

AXONYX INC
Form 10-Q
May 10, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2006

or

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

Commission file number: 000-25571

AXONYX INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction of
incorporation or organization)

500 Seventh Avenue, 10th Floor,

New York, New York 10018

(Address of Principal Executive Offices)

86-0883978

(IRS Employer Id. No.)

Registrant's telephone number, including area code **(212) 645-7704**

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. Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer:

Large accelerated filer

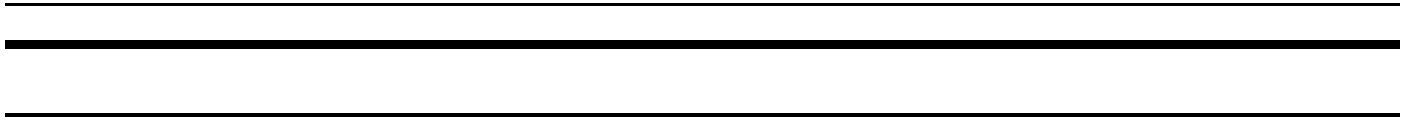
Accelerated filer

Non-accelerated filer

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 May 9, 2006, there were 53,680,721 shares of the registrant's \$.001 par value Common Stock outstanding.



AXONYX INC.

INDEX

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets as of March 31, 2006 (unaudited) and December 31, 2005</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2006 and 2005</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited) for the three months ended March 31, 2006</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2006 and 2005</u>	<u>4</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>7</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>14</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>14</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	<u>15</u>
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>15</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>16</u>
	<u>Signatures</u>	<u>17</u>

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****AXONYX INC.****Condensed Consolidated Balance Sheets**

	March 31, 2006	December 31, 2005
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 2,279,000	\$ 1,638,000
Investments	51,950,000	56,700,000
Other current assets	495,000	614,000
Total current assets	54,724,000	58,952,000
Property, plant and equipment, net	45,000	49,000
Investment in OXIS	4,593,000	4,917,000
Security deposits	124,000	124,000
	\$ 59,486,000	64,042,000
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,115,000	\$ 4,147,000
Accrued expenses	1,537,000	1,512,000
Total liabilities	4,652,000	5,659,000
STOCKHOLDERS EQUITY		
Preferred stock - \$.001 par value, 15,000,000 shares authorized; none issued		
Common Stock - \$.001 par value, 150,000,000 authorized, 53,680,721 shares issued and outstanding	54,000	54,000
Additional paid-in capital	149,919,000	149,466,000
Unearned compensation - stock options		(15,000)
Accumulated deficit	(95,139,000)	(91,122,000)
Total stockholders' equity	54,834,000	58,383,000
Total liabilities and stockholders' equity	\$ 59,486,000	\$ 64,042,000

See notes to the condensed consolidated financial statements

AXONYX INC.

Condensed Consolidated Statements of Operations

(unaudited)

	Three months	
	<u>ended March 31,</u>	
	2006	2005
Revenue		
Product Sales	\$	\$ 403,000
Cost of product sales		210,000
		193,000
Costs and expenses:		
Research and development	2,661,000	9,322,000
Sales, general and administrative	1,870,000	1,663,000
	4,531,000	10,985,000
Loss from operations	(4,531,000)	(10,792,000)
Other income (expenses)		
Interest income	707,000	572,000
Foreign exchange	9,000	(25,000)
Gain (loss) on issuance of subsidiary stock	32,000	(331,000)
Equity in loss of OXIS	(234,000)	(19,000)
Interest expense		(2,000)
Net loss before outside interest in subsidiary	(4,017,000)	(10,597,000)
Outside Interest in loss of subsidiary		164,000
Net loss	\$ (4,017,000)	(10,433,000)
Net loss per common share	\$ (.07)	\$.19
Weighted average shares - basic and diluted	53,681,000	53,657,000

See notes to condensed consolidated financial statements

AXONYX INC.

Condensed Consolidated Statements of Changes in Stockholders' Equity

Common Stock			Unearned		Total
Number		Additional	Compensation	Accumulated	Stockholders
of		Paid-in	Stock	Deficit	Equity
Shares	Amount	Capital	Options		