Tamir Biotechnology, Inc.
Form 10-Q
March 22, 2011

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

FORM 10-Q

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

For the quarterly period ended: January 31, 2011

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

For the transition period from _____ to _____

Commission File Number: 0-11088

TAMIR BIOTECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	22-2369085
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

11 Deer Park Drive, Suite 204, Princeton Corporate Plaza, Monmouth Junction, NJ 08852
(Address of principal executive offices) (Zip Code)

(732) 823-1003
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address, and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company”: in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer o Accelerated Filer o Non-accelerated Filer o Smaller Reporting Company x

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

The number of shares of Common Stock, $.001 par value, outstanding as of March 18, 2011 was 47,323,880 shares.

TAMIR BIOTECHNOLOGY, INC.
(A Development Stage Company)

FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TAMIR BIOTECHNOLOGY, INC.
(A Development Stage Company)

CONDENSED BALANCE SHEETS
January 31, 2011 and July 31, 2010

	ASSETS
Current assets:	
Cash and cash equivalents	
Prepaid clinical trial expenses	
Prepaid expenses	
Restricted cash	
Total current assets	
Property and equipment, net of accumulated depreciation and amortization of $371,195 in 2011 and $378,435 in 2010	
Deferred financing costs	
Total assets	
	LIABILITIES AND STOCKHOLDERS' DEFICIENCY
Current liabilities:	
Accounts payable	
Accrued clinical trial expenses	
Accrued professional service fees	
Accrued compensation expense	
Derivative liability	
Current portion of obligations under capital lease	
Other accrued expenses	
Total current liabilities	
Other liabilities:	
Accounts payable, net of current portion	
Obligations under capital lease, net of current portion	
Accrued retirement benefits	
Deferred rent	
Convertible debt, less discount of $1,872,831 at January 31, 2011 (related party $413,151) and $2,413,014 at July 31, 2010 (related party, $251,093)	
Accrued interest, convertible debt (related party, $61,973 at January 31, 2011 and $37,664 at July 31, 2010)	
Deferred revenue	
Total other liabilities	
Total liabilities	
Commitments and Contingencies	
Stockholders' deficiency:	
Preferred stock, $.001 par value. Authorized and unissued, 1,000,000 shares at January 31, 2011 and July 31, 2010	

Common stock $.001 par value. Authorized 250,000,000 shares at January 31, 2011 and July 31, 2010; issued and outstanding at January 31, 2011 and 47,313,880 shares at July 31, 2010	
Common stock to be issued	
Capital in excess of par value	
Deficit accumulated during development stage	
Total stockholders' deficiency	
Total liabilities and stockholders' deficiency	

See accompanying notes to condensed financial statements.

CONDENSED STATEMENTS OF OPERATIONS

Three and six months ended January 31, 2011 and 2010,
and the Period from August 24, 1981
(Date of Inception) to January 31, 2011

(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,		August 24, 1981 (Date of Inception) to January 31,
	2011	2010	2011	2010	2011
Sales	$ -	$ -	$ -	$ 18,750	$ 572,239
Operating expenses:					
Cost of sales	-	-	-	-	336,495
Research and development	424,975	121,774	644,301	282,655	73,744,052
General and administrative	283,368	428,214	693,138	827,687	43,360,524
Total operating expenses	708,343	549,988	1,337,439	1,110,342	117,441,071
Loss from operations	(708,343)	(549,988)	(1,337,439)	(1,091,592)	(116,868,832)
Investment income	82	417	229	668	2,303,442
Other income	-	-	-	-	99,939
Interest:					
Related parties, net	(18,369)	(10,725)	(36,738)	(17,451)	(1,235,359)
Debt discount and fair value adjustment – derivative security	12,029,172	3,643,697	3,815,254	(5,795,386)	(8,640,013)
Others	(935)	(42,332)	(1,895)	(44,095)	(3,010,888)
Income (loss) before state tax benefit	11,301,607	3,041,069	2,439,411	(6,947,856)	(127,351,711)
State tax benefit	-	-	-	-	6,671,905
Net income (loss)	$ 11,301,607	$ 3,041,069	$ 2,439,411	$ (6,947,856)	$ (120,679,806)
Income (loss) per common share - basic	$ 0.24	$ 0.06	$ 0.05	$ (0.15)	
Loss per common share - diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.15)	
Weighted average number of shares	47,323,880	47,313,880	47,320,728	47,313,880	

outstanding - basic				
Weighted average number of shares outstanding - diluted	82,185,891	90,647,208	82,472,401	47,313,880

See accompanying notes to condensed financial statements.

CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIENCY

Period from July 31, 2010 to January 31, 2011

(Unaudited)

	Common Stock					
	Number of Shares	Amount	Common Stock To Be Issued	Capital In Excess of Par Value	Deficit Accumulated During Development Stage	Total Stockholders' Deficiency
Balance at July 31, 2010	47,313,880	$ 47,314	$ —	$ 101,456,909	$ (123,119,217)	$ (21,614,994)
Common stock to be issued			500,000			500,000
Stock option exercise	10,000	10	—	2,590	—	2,600
Stock-based compensation	—	—	—	156,955	—	156,955
Net income	—	—	—	—	2,439,411	2,439,411
Balance at January 31, 2011	47,323,880	$ 47,324	$ 500,000	$ 101,616,454	$ (120,679,806)	$ (18,516,028)

See accompanying notes to condensed financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

Six months ended January 31, 2011 and 2010,
and the Period from August 24, 1981
(Date of Inception) to January 31, 2011

(Unaudited)

	Six Months Ended January 31,		August 24, 1981 (Date of Inception) to January 31, 2011
	2011	2010	
Cash flows used in operating activities:			
Net income (loss)	$ 2,439,411	$ (6,947,856)	$ (120,679,806)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Gain on sale of marketable equity securities	-	-	(25,963)
Depreciation and amortization	16,538	70,372	1,840,304
Loss on disposal of property and equipment	-	-	18,926
Loss on lease termination	-	-	30,964
Share-based compensation	156,955	163,347	14,354,309
Decrease in deferred rent	(3,097)	(268,652)	(88,675)
Amortization of debt discount	540,183	305,708	1,971,388
Fair value of derivative liability	(4,441,161)	5,489,678	7,177,120
Amortization of deferred financing cost	41,434	-	86,139
Amortization of deferred compensation	-	-	11,442,000
Changes in assets and liabilities:			
Decrease (increase) in prepaid expenses	381,576	(83,528)	(155,740)
Decrease in loan receivable, related party	-	-	96,051
Decrease (increase) in restricted cash	953,880	(1,414,939)	(274,356)
Increase in loans and interest payable, related party	24,308	17,451	819,922
Increase in accounts payable	123,864	112,066	1,582,614
Increase in accrued payroll and expenses, related parties	-	-	2,348,145
(Decrease) increase in accrued retirement benefits	(84,250)	(104,442)	244,750
Increase (decrease) in accrued expenses	(257,608)	86,454	1,444,295
Increase in deferred revenue	-	-	5,200,000
Net cash used in operating activities	(107,967)	(2,574,341)	(72,567,613)
Cash flows used in investing activities:			
Purchase of marketable equity securities	-	-	(290,420)
Purchase of short-term investments	-	-	(1,993,644)
Proceeds from sale of marketable equity securities	-	-	316,383
Proceeds from sale of short-term investments	-	-	1,993,644
Capital expenditures	-	(2,250)	(1,607,814)
Patent costs	-	-	(97,841)
Net cash used in investing activities	-	(2,250)	(1,679,692)

(continued)

See accompanying notes to condensed financial statements.

CONDENSED STATEMENTS OF CASH FLOWS, Continued

Six months ended January 31, 2011 and 2010,
and the Period from August 24, 1981
(Date of Inception) to January 31, 2011

(Unaudited)

	Six Months Ended January 31,		August 24, 1981 (Date of Inception) to January 31,
	2011	2010	2011
Cash flows from financing activities:			
Proceeds from short-term borrowings	$ -	$ -	$ 874,500
Payment of short-term borrowings	-	-	(653,500)
Increase in loans payable - related party, net	-	-	2,628,868
Proceeds from bank debt and other long-term debt, net of costs	-	-	3,667,460
Reduction of bank debt and long-term debt	-	-	(2,966,568)
Increase in deferred financing cost	(3,027)	(117,201)	(229,795)
Payment of capital lease obligation	(2,530)	(2,032)	(13,667)
Proceeds from issuance of common stock, net	-	-	53,102,893
Proceeds from common stock to be issued	500,000	-	500,000
Proceeds from exercise of stock options and warrants, net	2,600	-	14,083,450
Proceeds from issuance of convertible debentures, related party	-	3,250,000	3,547,000
Proceeds from issuance of convertible debentures, unrelated party	-	-	416,993
Net cash provided by financing activities	497,043	3,130,767	74,957,634
Net increase in cash and cash equivalents	389,076	554,176	710,329
Cash and cash equivalents at beginning of period	321,253	129,194	-
Cash and cash equivalents at end of period	$ 710,329	$ 683,370	$ 710,329
Supplemental disclosure of cash flow information – interest paid	$ 1,895	$ 3,374	$ 1,731,764
Noncash financing activities:			
Issuance of convertible subordinated debenture for loan payable to officer	$ -	$ -	$ 2,725,000
Issuance of common stock upon the conversion of convertible subordinated debentures, related party	$ -	$ -	$ 3,242,000
Conversion of short-term borrowings to common stock	$ -	$ -	$ 226,000
Conversion of accrued interest, payroll and expenses by related parties to stock options	$ -	$ -	$ 3,194,969
Repurchase of stock options from related party	$ -	$ -	$ (198,417)
Conversion of accrued interest to stock options	$ -	$ -	$ 142,441
Conversion of accounts payable to common stock	$ -	$ -	$ 506,725

(continued)

See accompanying notes to condensed financial statements.

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CONDENSED STATEMENTS OF CASH FLOWS, Concluded

Six months ended January 31, 2011 and 2010,
and the Period from August 24, 1981
(Date of Inception) to January 31, 2011

(Unaudited)

	Six Months Ended January 31,		August 24, 1981 (Date of Inception) to January 31,
	2011	2010	2011
Conversion of notes payable, bank and accrued interest to long-term debt	$ -	$ -	$ 1,699,072
Conversion of loans and interest payable, related party and accrued payroll and expenses, related parties to long-term accrued payroll and other, related party	$ -	$ -	$ 1,863,514
Issuance of common stock upon the conversion of convertible subordinated debentures, other	$ -	$ -	$ 1,584,364
Issuance of common stock for services rendered	$ -	$ -	$ 2,460
Lease incentive allowance	$ -	$ -	$ 67,000
Derivative liability – warrant reclassification	$ -	$ 747,235	$ 611,085
Issuance of warrants with notes payable	$ -	$ -	$ 594,219
Acquisition of equipment through capital lease obligation	$ -	$ -	$ 23,778

See accompanying notes to condensed financial statements.

TAMIR BIOTECHNOLOGY, INC.
(A Development Stage Company)

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed financial statements of Tamir Biotechnology, Inc. (formerly Alfacell Corporation) ("Tamir" or the "Company") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not contain all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited condensed interim financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly the Company's financial position as of January 31, 2011, the results of its operations for the three and six months ended January 31, 2011 and 2010, and the period from August 24, 1981 (date of inception) to January 31, 2011, the changes in stockholders' deficiency for the six months ended January 31, 2011, and its cash flows for the six month periods ended January 31, 2011 and 2010, and the period from August 24, 1981 (date of inception) to January 31, 2011. The results of operations for the three and six months ended January 31, 2011 are not necessarily indicative of operating results for fiscal year 2011 or future interim periods. The July 31, 2010 balance sheet presented herein has been derived from the audited financial statements included in the Company's annual report on Form 10-K for the fiscal year ended July 31, 2010 (the "Annual Report"), filed with the Securities and Exchange Commission.

Certain footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission. The unaudited condensed financial statements in this report should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report.

Financial instruments consist primarily of cash and cash equivalents, accounts payable and convertible debt. The carrying value of these financial instruments approximates fair value due to the relative short term nature of these investments and the carrying value of the convertible debt approximates their fair value due to recent issuance of convertible debt.

The Company is a development stage company as defined in the Accounting Standards Codification ("ASC") "Development Stage Entities." The Company is devoting substantially all of its present efforts to establishing its business. Its planned principal operations have not commenced and, accordingly, no significant revenue has been derived therefrom.

In February 2011, based upon the previously reported positive results of the in vivo studies performed at the National Institute of Allergy and Infectious Diseases for Yellow fever, Dengue fever, cytomegalovirus (CMV), SARS and human papillomavirus (HPV), the Company decided to focus its resources to further these studies. Therefore, the Company placed on hold the Phase II trial of ranpirnase (ONCONASE®) in patients suffering from non-small cell lung cancer. The Company continues to seek financing required to continue pursuing the development of ranpirnase.

The Company is continuing to develop its drug product candidates, which require substantial capital for research, product development, and market development activities. The Company has not yet initiated marketing of a commercial drug product. Future product development will require clinical testing, regulatory approval, and substantial additional investment prior to commercialization. The future success of the Company is dependent on its ability to make progress in the development of its drug product candidates and, ultimately, upon its ability to attain future profitable operations through the successful manufacturing and marketing of those drug product candidates. There can be no assurance that the Company will be able to obtain the necessary financing or regulatory approvals to be able to successfully develop, manufacture, and market its products, or attain successful future operations. Accordingly, the Company's future success is uncertain.

2. LIQUIDITY

The Company has reported net income of approximately $11,302,000 and $2,439,000 for the three and six months ended January 31, 2011, respectively due primarily to the change in fair value of derivative liability at January 31, 2011 and net losses of approximately $14,187,000 and $4,539,000 for the fiscal years ended July 31, 2010 and 2009, respectively. As of January 31, 2011, the Company had a working capital deficit of approximately $11,203,000 and cash and cash equivalents of approximately $710,000. The loss from date of inception, August 24, 1981, to January 31, 2011 amounts to approximately $120,680,000.

The Company expects that its cash balances, including approximately $274,000 in restricted cash intended to be used for future clinical trials as of January 31, 2011, will be sufficient to support its activities into its first fiscal quarter ending October 2011, based on its reduced level of operations. The Company's long-term continued operations will depend on its ability to raise additional funds through various potential sources such as equity and debt financing, convertible debentures, collaborative agreements, strategic alliances, sale of tax benefits, revenues from the commercial sale and named-patient basis sale of ONCONASE®, licensing of its proprietary RNase technology and its ability to realize revenues from its technology and its drug candidates via out-licensing agreements with other companies. The Company may pursue available strategic alternatives which focus on, but are not limited to, strategic partnership transactions. Such additional funds and various alternatives may not become available as the Company may need them or be available on terms acceptable to the Company, if at all. Insufficient funds could require the Company to delay, scale back, or eliminate one or more of its research and development programs or to out-license to third parties drug product candidates or technologies that the Company would otherwise seek to develop and commercialize without relinquishing its rights thereto. Unless and until the Company's operations generate significant revenues and cash flow, the Company will attempt to continue to fund operations from cash on hand and through the sources of capital described above. There can be no assurance that the Company will be able to raise the capital it needs on terms which are acceptable, if at all.

The report of the Company's independent registered public accounting firm on the Company's fiscal year ended July 31, 2010 financial statements expressed that there was substantial doubt about the Company's ability to continue as a going concern. Continued operations are dependent on the Company's ability to raise additional capital from various sources such as those described above. Such capital raising opportunities may not be available or may not be available on reasonable terms. The Company's financial statements do not include any adjustments that may result from the outcome of this uncertainty.

3. INCOME (LOSS) PER COMMON SHARE

The Company presents "basic" income (loss) per common share and, if applicable, "diluted" income per common share pursuant to the provisions of ASC "Earnings per Share". Basic income (loss) per common share is calculated by dividing net income or loss by the weighted average number of common shares outstanding during each period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is

increased to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares, such as those issuable upon the exercise of outstanding stock options and warrants and the conversion of outstanding convertible debentures were issued during the period and the treasury stock method had been applied to the proceeds from the exercise of the options and warrants and net income or loss was adjusted for interest on the convertible debentures.

As of January 31, 2011, there were potentially dilutive securities of stock options, warrants and convertible notes and accrued interest outstanding (see Notes 4 and 6 herein). However, diluted per share amount presented in the accompanying condensed statements of operations for the six months ended January 31, 2010 is the same as basic per common share amount because the Company has incurred a net loss for this period and the basic and diluted per common share amount is the same, since the inclusion of all potentially dilutive securities would be anti-dilutive. For the three months ended January 31, 2011 and 2010 and the six months ended January 31, 2011, the accompanying condensed statements of operations presented an income per basic common share and a loss per diluted common share after including interest expense related to convertible debentures and in-the-money potentially dilutive securities.

The following table sets forth the computation of basic and diluted net loss per common share:

Basic income (loss) per common share:	Three Months Ended January 31,		Six Months Ended January 31,	
	2011	2010	2011	2010
Numerator:				
Net income (loss)	$11,301,607	$3,041,069	$2,439,411	$(6,947,856)
Denominator:				
Basic weighted average number of common shares outstanding	47,323,880	47,313,880	47,320,728	47,313,880
Basic income (loss) per common share	$0.24	$0.06	$(0.05)	$(0.15)
Potentially dilutive securities:				
Stock options			3,424,867	3,624,267
Warrants			49,784,000	51,183,890
Convertible debt and accrued interest			23,043,833	21,666,664

Diluted loss per common share:	Three Months Ended January 31, 2011	2010	Six Months Ended January 31, 2011
Numerator:			
Net income	$11,301,607	$3,041,069	$2,439,411
Add: Interest expense on convertible notes	61,231	51,444	122,462
Deduct: Debt discount and fair value change on derivative security	(12,072,034)	(3,643,697)	(3,900,978)
Adjusted net loss	$(709,196)	$(551,184)	(1,339,105)
Denominator:			
Basic weighted average number of common shares outstanding	47,323,880	47,313,880	47,320,728
Add: Potentially dilutive securities			
Warrants	11,818,180	21,666,664	12,107,842
Convertible notes	23,043,831	21,666,664	23,043,831
Diluted weighted average number of common shares	82,185,891	90,647,208	82,472,401
Diluted loss per common share	$(0.01)	$(0.01)	$(0.02)

4. SHARE-BASED COMPENSATION

In December 2004, the Financial Accounting Standards Board ("FASB") issued amended guidance on accounting for "Stock Compensation". The amended guidance requires all share-based payments, including stock option grants to employees, to be recognized as an operating expense in the statement of operations. The expense is recognized over the requisite service period based on fair values measured on the date of grant. The Company adopted the amended guidance on Stock Compensation effective August 1, 2005 using the modified prospective method and, accordingly, prior period amounts have not been restated. Under the modified prospective method, the fair value of all new stock options issued after July 31, 2005 and the unamortized fair value of unvested outstanding stock options at August 1, 2005 are recognized as expense as services are rendered.

Shares, warrants and options have been issued to non-employees for services. The fair value of such securities is recorded as an expense and additional paid-in capital in stockholders' equity over the applicable service periods using variable accounting through the vesting date based on the fair value of the securities at the end of each period or the vesting date.

The Company recorded the following stock-based compensation expense based on the fair value of stock options:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2011	2010	2011	2010
Research and development	$-	$18,516	$-	$16,808
General and administrative	63,960	69,946	156,955	146,539
Total share-based compensation expense	$63,960	$88,462	$156,955	$163,347
Basic and diluted loss per common share	$0.00	$0.00	$0.00	$0.00

The fair value of the stock options at the grant dates was estimated using the Black-Scholes option pricing model based on the weighted-average assumptions as noted in the following table. The risk-free interest rate for periods approximating the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected stock price volatility is based on the historical volatility of the Company's stock price. For post July 31, 2005 grants, the expected term until exercise is derived using the "simplified" method as allowed under the

provisions of SAB 107 and SAB 110 and represents the period of time that options granted are expected to be outstanding. The “simplified” method was used since the Company does not have sufficient historical data to provide a basis to estimate a justifiable expected term. There were no stock options granted during the three months ended January 31, 2011 and 2010.

	Three Months Ended January 31,		Six Months Ended January 31,	
	2011	2010	2011	2010
Expected dividend yield	-	-	0 %	0 %
Risk-free interest rate	-	-	1.34 %	2.64 %
Expected stock price volatility	-	-	121.32 %	111.39 %
Expected term (years)	-	-	5.0	5.89
Weighted average grant date fair value	-	-	$0.34	$0.28

The following table summarizes the stock option activity for the period August 1, 2010 to January 31, 2011:

	Stock Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance August 1, 2010	3,535,467	$1.45	6.03	$25,000
Granted	90,000	0.34	5.00	
Exercised	(10,000)	0.26		$1,200
Expired	(190,600)	2.85		
Forfeited	—	-		
Balance January 31, 2011	3,424,867	$1.35	5.83	$0
Exercisable as of January 31, 2011	2,091,517	$1.20	4.70	$0

As of January 31, 2011, there was approximately $650,000 of total unrecognized compensation expense related to unvested options granted that is expected to be recognized over a weighted average period of 2.74 years.

5. RESTRICTED CASH

Restricted cash is an escrow account held by a bank which can only disburse funds to satisfy obligations of the Company owed to clinical research organizations, hospitals, doctors and other vendors and service providers associated with the clinical trials which the Company intends to conduct for its ONCONASE® product. The escrow agreement governing the account shall terminate on the earlier of the date that all funds have been disbursed from the escrow account or April 19, 2011, at which time any remaining funds will be disbursed to the Company.

6. CONVERTIBLE NOTES AND WARRANTS

As previously disclosed in the Company's Annual Report, the Company completed a sale of 65 units (the "Units") in a private placement (the "Offering") to certain investors pursuant to a securities purchase agreement (the "Securities Purchase Agreement"). Each Unit consists of (i) $50,000 principal amount of 5% Senior Secured Convertible Promissory Notes (collectively, the "Notes") convertible into shares of the Company's common stock, par value $.001 per share ("Common Stock"), (ii) Series A Common Stock Purchase Warrants (the "Series A Warrants") to purchase in the aggregate that number of shares of Common Stock initially issuable upon conversion of the aggregate amount of Notes issued as part of the Unit, at an exercise price of $0.15 per share with a three-year term and (iii) Series B Common Stock Purchase Warrants (the "Series B Warrants", together with the Series A Warrants, the "Warrants") to purchase in the aggregate that number of shares of Common Stock initially issuable upon conversion of the aggregate amount of Notes issued as part of the Unit, at an exercise price of $0.25 per share with a five-year term. The Offering closed on October 19, 2009 (the "Closing") and the Company received an aggregate of $3,250,000 in gross proceeds.

The Company accounts for the warrants and conversion options embedded in the Notes in accordance with ASC Topic 815, "Derivatives and Hedging". Accordingly, the Company determined that the warrants and the conversion options embedded in the Notes should be accounted for as free standing derivatives that will be measured at fair value and classified as liabilities at the closing of the Offering. Each subsequent reporting period, the Company will mark to market the warrants and conversion feature of Notes with any change in fair value recorded through the condensed statements of operations. This accounting treatment is due to the fact that the settlement terms of the warrants and conversion feature of the Notes do not allow them to qualify for equity presentation. Accordingly, on October 19, 2009, in connection with the closing of the Offering, the convertible feature of the Notes were recorded as a derivative liability of approximately $6.1 million and the Series A and Series B warrants were recorded as a derivative liability of approximately $6.1 million each, respectively.

At the closing for the Offering, the fair value of the conversion feature, approximately $6.1 million, exceeded the proceeds of $3.25 million. The difference of approximately $2.9 million was charged to expense as the change in the fair market value of the conversion liability. Accordingly, the Company recorded an initial discount of $3.25 million equal to the face value of the Notes, which will be amortized over the three-year term, using the straight-line method.

At January 31, 2011, the Company accounted for the conversion feature using the fair value method, with the resultant expense recognition recorded in the condensed statements of operations. The Company determined the fair value based on significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 815. At January 31, 2011, the fair value of the conversion feature liability was approximately $3.5 million, comprised of the $6.1 million recorded at the closing for the Offering and $2.6 million gain recorded to mark-to-market the liability through January 31, 2011. The conversion feature was valued at October 19, 2009 and January 31, 2011 using the Black-Scholes valuation model and the following assumptions:

	October 19, 2009	January 31, 2011
Volatility	126 %	120.07 %
Risk-free interest rate	1.50 %	0.58 %
Remaining contractual life (years)	3.0	1.72

At the Closing, the Company recorded the Series A and Series B warrants as liabilities at their fair values of approximately $6.1 million each, based upon the Black-Scholes valuation model. The warrants will be accounted for using mark-to-market accounting and charged to the condensed statements of operations in a manner similar to the

conversion feature at each reporting date.

At January 31, 2011, the Company accounted for the warrant liabilities using the fair value method, with the resultant expense recognition recorded in the condensed statements of operations. At January 31, 2011, the fair value of the Series A and Series B warrant liabilities were approximately $3.5 million and $4.1 million, respectively. The fair value of the Series A warrant is comprised of the $6.1 million recorded at the closing for the Offering and approximately $2.6 million gain recorded to mark to market the liability through January 31, 2011. The fair value of the Series B warrant is comprised of the $6.1 million recorded at the closing for the Offering and approximately $2 million gain recorded to mark-to-market the liability through January 31, 2011.

The Series A and Series B warrant liabilities were valued at October 19, 2009 and January 31, 2011 using the Black-Scholes valuation model and the following assumptions:

	Series A Warrants		Series B Warrants	
	October 19, 2009	January 31, 2011	October 19, 2009	January 31, 2011
Volatility	126 %	120.07 %	113.17 %	128.89 %
Risk-free interest rate	1.50 %	0.58 %	2.36 %	1.46 %
Remaining contractual life (years)	3.0	1.72	5.0	3.72

In addition, the Company evaluated the classification of all non-employee share commitments issued outside of the plans which existed prior to the Offering (the “Prior Non-Employee Commitments”). As a result, at October 19, 2009, the Company reclassified $747,235 from equity to liability for all Prior Non-Employee Commitments and has included this amount as a part of derivative liability. The Company marked to market the Prior Non-Employee Commitments at April 27, 2010 and recorded a gain of $611,085 for the change in fair value from October 19, 2009 to April 27, 2010. On April 27, 2010, the Company’s stockholders approved an amendment to the Company’s certificate of incorporation increasing the amount of authorized shares to cover all existing share commitments therefore, the marked-to-market liabilities for Prior Non-Employee Commitments were reclassified to equity in the amount of $136,150.

7. CAPITAL STOCK

In September 2010, the Company issued 90,000 five-year stock options to a consultant as payment for services rendered. The options vested immediately and had an exercise price of $0.34 per share. The total general and administrative expense recorded for these options was $25,380, based upon the fair value of such options on the date of issuance as estimated by the Black-Scholes options-pricing model.

In October 2010, the Company issued 10,000 shares of its common stock upon the exercise of stock options by an employee at a share exercise price of $0.26. The Company realized gross proceeds of $2,600 from this exercise.

In January 2011, the Company realized gross proceeds of $500,000 for common stock to be issued at $0.20 per share. The Company will issue 2,500,000 shares of its common stock and 2,500,000 five-year warrants with an exercise price of $0.50 per share.

8. REVENUE RECOGNITION

The Company recognizes revenue in accordance with SAB No. 104, “Revenue Recognition” issued by the staff of the SEC. Under SAB 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred and/or services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured.

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The Company enters into marketing and distribution agreements, which contain multiple deliverables. The Company evaluates whether these deliverables constitute separate units of accounting to which total arrangement consideration is allocated. A deliverable qualifies as a separate unit of accounting when the item delivered to the customer has standalone value, there is objective and reliable evidence of fair value of items that have not been delivered to the customer and if there is a general right of return for the items delivered to the customer, delivery or performance of the undelivered items is considered probable and substantially in the control of the Company. Arrangement consideration is allocated to units of accounting on a relative fair-value basis if the Company is unable to determine the fair value of all deliverables in the arrangement. Consideration allocated to a unit of accounting is limited to the amount that is not contingent upon future performance by the Company. Upon determination of separate units of accounting and allocated consideration, the general criteria for revenue recognition is applied to each unit of accounting.

In January 2008, the Company entered into a U.S. License Agreement for ONCONASE® with Par Pharmaceutical, Inc. ("Par"). Under the terms of the License Agreement, Strativa Pharmaceuticals ("Strativa"), the proprietary products division of Par, received exclusive marketing, sales and distribution rights to ONCONASE® for the treatment of cancer in the United States and its territories. The Company retained all rights and obligations for product manufacturing, clinical development and obtaining regulatory approvals, as well as all rights for those non-U.S. jurisdictions in which the Company has not currently granted any such rights or obligations to third parties. The Company received a cash payment of $5 million upon the signing of the License Agreement.

On September 8, 2009, the Company and Par entered into a Termination and Mutual Release Agreement (the "Termination Agreement") pursuant to which the Company's License Agreement and Supply Agreement with Par were terminated. The License Agreement was terminated and all rights under the license granted to Par reverted back to the Company under the Termination Agreement. Under the Supply Agreement, the Company had agreed to supply all of Par's requirements for ONCONASE®. Pursuant to the Termination Agreement, Par will be entitled to a royalty of 2% of net sales of ONCONASE® or any other ranpirnase product developed by the Company for use in the treatment of cancer in the United States and its territories commencing with the first sale of such product and terminating upon the later to occur of the twelfth anniversary of the first sale and the date of expiration of the last valid claim of a pending application or issued patent owned or controlled by the Company with respect to such product.

The Company has evaluated both the License Agreement and the Termination Agreement and has determined that the Company is obligated to provide royalty payments in the event the Company has net sales. As such, as of January 31, 2011, the Company has not recognized into income any of the $5 million upfront payment received under the License Agreement.

9. COMMITMENTS

Employment and Retirement Agreements

There have been no material changes with respect to the Company's employment and retirement agreements as disclosed in the "Notes to the Financial Statements – Commitments" in the Company's Annual Report.

Lease Commitments

There have been no material changes with respect to the Company's operating leases as disclosed in the "Notes to the Financial Statements – Commitments" in the Company's Annual Report.

10. CONTINGENCIES

Except for the disclosure below, there have been no material changes with respect to the Company's contingencies as disclosed in the "Notes to the Financial Statements – Contingencies" in the Company's Annual Report.

In February 2011, the Company terminated its contract with the clinical research organization ("CRO") upon the Company's decision to suspend the Phase II non-small cell lung trial. No termination fees were paid to the CRO.

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

The following discussion of our financial condition and results of operations should be read together with our financial statements and notes to those statements included in Item 8 of Part II of our Annual Report and our financial statements for the three and six month periods ended January 31, 2011 included elsewhere in this report.

Overview

We are a biopharmaceutical company engaged in the research, development, and commercialization of drugs for life threatening-diseases, such as malignant mesothelioma and other cancers. Our corporate strategy is to become a leader in the discovery, development, and commercialization of novel ribonuclease (RNase) therapeutics for cancer and other life-threatening diseases. To date, we have three full-time employees who conducted all administrative and research and development operations at our facility in Monmouth Junction, New Jersey.

We are a development stage company as defined in the Accounting Standards Codification ("ASC") Topic 915, "Development Stage Entities". We are devoting substantially all of our present efforts to establishing a new business and developing new drug products. Our planned principal operations of marketing and/or licensing new drugs have not commenced and, accordingly, we have not derived any significant revenue from these operations.

Since our inception in 1981, we have devoted the vast majority of our resources to the research and development of ONCONASE®, our lead drug candidate, as well as other related drug candidates. In recent years we have focused our resources towards the completion of the clinical program for ONCONASE® in patients suffering from unresectable, or inoperable, malignant mesothelioma ("UMM"). We have incurred losses since inception and we have not received Food and Drug Administration ("FDA") approval of any of our drug candidates. We expect to continue to incur losses for the foreseeable future as we continue our research and development activities, which may include the sponsorship of human clinical trials for our drug candidates. Until we are able to consistently generate revenue through the sale of products, we anticipate that we will be required to fund the development of our pre-clinical compounds and drug product candidates primarily by other means, including, but not limited to, licensing the development or marketing rights to some of our drug candidates to third parties, collaborating with third parties to develop our drug candidates, or selling Company issued securities.

Almost all of the $73.7 million of research and development expenses we have incurred since our inception has gone toward the development of ONCONASE® and related drug candidates. For the three and six months ended January 31, 2011 and for fiscal years ended July 31, 2010 and 2009, our research and development expenses were approximately $0.4 million, $0.6 million, $0.5 million and $3.3 million, respectively, almost all of which were used for the development of ONCONASE® and related drug candidates. We cannot predict with certainty what our total cost associated with obtaining marketing approvals will be, and we are unable to predict when and if such approvals will be granted, or if and when actual sales will occur.

As previously disclosed, we had an agreement with the National Institute of Allergy and Infectious Diseases (NIAID) to screen our compounds (ONCONASE®, P31, rAmphinase 2) for its potential anti-viral activity. In July 2010, scientists supported by NIAID reported positive in vitro results after testing our compounds for Dengue fever and Yellow fever. According to the scientists supported by NIAID, these results have rarely been seen before. Currently there is no therapy available to treat Dengue and Yellow fever post-infection. Further in vitro studies for the Severe Acute Respiratory Syndrome (SARS) virus, and Cytomegalovirus (CMV), have also yielded positive results. In the case of CMV, a virus that is a member of the herpesvirus family, our compounds were compared to Ganciclovir, a drug marketed by Roche. Results confirmed that two of our compounds were between three and eleven times more potent than Ganciclovir in a head-to-head comparison. Moreover, our compounds did not display the level of toxicity inherent with any of the drugs approved by the FDA for CMV disease. None of the approved drugs for this indication

are well tolerated by patients. In 2008, the market for CMV drugs was $600 million with Ganciclovir controlling over 90% of the market. Industry observers estimate that sales for CMV disease would top one billion dollars if there were a drug available that was both safe and effective. Based upon the results of the in vivo studies conducted to date, we anticipate starting in vivo studies for Yellow fever in the late first calendar quarter of 2011. Subject to the availability of funding, studies for Dengue fever, CMV and HPV are anticipated to commence in the second calendar quarter of 2011.

As previously reported, we sent four of our compounds (ONCONASE®, P31, rAmphinase 2, natural Amphinase 3) to the National Cancer Institute (NCI) for their sixty cell line screening study. The results of the one dose screening study performed at NCI resulted in positive anti-cancer activity across several different cancer cell lines tested. Due to the one dose positive results, NCI recommended further screening of our compounds at five different dose levels. NCI reported the results of the sixty cell line screening at five different dose levels. These results were quite positive, and our compounds were recommended for further pre-clinical and clinical evaluation. We have initiated discussions with NCI and are currently seeking support for further pre-clinical and clinical development of our compounds.

In February 2011, based upon the previously reported positive results of the in vivo studies performed at the NIAID for Yellow fever, Dengue fever, CMV, SARS and HPV, we decided to focus our resources to further these studies. Therefore, we placed on hold the Phase II trial of ranpirnase (ONCONASE®) in patients suffering from non-small cell lung cancer. We continue to seek financing required to allow us to continue pursuing the development of ranpirnase.

We fund the research and development of our products primarily from cash receipts resulting from the sale of our equity securities and convertible debentures in registered offerings and private placements. Additionally, we have raised capital through other debt financings, the sale of our tax benefit and research credits, interest income and financing received from Kuslima Shogen, our former Chief Executive Officer. Our current cash reserves will be used to fund our clinical and pre-clinical research and development efforts for ranpirnase. The most significant expenses will be incurred for the currently anticipated in vivo studies for Yellow fever, Dengue fever, CMV and HPV. Additional expenses are also expected to be incurred as we continue to move our drug product candidates towards the next phase of clinical and pre-clinical development.

We have incurred losses since inception and, to date, we have generated only small amounts of capital from marketing and distribution agreements for ONCONASE®. Our audited financial statements for the fiscal year ended July 31, 2010, were prepared under the assumption that we will continue our operations as a going concern. We were incorporated in 1981 and have a history of losses and negative cash flows from operating activities. As a result, our independent registered public accounting firm in their audit report has expressed that there was substantial doubt about our ability to continue as a going concern. Continued operations are dependent on our ability to raise additional capital from various sources such as those described above. Such capital raising opportunities may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty.

We may seek to satisfy future funding requirements through public or private offerings of securities or with collaborative or other arrangements with corporate partners. Additional financing or strategic transactions may not be available when needed or on terms acceptable to us, if at all. If adequate financing is not available, we may be required to delay, scale back, or eliminate certain of our research and development programs, relinquish rights to certain of our technologies, drugs or products, or license third parties to commercialize products or technologies that we would otherwise seek to develop ourselves.

Liquidity and Capital Resources

We have reported cumulative net losses of approximately $18.7 million for the two most recent fiscal years ended July 31, 2010. The net losses from date of inception, August 24, 1981 to January 31, 2011 amount to approximately $120.7 million. As of January 31, 2011, we have a working capital deficit of approximately $11.2 million.

We have financed our operations since inception primarily through the sale of our equity securities and convertible debentures in registered offerings and private placements. Additionally, we have raised capital through other debt financings, the sale of our state tax benefit and research products, and investment income and financing received from Kuslima Shogen, our former Chief Executive Officer. As of January 31, 2011, we had approximately $0.7 million in cash and cash equivalents. We currently believe that our cash reserves, including the approximately $0.3 million restricted cash intended for future clinical trials, can support our activities into our first fiscal quarter ending October 2011, based upon our reduced operations.

The use of our cash will be to fund our clinical and pre-clinical research and development efforts for ranpirnase. The most significant expenses will be incurred for the currently anticipated in vivo studies for Yellow fever, Dengue fever, CMV and HPV. Additional expenses are also expected to be incurred as we continue to move our drug product candidates towards the next phase of clinical and pre-clinical development. We will need to obtain additional financing in order to continue our operations. Given current market conditions, it may be very difficult, if not impossible, to obtain such financing. In order to continue our operations we will need to pursue strategic alternatives for the further development of ONCONASE®.

The report of our independent registered public accounting firm on our fiscal year ended July 31, 2010 financial statements expressed that there was substantial doubt about our ability to continue as a going concern. Continued operations are dependent on our ability to raise additional capital from various sources such as those described above. Such capital raising opportunities may not be available or may not be available on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty.

Results of Operations

Three month periods ended January 31, 2011 and 2010

We focus most of our productive and financial resources on the development of ONCONASE® and as such we did not have any material sales in the three month periods ended January 31, 2011 and 2010.

Research and development expense for the three month period ended January 31, 2011 was approximately $0.4 million compared to approximately $0.1 million for the same period in 2010, an increase of approximately $0.3 million. The increase was primarily related to the initiation and thereafter, suspension of the Phase II clinical trial of ONCONASE® for the treatment of non-small cell lung cancer.

General and administrative expense for the three month period ended January 31, 2011 was approximately $0.3 million compared to approximately $0.4 million for the same period in 2010, a decrease of approximately $0.1 million, or 34%. This decrease was primarily due to decreased professional fees and other general administrative expenses.

Interest expense for the three month period ended January 31, 2011 decreased by approximately $8.4 million compared to the same period last year. This decrease was directly due to the beneficial conversion feature of the convertible debenture and warrants we issued in October 2009 and the original recognition of and the change in valuation of the derivative liability.

The net income for the three month period ended January 31, 2011 was approximately $11.3 million as compared to $3.0 million income for the same period last year, an increase of approximately $8.3 million. The net income was due to the change in fair value of derivative liability at January 31, 2011.

Six month periods ended January 31, 2011 and 2010

We focus most of our productive and financial resources on the development of ONCONASE® and as such we did not have any material sales in the six month periods ended January 31, 2011 and 2010.

Research and development expense for the six month period ended January 31, 2011 was approximately $0.6 million compared to approximately $0.3 million for the same period in 2010, an increase of approximately $0.3 million. The increase was primarily related to the initiation and thereafter, suspension of the Phase II clinical trial of ONCONASE® for the treatment of non-small cell lung cancer.

General and administrative expense for the six month period ended January 31, 2011 was approximately $0.7 million compared to $0.8 million for the same period in 2010, a decrease of $0.1, or 16%. This decrease was primarily due to decreased professional fees and other general administrative expenses.

Interest expense for the six month period ended January 31, 2011 decreased by approximately $9.6 million compared to the same period last year. This decrease was directly due to the beneficial conversion feature of the convertible debenture and warrants we issued in October 2009 and the original recognition of and the change in valuation of the derivative liability.

The net income for the six month period ended January 31, 2011 was approximately $2.4 million as compared to the net loss of approximately $6.9 million for the same period last year, an increase of $9.3 million. The increase was due to the change in fair value of derivative liability at January 31, 2011. The cumulative loss from the date of inception, August 24, 1981 to January 31, 2011, amounted to $120.7 million. We have incurred net losses during each year since our inception. Such losses are attributable to the fact that we are still in the development stage and, accordingly, have not derived sufficient revenues from operations to offset our development stage expenses.

Off-balance Sheet Arrangements

We have no off-balance sheet debt, no exposure to off-balance sheet arrangements, no special purpose entities, nor activities that include non-exchange-traded contracts accounted for at fair value as of January 31, 2011.

Contractual Obligations and Commercial Commitments

There have been no material changes with respect to our operating leases as disclosed in the “Notes to the Financial Statements – Commitments” in the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.

Critical Accounting Policies and Estimates

Critical accounting policies are those that involve subjective or complex judgments, often as a result of the need to make estimates. The following areas all require the use of judgments and estimates: research and development expenses, accounting for stock-based compensation, accounting for warrants issued with convertible debt and deferred income taxes. Estimates in each of these areas are based on historical experience and various assumptions that we believe are appropriate. Actual results may differ from these estimates. Our accounting practices are discussed in more detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 of "Notes to Financial Statements" in our Annual Report.

Recently Issued Accounting Standards

In October 2009, FASB issued amended guidance for separating consideration in multiple-deliverable arrangements. It eliminates the requirement under previous guidance that all undelivered elements have vendor-specific objective evidence (VSOE) or third-party evidence (TPE) of fair value before recognizing a portion of revenue related to the delivered items, and establishes that revenue be allocated to each element based on its relative selling price, as determined by VSOE, TPE, or the entity's estimated selling price if neither of the aforementioned is available. Additionally, the amended guidance eliminates the residual method of allocation and expands required disclosures about multiple-element revenue arrangements. It will be effective prospectively for revenue arrangements entered into beginning January 1, 2011, with early adoption permitted. We adopted this guidance and it did not have a material impact on our financial statements.

In January 2010, the FASB issued a new guidance, "Improving Disclosures about Fair Value Measurements" (ASU 2010-06). This provision amends previous provisions that require reporting entities to make new disclosures about recurring and nonrecurring fair value measurements including the amounts of and reasons for significant transfers into and out of Level 1 and Level 2 fair value measurements and separate disclosure of purchases, sales, issuances, and settlements in the reconciliation of Level 3 fair value measurements. This guidance is effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for fiscal years, and interim periods within those fiscal years beginning after December 15, 2010. The adoption of this guidance did not have a material impact on our results of operations or financial condition.

In April 2010, the FASB issued a new guidance "Revenue Recognition – Milestone Method". This provision provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. A vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. The following criteria must be met for a milestone to be considered substantive. The consideration earned by achieving the milestone should 1) be commensurate with either the level of effort required to achieve the milestone or the enhancement of the value of the item delivered as a result of a specific outcome resulting from the vendor's performance to achieve the milestone; 2) related solely to past performance; 3) be reasonable relative to all deliverables and payment terms in the arrangement. No bifurcation of an individual milestone is allowed and there can be more than one milestone in an arrangement. Accordingly, an arrangement may contain both substantive and non substantive milestones. This guidance is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The adoption of this guidance did not have a material impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of January 31, 2011, we were exposed to market risks, primarily changes in U.S. interest rates. As of January 31, 2011, we held total cash and cash equivalents of approximately $0.7 million. All cash equivalents have a maturity less than 90 days. Declines in interest rates over time would reduce our interest income from our investments. Based upon our cash and cash equivalents balance as of January 31, 2011, a market interest rate decrease of 1% would have minimal to no impact on the carrying value of our cash and cash equivalents.

Item 4. Controls And Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("the Exchange Act")) as of January 31, 2011, the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission including without limitation, controls and procedures that are designed to ensure that the information required to be disclosed in reports by us that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, as appropriate to allow timely discussion regarding required disclosures.

(b) Changes in internal controls.

There have been no changes in our internal control over financial reporting during the quarter ended January 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting subsequent to the date of the evaluation referred to above.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes with respect to the Company's Legal Proceedings as disclosed in "Item 3. Legal Proceedings" in the Company's Annual Report.

Item 1A. Risk Factors

Not Applicable

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

(a) Recent Sales of Unregistered Securities

None.

(b) Purchases of Equity Securities by Issuer and Affiliated Purchasers

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Reserved

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits (numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Item Title
3.1	Certificate of Amendment to the Certificate of Incorporation of the Company, dated April 27, 2010 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, filed on April 30, 2010) *
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Previously filed; incorporated herein by reference.

SIGNATURE PAGE

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

TAMIR BIOTECHNOLOGY, INC.
(Registrant)

March 22, 2011	By:	/s/Charles Muniz
	Name:	Charles Muniz
	Title:	Chief Executive Officer, President and Chief Financial Officer (Principal Executive Officer, Principal Accounting Officer and Principal Financial Officer)