangements

The Company has entered into consulting arrangements, each terminable on thirty days' notice, with (i) a corporation controlled by a person who is a stockholder, director and officer of the Company for financing and business development services in consideration of $10,000 per month and expense reimbursement, (ii) a corporation controlled by a person who is a stockholder and former officer of the Company for research and development services in consideration of $5,000 per month and expense reimbursement, (iii) an individual otherwise unaffiliated with the Company with respect to product development services in consideration of $2,000 per month and expense reimbursement, and (iv) an individual who is a stockholder of the Company for management consultant services in consideration of $5,000 per month and expense reimbursement.

NOTE 9 -- CONVERTIBLE NOTES PAYABLE

In August 2001, the Company requested that the holders of its outstanding convertible notes convert them, in accordance with their terms, to shares of its common stock prior to the notes' maturity dates. In order to encourage early conversion by September 7, 2001, the Company offered to issue each noteholder who converts a common stock purchase warrant identical to the warrant offered in its ongoing private placement. In the case of a noteholder who accepts the Company's offer, the warrant issued would be exercisable to purchase such number of shares as is equal to the number of shares of the Company's common stock that the holder receives as of the conversion of the note. On September 7, 2001, holders of notes with an aggregate principal amount of $1,115,602 and related accrued interest totaling $70,131, elected to accept the Company's early conversion offer. In total 1,150,666 shares of common stock were issued to these note holders.

NOTE 10 -- SUBSEQUENT EVENTS

Stock Incentive Plan

On October 18, 2001, the Company's Board of Directors adopted the "Pro-Pharmaceuticals, Inc. 2001 Stock Incentive Plan" which permits awards of incentive and non-qualified stock options and other forms of incentive compensation to employees and non-employees such as directors and consultants. The Board reserved 2,000,000 of the Company's shares of common stock for awards pursuant to such plan, all of which reserved shares could be awarded as incentive stock options. The Board agreed to recommend such plan to the Company's stockholders for approval at the next annual or special meeting of stockholders.

NOTE 11 -- RESTATEMENT

Subsequent to the issuance of the Company's condensed financial statements for the nine-months ended September 30, 2001, management has revised its best estimate of the fair value of the Company's stock. Management believes that the estimated value of the Company's stock at the time of the issuances of the convertible debt was understated. Had the higher estimate been used, the proceeds from convertible debt issued in 2000 and the nine-month period ended September 30, 2001 would have been allocated to two equity features--an embedded beneficial conversion feature and shares received. The valuation of these features results in an allocation to additional paid in capital and a discount to debt that will be amortized over the term of the debt. Management believes that the updated estimates and restated financial statements better reflect the economic substance of the financing transactions. Management has also revised its estimate of the value of warrants issued as an inducement to convert their notes by September 7, 2001, resulting in the recognition of a debt conversion expense in the quarter ended September 30, 2001.

Management has also determined that salaries and consulting expenses that were originally recorded as an expense in 2001 related to services that were performed in 2000, and therefore should be recorded as a liability and an expense in 2000. As a result, the 2000 financial statements have been restated from the amounts previously reported to reflect these changes.

The significant effects of the restatement are as follows:

	As Previously Reported	As Restated
At September 30, 2001:		
Additional paid in capital	1,288,005	3,039,036
Deficit accumulated during development stage	(1,626,872)	(3,377,903)
For the three months ended September 30, 2001:		
Interest expense	(54,845)	(557,864)
Net Loss	(686,291)	(1,189,310)
Loss per share (Basic and diluted)	(0.05)	(0.09)
For the nine months ended September 30, 2001:		
Research and Development	531,226	489,976
General and Administrative	917,739	903,989
Interest expense	(81,972)	(1,816,348)
Net Loss	(1,513,945)	(3,193,321)
Loss per share (Basic and diluted)	(0.12)	(0.24)
Period from Inception (July 10, 2000) through September 30, 2001:		
Interest expense	(83,210)	(1,834,241)
Net Loss	(1,626,872)	(3,377,903)

Item 2. Plan of Operation

This quarterly report on Form 10-QSB contains, in addition to historical information, forward-looking statements as such term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in such statements. We caution investors that actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, the following: uncertainties as to the utility and market for our potential products; uncertainties associated with preclinical and clinical trials of our drug delivery candidates; our lack of experience in product development and expected dependence on potential licensees and collaborators for commercial manufacturing, sales, distribution and marketing of our potential products; possible development by competitors of competing products and technologies; lack of assurance regarding patent and other protection of our proprietary technology; compliance with and change of government regulation of our activities, facilities and personnel; uncertainties as to the extent of reimbursement for our potential products by government and private health insurers; our dependence on key personnel; our history of operating losses and accumulated deficit; and economic conditions related to the biotechnology and biopharmaceutical industry, each as discussed in our Registration Statement on Form 10-SB filed with the Securities and Exchange Commission. We cannot assure you that we have identified all the factors that create uncertainties. Readers should not place undue reliance on forward-looking statements. We have no obligation to publicly update forward-looking statements we make in this Form 10-QSB.

Overview

We are currently in the development stage and have not yet generated any operating revenues. Since the formation in July 2000 of our predecessor, Pro-Pharmaceuticals, Inc., a Massachusetts corporation, we have been engaged in research and development activities in connection with identifying and developing a technology that will reduce toxicity and improve the efficacy of currently-used drug therapies, including cancer chemotherapies, by combining the drugs with a number of carbohydrate compounds. Our preliminary studies have identified certain mannans, a group of polysaccharides, that could be utilized as a potential drug delivery system. Polysaccharides are molecules consisting of one or more types of sugars. In the case of mannans, the principal component is the sugar mannose, which is similar to glucose. We believe that a mannan having a suitable chemical structure and composition, when attached to or combined with the active agent of a chemotherapy drug, would increase cellular membrane fluidity and permeability, thereby assisting delivery of the drug.

Preclinical Animal Experiments

During 2001 we conducted preclinical animal experiments to study the reduction of toxicity of two widely-used anti-cancer drugs, 5-Fluorouracil (5-FU) and Adriamycin, in combination with mannan compounds we selected for the studies. Preliminary results of studies in which toxicity was measured based on animal survival rates, indicate that one of the mannan compounds may significantly decrease the toxicity of 5-FU, and another mannan may significantly decrease the toxicity of Adriamycin. In another preclinical experiment, we studied toxicity reduction of 5-FU in combination with the same mannan that demonstrated toxicity reduction in the previous 5-FU study. In this experiment, toxicity was measured by effect on blood count. Preliminary results indicate that the mannan decreased toxicity of 5-FU by this measure as well, since the 5-FU/mannan combination resulted in decreased loss of hemoglobin, platelets and red blood cells compared to the loss resulting from administration of 5-FU alone.

This year we also conducted preclinical animal experiments to study the efficacy of 5-FU in combination with the same mannan that demonstrated toxicity reduction. Our objective was to determine whether the desirable toxicity reduction of the 5-FU/mannan combination occurs at the expense of diminished drug efficacy. Preliminary results of these experiments indicate that such combination results in a significant increase in efficacy of the drug when administered into cancer-carrying animals. More specifically, the 5-FU/mannan combination in animal experiments results in a significant delay of tumor enlargement and an increase of average survival time.

We are currently developing formulations of carbohydrates linked to anti-cancer drugs. We have chemically synthesized two novel products that are carbohydrate derivatives of Adriamycin, and have conducted preclinical animal experiments, studying both toxicity (on healthy animals) and efficacy (on cancer-carrying animals). Preliminary results of these experiments indicate that both of the synthesized carbohydrate-Adriamycin compounds are significantly less toxic compared with the original Adriamycin, and demonstrate therapeutic efficacy as well. We engaged independent laboratories to conduct all of the foregoing studies.

We believe that the results of our studies show promise for carbohydrate-based anti-cancer drug delivery systems. We have no products and have not yet conducted any clinical trials. We have initiated large-scale production of our mannan for use in forthcoming clinical trials.

Intellectual Property Protection

We have two pending utility patent applications and one provisional patent application in the United States. The patent applications cover methods and compositions for reducing side effects in chemotherapeutic formulations, and improving efficacy and reducing toxicity of chemotherapeutic agents. One of our utility patents is filed worldwide under the Patent Cooperation Treaty (PCT).

We have three pending trademark applications filed in the United States.

Business Combination and Ownership

We were incorporated as "DTR-Med Pharma Corp." under Nevada law in January 2001 for the purpose of acquiring all the outstanding stock of our predecessor, Pro-Pharmaceuticals, Inc., which was a Massachusetts corporation engaged in a business we desired to acquire. From our incorporation until just before the acquisition, we were a wholly-owned subsidiary of Developed Technology Resource, Inc., a Minnesota corporation whose common stock is publicly traded on the Over-the-Counter Bulletin Board. In exchange for 1,221,890 shares of our common stock, Developed Technology transferred to us contractual rights that are described in our registration statement on Form 10-SB under "Item 1. Description of Business -- Business of Pro-Pharmaceuticals -- 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 7, 2001. In anticipation of the acquisition of the Massachusetts company, we changed our name to "Pro-Pharmaceuticals, Inc."

On May 15, 2001, we acquired all of the outstanding common stock of the Massachusetts company. We acquired these shares in exchange for 12,354,670 shares of our common stock. As a result, that company became our wholly owned subsidiary, and its shareholders through an exchange became owners of approximately 91% of the outstanding shares of our common stock, with the Developed Technology shareholders owning the remaining 9%. After the acquisition, we merged with the Massachusetts company and are the surviving corporation following the merger. The merger was treated as a capital transaction and was accounted for as a reverse merger in which Pro-Pharmaceuticals (Massachusetts) was the accounting acquirer.

Concurrent with the acquisition, all of our original officers and directors resigned and were succeeded by the officers and directors of the predecessor Massachusetts company. The financial statements of the Massachusetts company were audited by different independent accountants than the accountants whom we engaged since our inception. The change in accountants did not occur by resignation or dismissal in connection with a disagreement over any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

As required by the stock exchange agreement that effected the acquisition, we filed a registration statement in June 2001 on Form 10-SB with the Securities and Exchange Commission in order to register our common stock under the Securities Exchange Act of 1934. The registration of our common stock under the Exchange Act became effective on August 13, 2001.

Facilities

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. The sublease required us to provide a security deposit of $48,883, of which up to $24,442 could be in the form of a letter of credit. We paid $26,950 in cash and provided the remainder of the security deposit in the form of a letter of credit.

Consulting Arrangements

We have entered into consulting arrangements directly and indirectly with an officer and certain advisors, in order to utilize their expertise at this stage of our corporate development. Each of the following agreements is terminable on thirty days' notice.

Extol International Ltd., a company controlled by James Czirr, our Executive Vice President of Business Development and a director, has agreed to provide financing and business development services. This agreement provides for a monthly payment of $10,000 and reimbursement of expenses. Mr. Czirr owns more than 5% of our outstanding common stock.

MIR International, Inc., a company controlled by Anatole A. Klyosov, Ph.D., a member of our Scientific Advisory Board and formerly our Senior Vice President and Chief Scientific Officer, has agreed to provide consulting services regarding our research and development including design of preclinical experimental protocols, arranging preclinical experiments, performing chemical synthetic work, preparing reports on biochemical study and clinical applications of carbohydrates. This agreement provides for a monthly payment of $5,000 and reimbursement of expenses. Dr. Klyosov owns more than 5% of our outstanding common stock.

Eliezer Zomer, Ph.D. has agreed to provide consulting services with respect to the development of standard operations procedures for the manufacture of our medical products. This agreement provides for a monthly payment of $2,000 and reimbursement of expenses.

Offer Binder, Ph.D. has agreed to provide management advisory services. This agreement provides for a monthly payment of $5,000 and reimbursement of expenses. Dr. Binder owns more than 5% of our outstanding common stock.

Plan of Operation

For the twelve-month period ending September 30, 2002, our plan of operation is to:

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

- Begin clinical trials

We plan in subsequent years 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 our product(s).

We do not plan to purchase or sell any plant or significant equipment during the twelve months ending September 30, 2002. We expect to maintain our employee headcount at three to four.

Liquidity and Capital Resources

Our capital resources to date consist of (i) the proceeds of a private placement of convertible notes issued and sold by the predecessor Massachusetts company in anticipation of its being acquired by us and (ii) the proceeds of a private placement begun in May 2001 of our common stock and stock purchase warrants. Each is further described below.

The convertible notes became our corporate obligations as a result of the merger. Sale of the convertible notes resulted in aggregate proceeds of $1,310,602. See "Part II. Item 4. Recent Sales of Unregistered Securities" in our Form 10-SB for a discussion of the convertible notes.

We began as of May 25, 2001 a private placement of securities 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.

In connection with an agreement with an early investor in this offering who was willing to invest a substantial amount of funds, we sold 133,400 of the units to that investor at $3.00 each, for a total of $400,200. We reduced the investor's warrant exercise price to $5.00, and changed the warrant acceleration provision to lower the 10-day closing price threshold to $10.00. We also granted that investor an option to purchase an additional 200,000 units on the same terms as the investor's current purchase. The option is exercisable at any time until 30 days after we notify the investor of our receipt of notice that an investigational new drug application filed by us with the FDA has become effective for any one of our compounds. As a result of agreeing to accept different terms on the offered securities with that investor, we have notified each previous purchaser

of the sale to that investor. This could result in our agreeing to refund some or all of the previous investments.

As of September 30, 2001 we had received aggregate subscriptions of $907,700 for securities offered in our private placement and, as of November 9, 2001, an additional $24,500 of subscriptions. Such purchases will result in our issuing 285,400 shares of our common stock and warrants to purchase 285,400 shares of our common stock.

We have requested that the holders of the convertible notes described above convert them, in accordance with their terms, to shares of our common stock prior to the notes' maturity dates. In order to encourage early conversion by September 7, 2001, we offered to issue each noteholder who converts a common stock purchase warrant identical to the warrant offered in our ongoing private placement. In the case of a noteholder who accepts our offer, the warrant we issue would be exercisable to purchase such number of shares as is equal to the number of shares of our common stock that the holder receives as of the conversion of the note. In response to our offer, holders of an aggregate of $1,115,602 of principal amount of the convertible notes have requested conversion of their notes.

Regardless of whether a noteholder accepted our early conversion offer or later decides to convert each of our noteholders is entitled to receive, as "additional consideration" for originally purchasing the note, one-half (1/2) share of our common stock for each dollar of principal. We are completing our issuance an aggregate of 655,301 of such "additional compensation" shares. Based upon the offering price of the securities in our private placement, the conversion price under the convertible note is now fixed at one share of our common stock for each two dollars ($2.00) of unpaid principal and interest. All shares of common stock issued upon conversion of the notes are "restricted securities" as defined in Rule 144 under the Securities Act.

As of September 30, 2001, we had approximately $865,913, and as of October 31, 2001 approximately $852,092, in cash and cash equivalents. We have budgeted expenditures for the twelve-month period ending September 30, 2002, 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).

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. If we do not raise the additional funds, we will have to cut our research and development expenditures to a minimum level for the next twelve months, since available cash at October 31, 2001 would be insufficient to cover more than equipment and leasehold costs and some administrative costs. In that case, overall administrative expenses for the next twelve months would have to be cut by approximately $500,000. If we have only minimal funds to spend on research and development, that would substantially slow progress that we might expect to make during the next twelve months in development of our business including commencement of clinical trials.

In August 2001 we retained I.W. Miller Group, Inc., of Irvine, California, for two years to provide us with financial public relations and financial consulting services. We have since terminated this relationship.

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.

Recent Events

Our Board of Directors on October 18, 2001 adopted the "Pro-Pharmaceuticals, Inc. 2001 Stock Incentive Plan" which permits awards of incentive and non-qualified stock options and other forms of incentive compensation to employees and non-employees such as directors and consultants. The Board reserved 2,000,000 of our shares of common stock for awards pursuant to such plan, all of which reserved shares could be awarded as incentive stock options. The Board agreed to recommend such plan to our stockholders for approval at the next annual or special meeting of stockholders.

Our Board of Directors on October 18, 2001 amended our by-laws to insert a provision for indemnification of our directors, officers and other employees, as well as other persons who may be entitled to indemnification. The by-law amendment enables us to indemnify such persons to the extent permitted under the Nevada corporation law statute which governs our company.

On October 18, 2001, we appointed Maureen Foley to the office of Chief Operating Officer. Ms. Foley had been serving as our senior administrator since January 2001.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

In May 2001, we began a private placement exempt from registration pursuant to Rule 506 of Regulation D under the Securities Act of 1933 in order to raise up to $5,145,000 to cover our budgeted expenditures as set forth in "Part I -- Financial Information -- Item 2. Plan of Operation -- Liquidity and Capital Resources," above. Purchasers under the private placement must qualify as "accredited investors" as that 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. For further information about this offering, please see "Part I -- Financial Information -- Item 2. Plan of Operation -- Liquidity and Capital Resources."

As of September 30, 2001 we had received aggregate subscriptions of $907,700 for securities offered in our private placement and, as of November 9, 2001, an additional $24,500 of subscriptions. Such purchases will result in our issuing 285,400 shares of our common stock and warrants to purchase 285,400 shares of our common stock.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description of Document
3.1	Articles of Incorporation of the Registrant, dated January 26, 2001*
3.2	Amended and Restated 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)*
10.3	Pro-Pharmaceuticals, Inc. 2001 Stock Incentive Plan**

* Incorporated by reference to the Registrant's Registration Statement on Form 10-SB, as filed with the Commission on June 13, 2001.

** Incorporated by reference to the Registrant's Quarterly Report on Form 10-QSB, as filed with the Commission on November 14, 2001.

(b) Reports on Form 8-K

None

SIGNATURE

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on April 12, 2002.

PRO-PHARMACEUTICALS, INC.
Registrant

By: /S/ DAVID PLATT

Name: David Platt
Title: President, Chief Executive Officer, Treasurer and Secretary (Principal Executive Officer and Principal Financial and Accounting Officer)

EXHIBIT INDEX

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