

MANHATTAN PHARMACEUTICALS INC
Form 10QSB
August 16, 2004

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

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-27282

Manhattan Pharmaceuticals, Inc.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

36-3898269
(IRS Employer Identification No.)

787 Seventh Avenue, 48th Floor, New York, New York 10019
(Address of principal executive offices)

(212) 554-4525
(Issuer's telephone number)

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

Check whether the issuer: (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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

As of August 13, 2004 there were 26,758,633 shares of the issuer's common stock, \$.001 par value, outstanding.

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Forward-Looking Statements

This Quarterly Report on Form 10-QSB contains statements that are not historical but are forward-looking in nature, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. In particular, the Management's Discussion and Analysis of Financial Condition and Results of Operations section in Item 2 of Part I of this Quarterly Report include forward-looking statements that reflect our current views with respect to future events and financial performance. We use words such as we expect, anticipate, believe, and intend and similar expressions to identify forward-looking statements. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties inherent in future events, particularly those risks identified in the subsection entitled Risk Factors following Item 1 of our Amendment No. 1 to our Annual Report on Form 10-KSB/A, and should not unduly rely on these forward looking statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES

(A Development Stage Company)

Condensed Consolidated Balance Sheets
(Unaudited)

	<u>June 30,</u>	<u>December 31,</u>
	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,865,578	\$ 7,413,803
Marketable equity securities, available for sale, at market		352,147
Prepaid expenses	27,473	24,981
Total current assets	8,893,051	7,790,931
Property and equipment, net	54,663	8,021
Total assets	\$ 8,947,714	\$ 7,798,952
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 413,507	\$ 548,595
Accrued expenses	210,907	417,425
Total liabilities	624,414	966,020
Commitments and Contingencies		
Stockholders equity:		
Series A convertible preferred stock, \$.001 par value. Authorized 10,000,000 shares; 1,000,000 shares issued and outstanding (liquidation preference aggregating \$10,000,000)	1,000	1,000
Common stock, \$.001 par value. Authorized 150,000,000 shares; 26,758,633 and 3,362,396 shares issued and outstanding at June 30, 2004 and December 31, 2003, respectively	26,758	23,362
Additional paid-in capital	17,821,949	14,289,535
Subscription receivable	(15,600)	
Deficit accumulated during development stage	(9,822,964)	(7,473,205)
Dividends payable in Series A preferred shares	392,805	
Accumulated other comprehensive income (loss)		(7,760)
Unearned consulting services	(80,648)	

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Total stockholders' equity	8,323,300	6,832,932
Total liabilities and stockholders' equity	\$ 8,947,714	\$ 7,798,952

See accompanying notes to unaudited condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES
(A Development Stage Company)

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months ended June 30,		Six Months ended June 30,		Cumulative period from August 6, 2001 (inception) to June 30, 2004
	2004	2003	2004	2003	
Revenue	\$	\$	\$	\$	\$
Costs and expenses:					
Research and development	518,961	313,176	1,228,234	356,531	3,677,674
General and administrative	467,755	463,844	880,993	842,716	3,016,654
Impairment of intangible assets					1,248,230
Loss on disposition of intangible assets					1,213,878
Total operating expenses	986,716	777,020	2,109,227	1,199,247	9,156,436
Operating loss	(986,716)	(777,020)	(2,109,227)	(1,199,247)	(9,156,436)
Other (income) expense:					
Interest and other income	(53,928)	(1,625)	(81,091)	(4,140)	(97,170)
Interest expense		923		3,156	23,893
Realized gain on sale of marketable equity securities	(71,182)		(71,182)		(71,182)
Total other (income) expense	(125,110)	(702)	(152,273)	(984)	(144,459)
Net loss	(861,606)	(776,318)	(1,956,954)	(1,198,263)	(9,011,977)
Preferred stock dividends (including imputed amounts)	(180,682)		(392,805)		(810,987)
Net loss applicable to common shares	\$ (1,042,288)	\$ (776,318)	\$ (2,349,759)	\$ (1,198,263)	\$ (9,822,964)
Net loss per common share:					
Basic and diluted	\$ (0.04)	\$ (0.03)	\$ (0.09)	\$ (0.06)	
Weighted average shares of common stock outstanding:					
Basic and diluted	26,744,875	23,362,396	26,444,118	21,440,204	

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See accompanying notes to unaudited condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. AND SUBSIDIARIES
 (A Development Stage Company)

Condensed Consolidated Statement of Stockholders' Equity (Deficiency)
 (Unaudited)

Series A convertible preferred stock		Common stock		Additional paid-in capital	Subscriptions receivable	Development stage	Dividends payable accumulated during Series A preferred	Dividends payable accumulated in Series A other comprehensive income/(loss)	Unearned consulting costs	Total stock-holders' equity (deficiency)
Shares	Amount	Shares	Amount							

Stock issued at \$0.0004 per share for subscription receivable

\$										10,167,741
\$										10,168
\$										(6,168)