

MEDICAL DISCOVERIES INC

Form 10QSB

May 15, 2002

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-QSB**

(Mark One)

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

For the quarterly period ended  
March 31, 2002 **TRANSITION**  
**REPORT UNDER SECTION 13 OR**  
**15(d) OF THE EXCHANGE ACT**  
For the transition period  
from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-12627

**MEDICAL DISCOVERIES, INC.**

(Exact name of Small Business Issuer as specified in its charter)

Utah

87-0407858

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

738 Aspenwood Lane, Twin Falls, Idaho 83301

(Address of principal executive offices)

(208) 736-1799

(Issuer's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

**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: As of May 3, 2002, there were 35,525,786 shares of the issuer's Common Stock outstanding.

Transitional Small Business Disclosure Format (check one): Yes No



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**PART I  
FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

The following financial statements are filed with this report:

Condensed Consolidated Balance Sheet as of March 31, 2002, (unaudited) and December 31, 2001

Condensed Consolidated Statements of Operations for the three-month periods ended March 31, 2002 (unaudited) and March 31, 2001 (unaudited) and cumulative amounts since inception through March 31, 2002 (unaudited)

Condensed Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2002 (unaudited) and March 31, 2001 (unaudited) and cumulative amounts since inception through March 31, 2002 (unaudited)

Notes to Unaudited Financial Statements

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MEDICAL DISCOVERIES, INC. AND SUBSIDIARIES  
 (A DEVELOPMENT STAGE COMPANY)  
 CONDENSED CONSOLIDATED BALANCE SHEET  
 As of March 31, 2002 (Unaudited) and December 31, 2001

	<u>March 31,</u> 2002	<u>December 31,</u> 2001
<b>Current assets</b>		
Cash		
\$(5,993) \$2,481		
Current portion of deferred charges		
48,306 48,305		
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Total current assets		
42,313 50,786		
Equipment, at cost, net of accumulated depreciation		
286 679		
Deferred charges, less current portion		
48,304 60,381		
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Total assets		
\$90,903 \$111,846		
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<b>Current liabilities</b>		
Accounts payable		
\$1,915,800 \$1,832,340		
Accrued interest		
301,961 279,860		
Current portion of notes payable		
477,717 477,717		
Convertible notes payable		
848,201 743,200		
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Total current liabilities  
3,543,679 3,333,117  
Stockholders deficit

Escrow receivable  
(227,300) (227,300)

Additional paid in capital  
244,367 159,405

Common stock, no par value,  
authorized 100,000,000 shares;  
34,706,917 shares issued and  
outstanding at March 31, 2002 and  
December 31, 2001

10,797,526 10,797,526

Accumulated deficit  
(14,267,369) (13,950,902)

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Total stockholders deficit  
(3,452,776) (3,221,271)

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\$90,903 \$111,846

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See notes to consolidated financial statements

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MEDICAL DISCOVERIES, INC. AND SUBSIDIARIES  
 (A DEVELOPMENT STAGE COMPANY)  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 For the Periods Ended March 31, 2002 and March 31, 2001, and Cumulative Amounts (Unaudited)

	For the Three Months Ended March 31,		Cumulative Amounts  Since November 20, 1991 (Date of Inception)
	2002	2001	
Revenues	\$	\$	\$ 134,104
Cost of goods sold			
10,526			
Gross profit			
123,578			
Research and development expenses			
2,521,741			
Inventory writedown			
96,859			
Impairment loss			
9,709			
License			
1,001,500			
General and administrative expenses			
294,362 85,365 9,657,017			
Operating loss			
(294,362) (85,365) (13,163,248)			
Other income (expense)			
Interest income			
23,406			
Other income			
268,926			
Interest expense			
(22,105) (44,185) (443,916)			



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(22,105) (44,185) (151,584)  
Loss before income taxes and extraordinary item  
(316,467) (129,550) (13,314,832)  
Income taxes  
  
Forgiveness of debt net of \$0 income taxes  
1,235,536

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Net loss available to shareholders  
\$(316,467) \$(129,550) \$(12,079,296)

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Net loss per share  
  
Continuing operations  
\$(0.01) \$(0.00) \$(0.61)  
Extraordinary item  
0.06

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Net loss per share  
\$(0.01) \$(0.00) \$(0.55)

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Weighted average shares outstanding  
34,706,917 32,075,421 21,888,589

See notes to consolidated financial statements

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MEDICAL DISCOVERIES, INC. AND SUBSIDIARIES  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,		Cumulative Amounts Since November 20, 1991 (Date of Inception)
	2002	2001	
<b>Cash flows from operating activities</b>			
Net loss			
	\$(316,467)	\$(129,550)	\$(12,867,792)
Adjustments to reconcile net loss to net cash used by operating activities			
Common stock options issued for services	84,962	2,801,257	
Common stock issued for services, expenses, and litigation		3,825,585	
Reduction of escrow receivable from research and development		272,700	
Reduction of legal costs		(130,000)	
Notes payable issued for litigation		385,000	
Depreciation	393	1,329	99,985
Write-off of subscription receivables		112,500	
Impairment loss on assets		9,709	
Loss on disposal of equipment		30,364	
Gain on debt restructuring		(1,235,536)	
Write-off of receivables		193,965	
Changes in assets and liabilities			
Deferred charges	12,076	(96,610)	
Accounts receivable		(7,529)	
Inventory			
Other assets			
Accounts payable	83,460	(4,601)	1,759,891
Accrued expenses	22,101	44,185	323,442

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Net cash used by operating activities  
 (113,475) (88,637) (4,523,069)  
 Cash flows from investing activities

Purchase of equipment  
 (132,184)  
 Payments received on note receivable  
 130,000

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Net cash used by investing activities  
 (2,184)  
 Cash flows from financing activities

Contributed equity  
 131,374  
 Issuance of common stock  
 3,354,359  
 Payments on notes payable  
 (25,000) (206,287)  
 Proceeds from notes payable  
 130,000 916,613  
 Payments on convertible notes payable  
 (98,500)  
 Proceeds from convertible notes payable  
 105,001 421,701

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Net cash provided by financing activities  
 105,001 105,000 4,519,260

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Net increase (decrease) in cash  
 (8,474) 16,363 (5,993)

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Cash, beginning of period  
2,481 19,781

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Cash, end of period  
\$(5,993) \$36,144 \$(5,993)

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See notes to consolidated financial statements

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**MEDICAL DISCOVERIES, INC. AND SUBSIDIARIES  
(A Development Stage Company)  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
March 31, 2002**

**Note 1. Unaudited Interim Financial Statements.**

The accompanying unaudited financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary to a fair presentation of these financial statements have been included. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 2001 Annual Report on Form 10-KSB for the year ended December 31, 2001, as filed with the Securities and Exchange Commission. Certain reclassifications and other corrections for rounding have been made in prior period financial statements to conform to the current period presentation. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation.

**Note 2. Going Concern Considerations.**

The Company's recurring losses from the Company's development-stage activities in current and prior years raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible effects on the recoverability and classification of assets or amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern. The Company is attempting to raise additional capital to sustain operations. However, there can be no assurance that these plans will be successful.

**Note 3. Commitment Regarding Peregrine Stock.**

Peregrine Properties, LLC, a Utah limited liability company (Peregrine), has entered into an agreement to provide \$500,000 to the Company to fund testing and research steps necessary to continue development of MDI-P. The studies are funded through an escrow agent. As of December 31, 2000, the Company had deposited in escrow a single certificate for 5.5 million shares of common stock for these purposes. Through March 31, 2002, Peregrine had funded \$275,800 to the escrow, of which \$272,700 had been disbursed and recorded as research and development expense on the financial statements of the Company. The remaining \$227,300 to be expended under the agreement has been recorded on the balance sheet in equity under the caption escrow receivable. As expenditures are made from the escrow for research and development, the expenses are recorded on the books of the Company with a corresponding reduction in the escrow receivable. Under the original agreement, upon completion of the studies, the escrow agent was to disburse the 5.5 million shares to Peregrine and to disburse the research results to the Company. On March 22, 2002, the parties entered into an agreement the result of which was to partially close the escrow agreement to the extent of Peregrine's funding to date. On that date, 3,143,800 shares were distributed to Peregrine and all research conducted to date was disbursed to the Company. Additional research is ongoing, which will be funded by the remaining commitment from Peregrine.

**Note 4. Settlement of Harvest Dispute.**

As of November 14, 2001, the Company settled its ongoing dispute with Harvest Group, L.L.C. (Harvest). The settlement provides for the Company to deliver to Harvest a non-interest bearing, convertible promissory note (the Note) in the principal sum of \$500,000 due on July 8, 2002 (the Due Date) in full satisfaction of all current amounts owing on loans from Harvest and all of Harvest's other claims against the Company. Under the terms of the Note, Harvest's only recourse if the Company does not satisfy the Note in full by the Due Date is to convert the unpaid principal amount to unregistered shares of common stock of the Company.

Upon the expiration of the Due Date, the principal sum outstanding shall automatically convert to a number of shares of the Company's common stock equal to a percentage of the total number of shares then issued and outstanding, on

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a fully-diluted basis (including any unexercised, outstanding stock options or other rights to acquire stock), as follows:

	Principal Sum Outstanding	Percentage of Common Stock Issued and Outstanding
\$1	400,000	20%
\$400,001	450,000	
	25%	
\$450,001	500,000	
	30%	

For example, if, as of the Due Date, the Company has 33,000,000 shares of common stock issued and outstanding, 2,000,000 options outstanding and not yet exercised, and the principal sum of \$410,000 remains unpaid as of the expiration of the Due Date, the Note will convert to 8,750,000 (.25 x 35,000,000) shares of common stock of the Company. Notwithstanding the automatic conversion provisions, Harvest may, in its sole and absolute discretion, suspend the automatic conversion of the Note beyond the Due Date by providing written notice to the Company of such election no fewer than thirty (30) days prior to the Due Date. If Harvest suspends the conversion of the Note, the conversion shall remain suspended indefinitely unless and until Harvest elects to convert the Note by giving the Company at least thirty (30) days prior written notice of such election. During any such period of suspension of the automatic conversion of the Note, the Company may pay the principal sum due hereunder in whole or in part.

The Note has been recorded under current liabilities convertible notes payable on the balance sheet.

**Note 5. Euronet International Advisory Agreement.**

On March 26, 2002, the Company entered into an Advisory Agreement with Euronet International, Inc., a New York City-based business and financial advisory firm. Under the terms of the agreement, Euronet International will seek to initiate a private placement of MDI stock to raise up to \$10 million. While details of the private placement have not been finalized, the parties anticipate a preferred stock offering to accredited investors. The Company will need to secure shareholder approval to amend its articles of incorporation before the Company can offer preferred stock. The primary usage of proceeds from the offering will be to retire debt owing to former joint venture partner Harvest Group L.L.C., and to pursue an application with the FDA regarding MDI-P.

The Advisory Agreement has a 12-month term, subject to early termination by the Company if certain milestones are not satisfied. As of April 25, 2002, Euronet missed the first milestone. The Company, therefore, has the right to terminate the Advisory Agreement. However, to date the Company has not terminated the Advisory Agreement.

Under the Advisory Agreement, Euronet is entitled to the following compensation: (i) an initial retainer fee of 360,000 shares of common stock of the Company; (ii) a monthly retainer fee of \$6,000 per month for the term of the agreement; (iii) 4.9% of the issued and outstanding shares of common and preferred stock (if any) of the Company following the closing of a transaction generating proceeds to the Company of \$1 million or more; (iv) a warrant to purchase common stock of the company equal to 10% of any investment of \$1 million or more, exercisable for 5 years, with an exercise price equal to 120% of the price paid by investors; (v) 4% of gross proceeds received in the first year from specified strategic relationships established by Euronet between the Company and third parties, 2% of which is payable in cash and 2% of which is payable in common stock warrants exercisable within 3 years with an exercise price equal to 120% of the market price on the date of issuance.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The purpose of this section is to discuss and analyze the Company's consolidated financial condition, liquidity and capital resources, and results of operations. This analysis should be read in conjunction with the financial statements and notes thereto at pages 2 through 7 and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001 (the 2001 10-KSB).

This section contains certain forward-looking statements that involve risks and uncertainties, including statements regarding the Company's plans, objectives, goals, strategies and financial performance. The Company's actual results could differ materially from the results anticipated in these forward-looking statements as a result of factors set forth under Cautionary Statement for Forward-Looking Information below and

elsewhere in this report.



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### **Overview**

Medical Discoveries, Inc. (the Company or MDI ) has developed a product (hereafter MDI-P ) that appears to have the ability to destroy certain viruses, bacteria and fungi, including the HIV virus. MDI-P may also have the ability to kill other infectious agents, possibly including pathogenic fungi and parasites. MDI-P may possibly be used as a sterilizing agent for medical and dental instruments. MDI-P may also potentially be used to remove or inactivate infectious agents in human and animal blood-derived products such as plasma and gamma globulin.

MDI-P is produced by the electrolysis of saline, using a patented instrument with proprietary electrodes. This solution has a significant oxidation reduction potential due to a mixture of oxidative products resulting from electrolysis.

Electrolysis is the method whereby a certain type of electric current is passed through a chemical solution. The electrical current causes the chemicals in the saline solution to alter, producing a variety of chemical compounds, such as ozone and hypochlorous acid. Different electrical currents produce different concentrations of these and related chemicals. In published scientific literature, electrolyzed saline solutions have been shown to have an intense anti-microbial effect.

The Company is committed to its pursuit of establishing MDI-P as an effective anti-bacterial, anti-viral and anti-fungal pharmaceutical for in-vitro and in-vivo applications and to developing MDI-P as an effective liquid chemical sterilant for a variety of applications.

MDI is a development stage company. To date, the Company has not generated significant revenues from operations or realized a profit. The Company is presently investing all of its resources in the testing, development and commercialization of MDI-P and its other technologies. The Company is attempting to raise additional funding to continue development of its technologies and to submit its technologies to appropriate regulatory agencies to secure approvals when required for the marketing and use of its products.

### **Recent Events**

**Euronet International Advisory Agreement.** On March 26, 2002, the Company entered into an Advisory Agreement with Euronet International, Inc., a New York City-based business and financial advisory firm. Under the terms of the agreement, Euronet International will seek to initiate a private placement of MDI stock to raise up to \$10 million. While details of the private placement have not been finalized, the parties anticipate a preferred stock offering to accredited investors. The Company will need to secure shareholder approval to amend its articles of incorporation before the Company can offer preferred stock. The primary usage of proceeds from the offering will be to retire debt owing to former joint venture partner Harvest Group L.L.C., and to pursue an application with the FDA regarding MDI-P. The Advisory Agreement is attached as Exhibit 10.3.

**Favorable Toxicity Test Results.** In January, 2002, the Company received the results of toxicity tests, completed in 2001 by WIL Research Laboratories, demonstrating that MDI-P produced no systemic toxicity in laboratory animal tests used to assess potential problems for human application. These studies were conducted following FDA guidelines and have helped establish that MDI-P is reasonably safe for human phase I and phase II clinical trials.

### **Results of Operations**

**Revenues and Gross Profit.** The Company booked no revenue for the quarter ended March 31, 2002, nor was any revenue booked for the quarter ended March 31, 2001. The Company does not anticipate booking significant revenues in the near future as it continues to focus on getting products to market.

**Operating Expenses and Operating Loss.** The Company did not spend any funds on research and development for the quarter ended March 31, 2002, nor were any such funds expended during the same quarter of 2001. The Company's general and administrative expenses were \$294,362 during the first quarter of 2002, as compared to \$85,365 during the quarter ended March 31, 2001. This increase was due primarily to an expense associated with stock options granted to the Company's CEO. As a result of the foregoing, the Company sustained an operating loss

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of \$294,362 for the quarter ended March 31, 2002, as compared with an operating loss of \$85,365 for the same period of 2001.

**Other Income/Expense and Net Loss.** The Company incurred interest expenses of \$22,105 for the quarter ended March 31, 2002, as compared with \$44,185 in such expenses for the same period of 2001. The decrease in interest expense reflects the election by several of the Company's noteholders to convert their notes to common stock of the Company. In sum, the Company's net loss for the first quarter of 2002 was \$316,467 or a loss of less than \$0.01 per fully diluted share. For the quarter ended March 31, 2001, the Company sustained a net loss of \$129,550, also a loss of less than \$0.01 per fully diluted share.

**Future Expectations.** Management expects the Company will operate at a loss for several more years while it continues to study, gain regulatory approval of and commercialize its technologies. If the Company is successful in raising additional capital, the Company will likely spend more during the remainder of 2002 in research and development and general and administrative expenses, and thereby sustain greater resulting losses, than it has in recent years.

**Liquidity and Capital Resources**

The Company will require significant additional funding to continue to develop, research and seek regulatory approval of its technologies. In addition, the Company cannot survive, even in the near term, without immediate additional funding for operations. The Company does not currently generate any cash from operations and has no credit facilities in place or available. Currently, the Company is funding operations through short-term loans from shareholders and others.

Management is seeking to raise substantial additional funds in private stock offerings in order to meet its near-term and long-term funding requirements. While management is optimistic that it can raise such funds, the Company has not always been successful in doing so in recent years. Given that the Company is still in an early development stage and does not have revenues from operations, raising equity financing is difficult. In addition, any additional equity financing will have a substantial dilutive effect to the Company's current shareholders.

**Cautionary Statement for Forward Looking Information**

Certain information set forth in this report contains forward-looking statements within the meaning of federal securities laws. Forward looking statements include statements concerning plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, and financing needs of the Company and other information that is not historical information. When used in this report, the words estimates, expects, anticipates, forecasts, plans, intends, believes and variations of such words or similar expressions are intended to identify forward-looking statements. Additional forward-looking statements may be made by the Company from time to time. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are also expressly qualified by these cautionary statements.

The Company's forward-looking statements are based upon the Company's current expectations and various assumptions. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties, but there can be no assurance that management's expectations, beliefs and projections will result or be achieved or accomplished. The Company's forward-looking statements apply only as of the date made. The Company undertakes no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

There are a number of risks and uncertainties that could cause actual results to differ materially from those set forth in, contemplated by or underlying the forward-looking statements contained in this report. Those risks and uncertainties include, but are not limited to, our lack of significant operating revenue to date, our need for substantial and immediate additional capital, the fact that we may dilute existing shareholders through additional stock issuances, the extensive governmental regulation to which we are subject, the fact that our technologies remain unproven, the intense competition we face from other companies and other products, and our reliance upon potentially inadequate intellectual property. Those risks and certain other uncertainties are discussed in more detail in the 2001 10-KSB. There may also be other factors, including those discussed elsewhere in this report, that may

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cause the Company's actual results to differ from the forward-looking statements. Any forward-looking statements made by or on behalf of the Company should be considered in light of these factors.

**PART II  
OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 2. CHANGES IN SECURITIES**

(c) The Company sold the following securities since December 31, 2001:

(i) \$50,000 convertible promissory note dated February 8, 2002, convertible to common stock of the Company at the rate of \$0.125 per share.

(ii) \$55,000 convertible promissory note dated February 22, 2002, convertible to common stock of the Company at the rate of \$0.125 per share.

(iii) \$50,000 convertible promissory note dated April 8, 2002, convertible to common stock of the Company at the rate of \$0.125 per share.

(iv) \$50,000 convertible promissory note dated April 21, 2002, convertible to common stock of the Company at the rate of \$0.125 per share.

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

The following documents are furnished as exhibits to this Form 10-KSB. Exhibits marked with an asterisk are filed herewith. The remainder of the exhibits previously have been filed with the Commission and are incorporated herein by reference.

<u>NUMBER</u>	<u>EXHIBIT</u>
3.1	Amended and Restated Articles of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, and incorporated herein by reference).
3.2	Amended Bylaws of the Company (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, and incorporated herein by reference). 10.1

JV Agreement dated as of June 28, 2000, among Medical Discoveries, Inc., Harvest Group, L.L.C. and Hydromedics, Inc. (f/k/a Advanced Sales Company, Inc.) (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2000, and incorporated herein by reference). 10.2 Mutual Release and Settlement Agreement dated as of November 29, 2001, among Medical Discoveries, Inc., Harvest Group, L.L.C. and Hydromedics, Inc. (f/k/a Advanced Sales Company, Inc.) (filed as Exhibit 10 to the Company's Current Report on Form 8-K on December 15, 2000, and incorporated herein by reference). 10.3 Advisory Agreement dated as of March 26, 2002, between Medical Discoveries, Inc. and

Euronet  
International,  
Inc. (filed as  
Exhibit 10.3 to  
the Company's  
Annual Report  
on  
Form 10-KSB  
for the fiscal  
year ended  
December 31,  
2001, and  
incorporated  
herein by  
reference). 16.1  
Letter from  
Tanner + Co.  
dated  
December 15,  
2000 (filed as  
Exhibit 99 to  
the Company's  
Current Report  
on Form 8-K  
on  
December 15,  
2000, and  
incorporated  
herein by  
reference).

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NUMBER	EXHIBIT
16.2 Letter from Tanner + Co. dated January 4, 2001 (filed as Exhibit 16 to the Company's Current Report on Form 8-K/A on January 4, 2001, and incorporated herein by reference).	

(b) Reports on Form 8-K.

The Company filed no reports on Form 8-K during the quarter ended March 31, 2002. However, subsequent to quarter-end, on April 15, 2002, the Company filed a Form 8-K disclosing a press release that was released on April 15, 2002 concerning future Company goals.

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDICAL DISCOVERIES, INC.

/S/ JUDY M. ROBINETT

Judy M. Robinett Chief Executive  
Officer Date: May 15, 2002