

ADEONA PHARMACEUTICALS, INC.

Form 10-Q

August 14, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2009

OR

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

For the transition period from _____ to _____

Commission File Number: 1-12584

ADEONA PHARMACEUTICALS, INC.
(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

13-3808303

(IRS Employer Identification Number)

3930 Varsity Drive
Ann Arbor, MI
(Address of principal executive offices)

48108
(Zip Code)

Registrant's telephone number, including area code:
(734) 332-7800

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, \$0.001 par value per share

Securities registered pursuant to Section 12(g) of the Act:
None.

(Title of Class)

Indicate by check mark whether the issuer: (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. Yes No

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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 for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated file, a non-accelerated file, 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. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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

As of August 1, 2009, the registrant had 21,457,640 shares of common stock outstanding.

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ADEONA PHARMACEUTICALS, INC.

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PART I.—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Adeona Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Company)

Consolidated Balance Sheets

Assets	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Current Assets		
Cash	\$ 4,422,501	\$ 5,856,384
Other receivables	67,594	55,419
Prepaid expenses	24,509	15,109
Total Current Assets	4,514,604	5,926,912
Property and Equipment, net of accumulated depreciation of \$765,552 and \$591,876	1,192,657	1,446,407
Deposits and other assets	25,989	11,989
Total Assets	\$ 5,733,250	\$ 7,385,308
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 370,819	\$ 574,896
Accrued liabilities	81,250	45,820
Total Current Liabilities	452,069	620,716
Long Term Liabilities:		
Accounts payable	122,335	-
Total Liabilities	574,404	620,716
Stockholders' Equity		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.001 par value; 100,000,000 shares authorized, 21,353,428 and 20,882,839 shares issued and outstanding	21,354	20,883
Additional paid-in capital	45,411,993	45,025,385
Deficit accumulated during the development stage	(40,274,501)	(38,281,676)
Total Stockholders' Equity	5,158,846	6,764,592

Total Liabilities and Stockholders' Equity	\$	5,733,250	\$	7,385,308
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See accompanying notes to unaudited consolidated financial statements

Adeona Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Company)

Consolidated Statements of Operations
(Unaudited)

	For the three months ended June 30, 2009	2008	For the six months ended June 30, 2009	2008	For the Period from January 8, 2001 (Inception) to June 30, 2009
Operating Expenses:					
Research and development	405,645	1,168,363	901,639	3,292,983	16,706,000
General and administrative	473,961	633,588	1,093,864	1,636,170	10,615,060
Total Operating Expenses	879,606	1,801,951	1,995,503	4,929,153	27,321,070
Loss from Operations	(879,606)	(1,801,951)	(1,995,503)	(4,929,153)	(27,321,072)
Other Income (Expense):					
Interest income	56	30,238	2,678	81,815	474,300
Interest expense	-	-	-	(13,831)	(66,760)
Total Other Income (Expense), net	56	30,238	2,678	67,984	407,540
Net Loss	\$ (879,550)	\$ (1,771,713)	\$ (1,992,825)	\$ (4,861,169)	\$ (26,913,529)
Less: Preferred stock dividend - subsidiary	-	-	-	-	(951,250)
Less: Merger dividend	-	-	-	-	(12,409,722)

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Net Loss Applicable to Common Shareholders	\$	\$	(1,771,713)	\$	\$	(4,861,169)	\$
	(879,550)			(1,992,825)			(40,274,501)
Net Loss Per Share - Basic and Diluted	\$	\$	(0.09)	\$	\$	(0.24)	\$
	(0.04)			(0.09)			(5.66)
Weighted average number of shares outstanding during the period - basic and diluted	21,301,014	20,590,592	21,195,200	20,522,574	7,110,444		

See accompanying notes to unaudited consolidated financial statements

Adeona Pharmaceuticals, Inc. and Subsidiaries

(A Development Stage Company)

Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended June 30,		For the period from January 8, 2001 (Inception) to June 30, 2009
	2009	2008	
Cash Flows From Operating Activities:			
Net loss	\$ (1,992,825)	\$ (4,861,169)	\$ (26,913,529)
Adjustments to reconcile net loss to net cash			
used in operating activities:			
Recognition of stock-based consulting	42,144	323,097	1,569,814
Recognition of stock-based compensation	148,099	870,314	3,309,720
Stock issued as compensation	-	55,385	55,385
Stock issued as compensation in acquisition of subsidiary	-	-	601,712
Stock issued for consulting fees	55,586	11,110	159,628
Stock issued for milestone payment	-	50,000	75,000
Stock issued for license fee	41,250	125,000	594,941
Contributed services - related party	100,000	73,750	449,395
Depreciation	188,226	204,383	825,413
Provision for uncollectible receivable	7,785	-	7,785
Loss on exchange of equipment to settle accounts payable	18,674	-	19,031
Loss on sale of equipment	15,725	-	15,725
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Prepaid expenses and other current assets	(29,360)	(3,514)	(91,203)
Deposits and other assets	(14,000)	1,392	(25,989)
(Increase) Decrease in:			
Accounts payable	(75,817)	(91,155)	591,374
Accrued liabilities	35,430	119,825	84,268
Net Cash Used In Operating Activities	(1,459,083)	(3,121,582)	(18,671,530)
Cash Flows From Investing Activities:			
Purchases of property and equipment	-	(21,398)	(2,032,805)
Proceeds from the sale of equipment	25,200	-	157,465
Cash paid to acquire shell in reverse acquisition	-	-	(665,000)
Net Cash Provided By (Used In) Investing Activities	25,200	(21,398)	(2,540,340)

Cash Flows From Financing Activities:			
Proceeds from loans payable - related party	-		3,210,338
Repayments of loans payable - related party	-		(220,000)
Proceeds from notes payable	-	-	1,100,000
Repayments of notes payable	-	(900,000)	(1,100,000)
Proceeds from issuance of common stock for stock option exercises	-	-	4,390
Proceeds from issuance of preferred and common stock	-	3,415	1,150,590
Proceeds from sale of common stock and warrants in private placements	-	-	13,926,362
Proceeds from sale of common stock in connection with warrant exercise	-	-	7,552,378
Cash paid as direct offering costs in private placements and warrant call	-	-	(1,739,987)
Proceeds from issuance of Series B, convertible preferred stock - subsidiary	-	-	1,902,500
Direct offering costs in connection with issuance of series B, convertible preferred stock - subsidiary	-	-	(152,200)
Net Cash Provided By (Used In) Financing Activities	-		