

MANHATTAN PHARMACEUTICALS INC
Form 10-Q
May 20, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2008

OR

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

For the transition period from _____ to _____

Commission file number 001-32639

Manhattan Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3898269
(I.R.S. Employer Identification No.)

810 Seventh Avenue, 4th Floor, New York, New York 10019
(Address of principal executive offices)

(212) 582-3950
(Issuer's telephone number)

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

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

As of May 6, 2008 there were 70,624,232 shares of the issuer's common stock, \$.001 par value, outstanding.

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Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities and Exchange Act of 1934. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “estimate,” “plan,” “project,” “expect,” “may,” “intend” and similar words or phrases. Accordingly, these statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. These statements are therefore subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties relate to, among other factors:

- the development of our drug candidates;
- the regulatory approval of our drug candidates;
- our use of clinical research centers and other contractors;
- our ability to find collaborative partners for research, development and commercialization of potential products;
- acceptance of our products by doctors, patients or payers;
- our ability to market any of our products;
- our history of operating losses;
- our ability to compete against other companies and research institutions;
- our ability to secure adequate protection for our intellectual property;
- our ability to attract and retain key personnel;
- availability of reimbursement for our product candidates;
- the effect of potential strategic transactions on our business;
- our ability to obtain adequate financing; and
- the volatility of our stock price.

Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Part I - Financial Information**Item 1. Unaudited Condensed Consolidated Financial Statements****MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES**(A Development Stage Company)
Condensed Consolidated Balance Sheets

Assets	March 31, 2008 (Unaudited)	December 31, 2007 (See Note 1)
Current assets:		
Cash and cash equivalents	\$ 1,133,124	\$ 649,686
Prepaid expenses	233,545	215,852
Total current assets	1,366,669	865,538
Property and equipment, net	36,621	44,533
Other assets	84,126	70,506
Total assets	\$ 1,487,416	\$ 980,577
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable	\$ 986,223	\$ 1,279,485
Accrued expenses	800,215	592,177
Total liabilities	1,786,438	1,871,662
Commitments and contingencies		
Stockholders' deficiency:		
Preferred stock, \$.001 par value. Authorized 1,500,000 shares; no shares issued and outstanding at March 31, 2008 and December 31, 2007		
Common stock, \$.001 par value. Authorized 150,000,000 shares; 70,624,232 shares issued and outstanding at March 31, 2008 and December 31, 2007		
	70,624	70,624
Additional paid-in capital	56,188,898	54,037,361
Deficit accumulated during the development stage	(56,558,544)	(54,999,070)
Total stockholders' deficiency	(299,022)	(891,085)
Total liabilities and stockholders' deficiency	\$ 1,487,416	\$ 980,577

See accompanying notes to condensed consolidated financial statements.

MANHATTAN PHARMACEUTICALS, INC. and SUBSIDIARIES

(A Development Stage Company)

Condensed Consolidated Statements of Operations

(Unaudited)

	Three months ended March 31,		Cumulative period from August 6, 2001 (inception) to March 31, 2008
	2008	2007	
Costs and expenses:			
Research and development	\$ 800,071	\$ 1,679,448	\$ 27,289,113
General and administrative	814,060	914,724	14,666,424
In-process research and development charge	—	—	11,887,807
Impairment of intangible assets	—	—	1,248,230
Loss on disposition of intangible assets	—	—	1,213,878
Total operating expenses	1,614,131	2,594,172	56,305,452
Operating loss	(1,614,131)	(2,594,172)	(56,305,452)
Other (income) expense:			
Interest and other income	(54,657)	(30,390)	(876,554)
Interest expense	—	475	26,034
Realized gain on sale of marketable equity securities	—	—	(76,032)
Total other income	(54,657)	(29,915)	(926,552)
Net loss	(1,559,474)	(2,564,257)	(55,378,900)
Preferred stock dividends (including imputed amounts)	—	—	(1,179,644)
Net loss applicable to common shares	\$ (1,559,474)	\$ (2,564,257)	\$ (56,558,544)
Net loss per common share:			
Basic and diluted	\$ (0.02)	\$ (0.04)	
Weighted average shares of common stock outstanding:			
Basic and diluted	70,624,232	60,120,038	

See accompanying notes to 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 Shares		Series A convertible preferred stock Shares		Additional paid-in capital Amount	Subscription receivable Amount	Development stage Amount	Dividends payable			Total stockholders' equity (deficiency) Amount	
	Amount	Shares	Amount	Shares				Deficit accumulated during development stage Amount	Series A preferred stock Amount	Other comprehensive income (loss) Amount		Accumulated unearned consulting services Amount
Stock issued at \$0.0004 per share for subscription receivable	\$ —	—	\$ 10,168	10,167,741	\$ (6,168)	\$ (4,000)		\$ —	\$ —	\$ —	\$ —	—
Net loss	—	—	—	—	—	—	(56,796)	—	—	—	—	(56,796)
Balance at December 31, 2001	—	—	10,168	10,167,741	(6,168)	(4,000)	(56,796)	—	—	—	—	(56,796)
Proceeds from subscription receivable	—	—	—	—	—	4,000	—	—	—	—	—	4,000
Stock issued at \$0.0004 per share for license rights	—	—	2,542	2,541,935	(1,542)	—	—	—	—	—	—	1,000
Stock options issued for consulting services	—	—	—	—	60,589	—	—	—	—	—	(60,589)	—
Amortization of unearned consulting services	—	—	—	—	—	—	—	—	—	—	22,721	22,721
Common stock issued at \$0.63 per share, net of expenses	—	—	3,043	3,043,332	1,701,275	—	—	—	—	—	—	1,704,318
Net loss	—	—	—	—	—	—	(1,037,320)	—	—	—	—	(1,037,320)
Balance at December 31, 2002	—	—	15,753	15,753,008	1,754,154	—	(1,094,116)	—	—	—	(37,868)	637,923