

Cactus Ventures, Inc.
Form 10-Q
July 28, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2010**.

or

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: **000-52446**

CACTUS VENTURES, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

000-52446
(I.R.S. Employer Identification No.)

123 W. Nye Lane, Suite 129

Carson City, NV

89706

Edgar Filing: Cactus Ventures, Inc. - Form 10-Q

(Address of principal executive offices)

(Zip Code)

831-770-0217

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has 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.

X . Yes . No

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

. Yes X . No

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer .

Accelerated filer .

Non-accelerated filer . (Do not check if a smaller reporting company)

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). X
. Yes . No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of **July 28, 2010**:
11,155,008

CACTUS VENTURES, INCORPORATED

CONDENSED BALANCE SHEET

June 30, 2010 and December 31, 2009

| <u>ASSETS</u> | <u>Unaudited</u> <u>2010</u> | <u>Audited</u> <u>2009</u> |
|---|---------------------------------|-------------------------------|
| Current assets | | |
| Cash in bank | \$ 174 | \$ 2,122 |
| Funds in escrow | 34,890 | 0 |
| Inventory | 0 | 0 |
| Total current assets | 35,064 | 2,122 |
| Equipment and parts | 0 | 0 |
| (Less) Accumulated depreciation | 0 | 0 |
| | 0 | 0 |
| | | |
| Total assets | \$ 35,064 | \$ 2,122 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current liabilities | | |
| Accounts Payable | \$ 10,832 | \$ 13,503 |
| Accrued Legal Fees | 6,880 | 1,590 |
| Accrued interest | 18,404 | 14,807 |
| State corporate tax payable | 0 | 0 |
| Total current liabilities | 36,116 | 29,900 |
| Notes payable related parties | 75,365 | 68,514 |
| Total liabilities | 111,481 | 98,414 |
| Shareholders' deficit | | |
| Preferred stock, 100,000,000 shares \$.01 par authorized, 0 outstanding | | |
| Common stock, 100,000,000 shares, \$.01 par authorized, 11,155,008 outstanding | 111,550 | 111,550 |
| Paid in capital | 63,885 | 63,885 |
| Retained deficit | (251,852) | (271,727) |
| Total shareholders' equity | (76,417) | (96,292) |
| Total liabilities and shareholders' equity | \$ 35,064 | \$ 2,122 |

The accompanying notes are an integral part of these financial statements

CACTUS VENTURES, INCORPORATED

CONDENSED STATEMENT OF OPERATIONS

For the six months ended June 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|-------------|-------------|
| Sales | \$ 0 | \$ 0 |
| Cost of Goods | 0 | 0 |
| Gross profit | 0 | 0 |
| Expenses | | |
| Bank charges | 158 | 48 |
| Other costs | 346 | 496 |
| Professional fees | 10,190 | 5,445 |
| Total expenses | 10,694 | 5,989 |
| Net loss from operations | (10,694) | (5,989) |
| Other income (expense) | | |
| Gain on retention of deposit | 35,000 | |
| Interest expense | (3,597) | (2,996) |
| State corporate tax expense | (834) | 0 |
| | 30,569 | (2,996) |
| Net income (loss) | \$ 19,875 | \$ (8,985) |
| Loss per common share | \$ (0.01) | \$ (0.01) |
| Weighted average of shares outstanding | 11,155,008 | 11,155,008 |

The accompanying notes are an integral part of these financial statements

CACTUS VENTURES, INCORPORATED

STATEMENT OF CASH FLOWS-INDIRECT METHOD

For the six months ended June 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|-------------|-------------|
| CASH FLOWS FROM | | |
| OPERATING ACTIVITIES | | |
| Net income (loss) | \$ 19,875 | \$ (8,985) |
| Adjustment to reconcile net to net cash provided by operating activities | | |
| Increase in Legal fees payable | 5,290 | (3,620) |
| Increase in accounts payable | (2,671) | (796) |
| Increase in accrued interest | 3,597 | 2,996 |
| Increase in state franchise tax | 0 | 0 |
| Loss on transfer of assets | 0 | 0 |
| Rounding error | 0 | 0 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 26,091 | (10,405) |
| INVESTING ACTIVITIES | | |
| Assets transferred | 0 | 0 |
| NET CASH USED IN INVESTING ACTIVITIES | 0 | 0 |
| FINANCING ACTIVITIES | | |
| Sale of common stock | 0 | 0 |
| Related party notes | 6,851 | 10,357 |
| NET CASH REALIZED FROM FINANCING ACTIVITIES | 6,851 | 10,357 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 32,942 | (48) |
| Cash and cash equivalents at the beginning of the year | 2,122 | 2,218 |
| CASH AND CASH EQUIVALENTS AT YEAR END | \$ 35,064 | \$ 2,170 |

The accompanying notes are an integral part of these financial statements

1.

Organization and basis of presentation

Basis of presentation

The accompanying interim condensed financial statements are unaudited, but in the opinion of management of Cactus Ventures, Inc. (the Company), contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at June 30, 2010, the results of operations and cash flows for the six months ended June 30, 2010 and 2009. The balance sheet as of December 31, 2009 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

The results of operations for the six months ended June 30, 2010 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2010.

Description of business

The Company was incorporated under the laws of the State of Nevada on October 6, 1997. The Company for the past several years has had no activity. Cactus Ventures, Inc (the Company) is a shell entity that is in the market for a merger with an appropriate company.

Net loss per share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period.

2.

New accounting pronouncements

The following accounting pronouncements if implemented would have no effect on the financial statements of the Company.

ASU 2010-01, Equity (Topic 505) Accounting for Distributions to Shareholders with Components of Stock and Cash. ASU 2010-01 was issued January 2010 and clarifies that the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected in earnings per share prospectively and is not a stock dividend. ASU 2010-01 is effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. ASU 2010-01 had no impact on our consolidated financial statements.

ASU 2010-06, Improving Disclosure about Fair Value Measurements, was issued January 2010 and requires additional disclosures regarding fair value measurements, amends disclosures about post-retirement benefit plan assets and provides clarification regarding the level of disaggregation of fair value disclosures by investment class. The ASU is effective for interim and annual reporting periods beginning after December 15, 2009, except for certain Level 3 activity disclosure requirements that will be effective for reporting periods beginning after December 15, 2010. Adoption of ASU 2010-06 had no material impact on our consolidated financial statements.

ASC 105, Generally Accepted Accounting Principles ("ASC 105") (formerly Statement of Financial Accounting Standards No.168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No.162*) reorganized by topic existing accounting and reporting guidance issued by the Financial Accounting Standards Board ("FASB") into a single source of authoritative generally accepted accounting principles ("GAAP") to be applied by nongovernmental entities. All guidance contained in the Accounting Standards Codification ("ASC") carries an equal level of authority. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. Accordingly, all other accounting literature will be deemed "non-authoritative". ASC 105 is effective on a prospective basis for financial statements issued for interim and annual periods ending after September 15, 2009. The Company has implemented the guidance included in ASC 105 as of July 1, 2009. The implementation of this guidance changed the Company's references to GAAP authoritative guidance but did not impact the Company's financial position or results of operations.

ASC 855, Subsequent Events ("ASC 855") (formerly Statement of Financial Accounting Standards No.165, Subsequent Events) includes guidance that was issued by the FASB in May 2009, and is consistent with current auditing standards in defining a subsequent event. Additionally, the guidance provides for disclosure regarding the existence and timing of a company's evaluation of its subsequent events. ASC 855 defines two types of subsequent events, "recognized" and "non-recognized". Recognized subsequent events provide additional evidence about conditions that existed at the date of the balance sheet and are required to be reflected in the financial statements. Non-recognized subsequent events provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date and, therefore; are not required to be reflected in the financial statements. However, certain non-recognized subsequent events may require disclosure to prevent the financial statements from being misleading. This guidance was effective prospectively for interim or annual financial periods ending after June 15, 2009. The Company implemented the guidance included in ASC 855 as of April 1, 2009. The effect of implementing this guidance was not material to the Company's financial position or results of operations.

In August 2009, the FASB issued ASC Update No.2009-05, *Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value* ("ASC Update No.2009-05"). This update amends ASC 820, *Fair Value Measurements and Disclosures* and provides further guidance on measuring the fair value of a liability. The guidance establishes the types of valuation techniques to be used to value a liability when a quoted market price in an active market for the identical liability is not available, such as the use of an identical or similar liability when traded as an asset. The guidance also further clarifies that a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are both Level 1 fair value measurements. If adjustments are required to be applied to the quoted price, it results in a level 2 or 3 fair value measurement. The guidance provided in the update is effective for the first reporting period (including interim periods) beginning after issuance. The Company does not expect that the implementation of ASC Update No.2009-05 will have a material effect on its financial position or results of operations.

In September 2009, the FASB issued ASC Update No.2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* ("ASC Update No.2009-12"). This update sets forth guidance on using the net asset value per share provided by an investee to estimate the fair value of an alternative investment. Specifically, the update permits a reporting entity to measure the fair value of this type of investment on the basis of the net asset value per share of the investment (or its equivalent) if all or substantially all of the underlying investments used in the calculation of the net asset value is consistent with

ASC 820. The update also requires additional disclosures by each major category of investment, including, but not limited to, fair value of underlying investments in the major category, significant investment strategies, redemption restrictions, and unfunded commitments related to investments in the major category. The amendments in this update are effective for interim and annual periods ending after December 15, 2009 with early application permitted. The Company does not expect that the implementation of ASC Update No. 2009-12 will have a material effect on its financial position or results of operations.

On September 1, 2009 we adopted authoritative guidance on fair value disclosures in accordance with ASC 825, Financial Instruments. ASC 825 requires disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. Adoption of ASC 825 had no material impact on our financial statements.

In June 2009, FASB issued Statement of Financial Accounting Standards No.167, *Amendments to FASB Interpretation No.46(R)* ("Statement No.167"). Statement No.167 amends FASB Interpretation No.46R, *Consolidation of Variable Interest Entities an interpretation of ARB No.51* ("FIN 46R") to require an analysis to determine whether a company has a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has a) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and b) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. The statement requires an ongoing assessment of whether a company is the primary beneficiary of a variable interest entity when the holders of the entity, as a group, lose power, through voting or similar rights, to direct the actions that most significantly affect the entity's economic performance. This statement also enhances disclosures about a company's involvement in variable interest entities. Statement No.167 is effective as of the beginning of the first annual reporting period that begins after November 15, 2009. Although Statement No. 167 has not been incorporated into the Codification, in accordance with ASC 105, the standard shall remain authoritative until it is integrated. The Company does not expect the adoption of Statement No. 167 to have a material impact on its financial position or results of operations.

In June 2009, the FASB issued Statement of Financial Accounting Standards No.166, *Accounting for Transfers of Financial Assets an amendment of FASB Statement No.140* ("Statement No.166"). Statement No.166 revises FASB Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Extinguishment of Liabilities a replacement of FASB Statement 125* ("Statement No. 140") and requires additional disclosures about transfers of financial assets, including securitization transactions, and any continuing exposure to the risks related to transferred financial assets. It also eliminates the concept of a "qualifying special-purpose entity", changes the requirements for derecognizing financial assets, and enhances disclosure requirements. Statement No.166 is effective prospectively, for annual periods beginning after November 15, 2009, and interim and annual periods thereafter. Although Statement No.166 has not been incorporated into the Codification, in accordance with ASC 105, the standard shall remain authoritative until it is integrated. The Company does not expect the adoption of Statement No.166 will have a material impact on its financial position or results of operations.

3.

Related party transaction

Various founders of the Company have performed consulting services for which the Company has paid them consulting fees as voted on during the initial board of directors meeting. There was \$1,000 and \$0 paid to a related party for continuous maintenance of records during the six months ended June 30, 2010 and 2009.

The Company borrowed \$6,851 and \$10,358 from various related parties and shareholders of the Company for working capital purposes as of June 30, 2010 and 2009 respectively.

4.

Three Month Data Second Quarter 2010 and 2009

| | 2010 | 2009 |
|---------------------------|-------------|-------------|
| Revenue | - | - |
| Expense | \$ (4,882) | \$ (2,111) |
| Operating Loss | (4,882) | (2,111) |
| Other Revenue and Expense | (1,837) | (1,561) |
| Three Month Loss | \$ (6,719) | \$ (3,672) |

5.**Going concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, the company has a net gain of \$19,875, a negative working capital deficiency of \$1,052 and a stockholders' deficiency of \$76,416. These factors raise substantial doubt about its ability to continue as a going concern. The ability to the Company to continue as a going concern is dependent on the company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

6.**Letter of Intent**

In February 2010, the company signed a non-binding Letter of Intent (LOI) with a British Virgin Islands company, with respect to a possible Share Exchange Transaction. In good faith, a trust agent received deposits of \$15,000 on February 8, 2010 and \$10,000 on February 26, 2010 with associated bank costs of \$81.67 from the British Virgin Islands company. On April 2, 2010 the trust agent received an additional deposit of \$10,000 with associated bank costs of \$28. On May 31, 2010, the Letter of Intent expired and the deposits became non-refundable. Pending confirmation of release, the funds are being held in trust by the trust agent.

ITEM 2. PLAN OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENT NOTICE

This Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as may, will, expect, believe, anticipate, estimate or continue or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include but are not limited to economic conditions generally and in the industries in which we may participate; competition within our chosen industry, including competition from much larger competitors; technological advances and failure to successfully develop business relationships.

Description of Business.

We were formed as a Nevada corporation on October 6, 1997 originally under the name Zurich U.S.A., Inc. On July 10, 2006, we changed our name to Cactus Ventures, Inc. and began pursuing our business of marketing sunglasses. The Company encountered numerous problems various vendors and ceased its operations. The Company has now focused its efforts on seeking a business opportunity. The Company will attempt to locate and negotiate with a business entity for the merger of that target company into the Company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute assets to the Company rather than merge. No assurances can be given that the Company will be successful in locating or negotiating with any target company. The Company will provide a method for a foreign or domestic private company to become a reporting (public) company whose securities are qualified for trading in the United States secondary market. We are now considered a blank check company.

The Company will attempt to locate and negotiate with a business entity for the merger of that target company into the Company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute assets to the Company rather than merge. No assurances can be given that the Company will be successful in locating or negotiating with any target company. The Company will provide a method for a foreign or domestic private company to become a reporting (public) company whose securities are qualified for trading in the United States secondary market.

The selection of a business opportunity in which to participate is complex and extremely risky and will be made by management in the exercise of its business judgment. There is no assurance that we will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to our company and shareholders.

Because we have no specific business plan or expertise, our activities are subject to several significant risks. In particular, any business acquisition or participation we pursue will likely be based on the decision of management without the consent, vote, or approval of our shareholders.

Sources of Opportunities

We anticipate that business opportunities may arise from various sources, including officers and directors, professional advisers, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals.

We will seek potential business opportunities from all known sources, but will rely principally on the personal contacts of our officers and directors as well as indirect associations between them and other business and professional people. Although we do not anticipate engaging professional firms specializing in business acquisitions or reorganizations, we may retain such firms if management deems it in our best interests. In some instances, we may publish notices or advertisements seeking a potential business opportunity in financial or trade publications.

Criteria

We will not restrict our search to any particular business, industry or geographical location. We may acquire a business opportunity in any stage of development. This includes opportunities involving start up or new companies. In seeking a business venture, management will base their decisions on the business objective of seeking long-term capital appreciation in the real value of our company. We will not be controlled by an attempt to take advantage of an anticipated or perceived appeal of a specific industry, management group, or product.

Edgar Filing: Cactus Ventures, Inc. - Form 10-Q

In analyzing prospective business opportunities, management will consider the following factors:

- .
available technical, financial and managerial resources;
- .
working capital and other financial requirements;
- .
the history of operations, if any;
- .
prospects for the future;
- .
the nature of present and expected competition;
- .
the quality and experience of management services which may be available and the depth of the management;
- .
the potential for further research, development or exploration;
- .
the potential for growth and expansion;
- .
the potential for profit;
- .
the perceived public recognition or acceptance of products, services, trade or service marks, name identification; and other relevant factors.

Generally, our management will analyze all available factors and make a determination based upon a composite of available facts, without relying on any single factor.

Methods of Participation of Acquisition

Management will review specific business and then select the most suitable opportunities based on legal structure or method of participation. Such structures and methods may include, but are not limited to, leases, purchase and sale agreements, licenses, joint ventures, other contractual arrangements, and may involve a reorganization, merger or consolidation transactions. Management may act directly or indirectly through an interest in a partnership, corporation, or other form of organization.

Procedures

As part of the our investigation of business opportunities, officers and directors may meet personally with management and key personnel of the firm sponsoring the business opportunity. We may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and conduct other reasonable measures.

We will generally ask to be provided with written materials regarding the business opportunity. These materials may include the following:

- .
descriptions of product, service and company history; management resumes;
- .
financial information;
- .
available projections with related assumptions upon which they are based;
- .
an explanation of proprietary products and services;
- .
evidence of existing patents, trademarks or service marks or rights thereto;
- .
present and proposed forms of compensation to management;

.
a description of transactions between the prospective entity and its affiliates;

.
relevant analysis of risks and competitive conditions;

.
a financial plan of operation and estimated capital requirements;

.
and other information deemed relevant.

Competition

We expect to encounter substantial competition in our efforts to acquire a business opportunity. The primary competition is from other companies organized and funded for similar purposes, small venture capital partnerships and corporations, small business investment companies and wealthy individuals.

Employees

We do not currently have any employees but rely upon the efforts of our officer and director to conduct our business. We do not have any employment or compensation agreements in place with our officers and directors although they are reimbursed for expenditures advanced on our behalf.

Plan of Operation

The Company is seeking to acquire assets or shares of an entity actively engaged in business which generates revenues. The Company has no particular acquisitions in mind and has not entered into any negotiations regarding such an acquisition. None of the Company's officers, directors, promoters or affiliates have engaged in any substantive contact or discussions with any representative of any other company regarding the possibility of an acquisition or merger between the Company and such other company as of the date of this annual report. The Board of Directors intends to obtain certain assurances of value of the target entity's assets prior to consummating such a transaction. Any business combination or transaction will likely result in a significant issuance of shares and substantial dilution to present stockholders of the Company.

The Company's current operating plan is to continue searching for potential businesses, products, technologies and companies for acquisition and to handle the administrative and reporting requirements of a public company. To demonstrate our commitment to maintaining ethical reporting and business practices, we adopted a Code of Ethics and Business Conduct.

The Company has, and will continue to have, no capital with which to provide the owners of business opportunities with any significant cash or other assets. However, management believes the Company will be able to offer owners of acquisition candidates the opportunity to acquire a controlling ownership interest in a publicly registered company without incurring the cost and time required to conduct an initial public offering. The owners of the acquisition candidate will, however, incur significant legal and accounting costs in connection with the acquisition of a business opportunity, including the costs of preparing Form 8-K's, 10-K's, 10-Q's, agreements and related reports and documents.

In February 2010, the Company signed a non-binding letter of intent (LOI) with a British Virgin Islands company with respect to a possible share exchange transaction. Towards this goal, the British Virgin Islands company made a total good faith, non-refundable deposit of \$35,000. On May 31, 2010, the LOI expired and the deposits became non-refundable. The Company is no longer pursuing this transaction.

Results of Operations Six Months Ended June 30, 2010 Compared to the Six Months Ended June 30, 2010

We have \$174 cash on hand and have experienced losses since inception. We did not generate any revenues from operations during the periods ended June 30, 2010 and 2009. Expenses during the period ended June 30, 2010 were \$10,694 with interest expense of \$3,597 compared to expenses of \$5,989 with interest expense of \$2,996 for the period ended June 30, 2009. For the period ended June 30, 2010, we have a gain on retention of deposit of \$35,000 and \$834 in state corporate tax expense. Expenses for both periods consisted entirely of general and administrative expenses. These expenses were due to professional, legal and accounting fees relating to our reporting requirements.

As a result of the foregoing factors, we realized a net gain of \$19,875 for the period ended June 30, 2010, compared to a net loss of \$8,985 for the period ended June 30, 2009.

Liquidity and Capital Resources

The Company's balance sheet as of June 30, 2010, reflects total assets of \$36,063 which consist of \$174 in cash and \$34,890 escrow funds. As of June 30, 2010, our liabilities were \$111,481 which included \$10,832 in accounts payable, \$75,365 in notes payable, \$6,880 in accrued legal fees, and \$18,404 in accrued interest. The Company borrowed \$6,851 and \$10,358 from various related parties and shareholders of the Company for working capital purposes as of June, 2010 and 2009 respectively. We anticipate our expenses for the next twelve months will be approximately \$20,000. In the past we have relied on advances from our president to cover our operating costs.

Management anticipates that we will receive sufficient advances from our president to meet our needs through the next 12 months. However, there can be no assurances to that effect. Our need for capital may change dramatically if we acquire an interest in a business opportunity during that period. At present, we have no understandings, commitments or agreements with respect to the acquisition of any business venture, and there can be no assurance that we will identify a business venture suitable for acquisition in the future. Further, we cannot assure that we will be successful in consummating any acquisition on favorable terms or that we will be able to profitably manage any business venture we acquire. Should we require additional capital, we may seek additional advances from officers, sell common stock or find other forms of debt financing.

The Company has no other assets or line of credit, other than that which present management may agree to extend to or invest in the Company, nor does it expect to have one before a merger is effected. The Company will carry out its business plan as discussed above. The Company cannot predict to what extent its liquidity and capital resources will be diminished prior to the consummation of a business combination or whether its capital will be further depleted by the operating losses (if any) of the business entity which the Company may eventually acquire.

Our current operating plan is to continue searching for potential businesses, products, technologies and companies for acquisition and to handle the administrative and reporting requirements of a public company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required by smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES.

(a)

Evaluation of Disclosure Controls and Procedures. As required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the Exchange Act), we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls as of the end of the period covered by this report, June 30, 2010. This evaluation was carried out

under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, Ms. Diane Button, (the Certifying Officer). Based upon that evaluation, our Certifying Officer concluded that as of the end of the period covered by this report, June 30, 2010, our disclosure controls and procedures are effective in timely alerting management to material information relating to us and required to be included in our periodic filings with the Securities and Exchange Commission (the Commission).

Our officer further concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by the issuer 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 Commission's rules and forms and are also effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow time for decisions regarding required disclosure.

(b)

Changes in Internal Control over Financial Reporting. There were no changes in the Company's internal controls over financial reporting, known to the chief executive officer or the chief financial officer, that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The Company did not sell or issue any securities during the period covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted during the period covered by this report to a vote of security holders.

ITEM 5. OTHER INFORMATION.

None

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

(a) Exhibits

Edgar Filing: Cactus Ventures, Inc. - Form 10-Q

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K.

| Exhibit No. | Title of Document | Location |
|--------------------|---|-----------------|
| 31 | Certification of the Principal Executive Officer/ Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | Attached |
| 32 | Certification of the Principal Executive Officer/ Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* | Attached |

(b) Reports on Form 8-K

None

*

The Exhibit attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

SIGNATURES

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.

CACTUS VENTURES, INC.

Date: July 28, 2010

By: /s/ Diane S. Button

Diane S. Button, President and Chief Financial Officer