



Manhattan Pharmaceuticals Reports Results for Six Months Ended June 30, 2006 And Reduced Loss for The Three Months Ended March 3, 2006

NEW YORK, NY AUGUST 14 - Manhattan Pharmaceuticals, Inc. (AMEX: MHA) today announced financial results for the six months ended June 30, 2006. Net loss for the period was approximately \$4.7 million, or \$0.08 per share compared to a net loss of \$15 million, or \$0.43 per share for the corresponding period in 2005. The loss for the 2005 period included an \$11.9 million in-process research and development charge. As of June 30, 2006, the Company had cash, cash equivalents and short-term investments of \$6.5 million.

During the financial closing process for the June 30, 2006 period, Manhattan Pharmaceuticals concluded that an error occurred in the preparation of its financial statements for the three months ended March 31, 2006 and will require a restatement.

The restatement is a result of the Company, in error, recording a research and development expense that should have been recorded as a prepaid expense and not disclosing a related material commitment. This error was discovered by the Company as part of the financial closing process for the period ended June 30, 2006. To rectify this error, the Company restated its financial statements for the three months ended March 31, 2006. The restatement reduced research and development expenses by \$0.4 million to \$1.6 million, increased prepaid expenses by \$0.4 million to \$0.5 million, and fully disclosed the terms of the material commitment. The restatement decreased net loss per common share to \$0.04 from a net loss per common share of \$0.05. The Company's previously issued financial statements for the period ended March 31, 2006 should no longer be relied upon. The Company filed restated financial statements today through an amended Quarterly Report on Form 10-QSB/A (Amendment No.1) for the three months ended March 31, 2006.

On July 10, 2006, Manhattan Pharmaceuticals strengthened its finance function with the appointment of Michael G. McGuinness to the position of Chief Financial Officer. The accounting error was discovered by the Company following this appointment. The Company believes the error was inadvertent. In addition, the Company does not expect the restatement to impact its ongoing operations. The Company believes the restatement will have no effect on reported results for any other past or future periods.

For more detailed information, including this amended Quarterly Report on Form 10-QSB/A (Amendment No.1) for the three months ended March 31, 2006 filed today please visit <http://www.sec.gov/edgar.shtml> or the company website <http://www.manhattanpharma.com>.

About Manhattan Pharmaceuticals, Inc.

Manhattan Pharmaceuticals, Inc., a development-stage pharmaceutical company, acquires and develops proprietary prescription drugs for large, underserved patient populations. In view of the worldwide obesity epidemic, the company is developing OE, an orally administered novel therapeutic for the treatment of obesity. To meet the needs of other major, underserved medical markets while lowering development risks, Manhattan Pharmaceuticals is also developing PTH (1-34), a peptide believed to be a regulator of epidermal cell growth, for psoriasis, and Propofol Lingual Spray, a convenient, proprietary lingual spray formulation of propofol, the world's best-selling general anesthetic, as a sedative-hypnotic for use during diagnostic and therapeutic procedures. (<http://www.manhattanpharma.com>)