TONIX PHARMACEUTICALS HOLDING CORP.

FORM 10-Q
(Quarterly Report)

Filed 11/14/12 for the Period Ending 09/30/12

Address	509 MADISON AVE. - SUITE 306
	NEW YORK, NY, 10022
Telephone	1-800-849-7894
CIK	0001430306
Symbol	TNXP
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

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 September 30, 2012

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: 333-150149

TONIX PHARMACEUTICALS HOLDING CORP.
(Exact name of registrant as specified in its charter)

Nevada	**26-1434750**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

509 Madison Avenue, Suite 306
New York, New York 10022
(Address of principal executive offices) (zip code)

(212) 980-9155
(Registrant's telephone number, including area code)

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 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 ☒ 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 ☐	Smaller reporting company ☒
(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 November 13, 2012, there were 34,278,432 shares of registrant's common stock outstanding.

TONIX PHARMACEUTICALS HOLDING CORP.

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TONIX PHARMACEUTICALS HOLDING CORP.
(Formerly known as Tamandare Explorations Inc.)
(a development stage company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2012 (unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash	$ 35,653	$ 41,123
Prepaid expenses and other	43,076	102,430
Total current assets	78,729	143,553
Furniture and equipment, net	51,031	25,550
Deferred financing costs, net	-	196,166
Restricted cash	60,244	60,177
Total assets	$ 190,004	$ 425,446
LIABILITIES AND STOCKHOLDERS' (DEFICIENCY)		
Current liabilities:		
Accounts payable, including $20,778 and $27,483 to related parties as of September 30, 2012 and December 31, 2011, respectively	$ 697,383	$ 695,198
Accrued expenses	136,303	10,229
Accrued interest, including $3,111 and $5,006 to related parties as of September 30, 2012 and December 31, 2011, respectively	3,111	38,306
Liability to placement agent	-	31,543
Convertible debentures	-	150,000
Total current liabilities	836,797	925,276
Convertible debentures, including $265,000 to related parties	-	1,925,000
Deferred rent payable	27,543	29,083
Total liabilities	864,340	2,879,359
Commitments	-	-
Stockholders' (deficiency):		
Preferred stock, $0.001 par value; 5,000,000 and -0- authorized as of September 30, 2012 and December 31, 2011, respectively; none issued or outstanding	-	-
Common stock, $0.001 par value; 150,000,000 and 75,000,000 authorized as of September 30, 2012 and December 31, 2011, respectively; 34,278,432 and 27,066,667 shares issued and outstanding as of September 30, 2012 and December 31, 2011, respectively	34,278	27,067
Additional paid in capital	12,506,771	3,913,700
Deficit accumulated during development stage	(13,215,385)	(6,394,680)
Total stockholders' (deficiency)	(674,336)	(2,453,913)
Total liabilities and stockholders' (deficiency)	$ 190,004	$ 425,446

See the accompanying notes to condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(Formerly known as Tamandare Explorations Inc.)
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,		From June 7, 2007 (date of inception) through September 30,
	2012	2011	2012	2011	2012
COSTS AND EXPENSES:					
Research and development	$ 658,143	$ 492,024	$ 1,883,559	$ 634,496	$ 3,835,513
General and administrative	1,076,199	522,462	2,862,086	1,249,500	7,117,333
	1,734,342	1,014,486	4,745,645	1,883,996	10,952,846
Operating Loss	(1,734,342)	(1,014,486)	(4,745,645)	(1,883,996)	(10,952,846)
Gain on extinguishment of debt	-	-	-	-	7,908
Other income	1,875	-	1,875	-	1,875
Change in fair value of warrants liability	-	-	(1,177,026)	-	(1,177,026)
Interest and other financing costs, net	440	8	(899,909)	52	(1,095,296)
NET LOSS	$ (1,732,027)	$ (1,014,478)	$ (6,820,705)	$ (1,883,944)	$ (13,215,385)
Net loss per common share, basic and diluted	$ (0.05)	$ (0.05)	$ (0.20)	$ (0.10)	
Weighted average common shares outstanding, basic and diluted	34,278,432	20,667,466	33,405,648	19,687,742	

See the accompanying notes to condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(Formerly known as Tamandare Explorations Inc.)
(a development stage company)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIENCY)
For the Nine Months Ended September 30, 2012
(unaudited)

	Preferred stock		Common stock		Additional Paid in Capital	Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount			
Balance at December 31, 2011	-	$ -	27,066,667	$ 27,067	$ 3,913,700	$ (6,394,680)	$ (2,453,913)
Common stock issued in January 2012 to holders of convertible debentures ($0.62 per share)	-	-	594,000	594	367,686	-	368,280
Issuance of common stock in January and March 2012 ($0.62 per share) net of transaction expenses	-	-	6,617,765	6,617	3,625,694	-	3,632,311
Warrants issued in January 2012 to holders of convertible debentures	-	-	-	-	83,289	-	83,289
Warrants issued to placement agent in January 2012	-	-	-	-	6,126	-	6,126
Warrants reclassified to equity upon expiry of reset provisions	-	-	-	-	3,938,946	-	3,938,946
Stock based compensation	-	-	-	-	571,330	-	571,330
Net loss	-	-	-	-	-	(6,820,705)	(6,820,705)
Balance at September 30, 2012	-	$ -	34,278,432	$ 34,278	$ 12,506,771	$ (13,215,385)	$ (674,336)

See the accompanying notes to condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(Formerly known as Tamandare Explorations Inc.)
(a development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30,		From June 7, 2007 (date of inception) through September 30,
	2012	2011	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (6,820,705)	$ (1,883,944)	$ (13,215,385)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	10,192	6,946	27,504
Amortization and write down of deferred financing costs	196,166	-	249,543
Non cash interest, consisting of common stock and warrants issued in connection with convertible debentures	426,152	-	426,152
Non-cash financing costs related to January and March 2012 financing	81,337	-	81,337
Stock based compensation	571,330	139,064	1,258,043
Loss in change in fair value of warrant liability	1,177,026	-	1,177,026
Common stock issued in exchange for intellectual property	-	-	383,250
Gain on extinguishment of debt	-	-	(7,908)
Changes in operating assets and liabilities:			
Prepaid expenses	59,354	20,539	(43,076)
Accounts payable	2,185	539,571	697,383
Accrued interest	(35,195)	-	3,111
Accrued expenses	126,074	(3,472)	237,014
Deferred rent payable	(1,540)	10,423	27,543
Net cash used in operating activities	(4,207,624)	(1,170,873)	(8,698,463)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of furniture and fixtures	(35,673)	(2,764)	(78,535)
Proceeds from security deposit	-	3,156	-
Payment of restricted cash and interest earned on restricted cash	(67)	(45)	(60,244)
Net cash (used in) provided by investing activities	(35,740)	347	(138,779)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from demand notes	-	-	480,000
Proceeds from other notes payable	-	-	700,000
Proceeds, net of expenses of $24,000 from Convertible Debentures	-	500,000	1,501,000
Repayment of Convertible Debentures	(150,000)	-	(150,000)
Proceeds, net of expenses of $304,870, from sale of units consisting of common stock and warrants	4,387,894	-	4,387,894
Proceeds from the sale of capital stock	-	612,000	1,954,001
Net cash provided by financing activities	4,237,894	1,112,000	8,872,895
Net (decrease) increase in cash	(5,470)	(58,526)	35,653
Cash, beginning of the period	41,123	65,359	-
Cash, end of period	$ 35,653	$ 6,833	$ 35,653
Supplemental disclosures of cash flow information:			
Interest paid	$ 35,195	$ -	$ -
Non cash investing and financing activities:			
Senior convertible notes exchanged for preferred shares	$ -	$ -	$ 200,000
Capital contribution of accrued interest	$ -	$ -	$ 23,725
Demand notes together with accrued interest converted into capital stock	$ -	$ -	$ 549,078
Common stock issued for deferred financing costs	$ -	$ -	$ 144,000
Exchange of Notes Payable for Convertible Debenture	$ -	$ -	$ 500,000

Warrants Liability reclassified to Stockholders' Equity	$ 3,938,946	$ -	$ 3,938,946
Exchange of Convertible Debenture for Units consisting of common stock and warrants	$ 1,925,000	$ -	$ 1,925,000

See the accompanying notes to condensed consolidated financial statements

TONIX PHARMACEUTICALS HOLDING CORP.
(Formerly known as Tamandare Explorations Inc.)
(a development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011 (UNAUDITED)

NOTE 1 – BUSINESS AND RECAPITALIZATION

Tonix Pharmaceuticals Holding Corp. (the "Company"), through its wholly owned subsidiary Tonix Pharmaceuticals, Inc., or Tonix Sub, is attempting to develop safer and more effective versions of widely prescribed central nervous system ("CNS") drugs. While some new applications can use the commercially available form of the drug, in other cases, reformulating the active ingredient improves its safety or effectiveness in treating the CNS condition. When formal development programs have proven successful in clinical tests, Tonix Sub intends to seek marketing approval from the Food and Drug Administration ("FDA").

On August 16, 2010, Tonix Sub formed Krele LLC ("Krele") in the state of Delaware. Krele is a limited liability corporation whose sole member is Tonix Sub. Krele was established to commercialize products that are generic versions of predicate new drug application products or versions of drug efficacy study implementation products. The Company expects that its relationship to Krele will be similar to that of several other pharmaceutical companies and their subsidiaries that market generic versions of the parent's branded products at different periods in their product life-cycle.

On October 7, 2011, Tonix Sub (formerly Krele Pharmaceuticals, Inc. incorporated on June 7, 2007 in the State of Delaware) and a publicly traded non-operating shell company Tamandare Explorations Inc. (“Tamandare”), incorporated under the laws of the State of Nevada, along with certain other parties executed and consummated a share exchange agreement (the “Share Exchange”). Pursuant to the Share Exchange, each share of Tonix Sub’s common stock was exchanged for 0.9 shares of Tamandare’s common stock and each share of Tonix Sub’s Series A and B preferred stock was exchanged for 4.8 shares of Tamandare’s common stock. Upon completion of the Share Exchange, the Tonix Sub shareholders, including holders of restricted shares, which were subject to accelerated vesting, received in exchange for all of their shares, an aggregate of 22,666,667 shares of Tamandare’s common stock and Tamandare’s existing stockholders retained 4,000,000 shares of common stock. The 22,666,667 shares issued to the Tonix Sub shareholders constituted approximately 85% of Tamandare’s 26,666,667 issued and outstanding shares of common stock after the Share Exchange. Upon completion of the Share Exchange, Tonix Sub became Tamandare’s wholly-owned subsidiary and in October 2011 Tamandare was renamed Tonix Pharmaceuticals Holding Corp. As the owners and management of Tonix Sub obtained voting and operating control of Tamandare after the Share Exchange and Tamandare was non-operating, had no assets or liabilities and did not meet the definition of a business, the transaction has been accounted for as a recapitalization of Tonix Sub, accompanied by the issuance of its common stock for outstanding common stock of Tamandare, which was recorded at a nominal value. The accompanying financial statements and related notes give retroactive effect to the recapitalization as if it had occurred on June 7, 2007 (inception date) and accordingly all share and per share amounts have been adjusted.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed consolidated balance sheet as of December 31, 2011 contained herein have been derived from audited financial statements.

Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of results that may be expected for the year ending December 31, 2012. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2011 included in the Company’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on March 30, 2012.

Basis of presentation

As a development stage enterprise, the Company's primary efforts are devoted to conducting research and development for the treatment of CNS diseases. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. In addition, the Company has working capital and stockholders' deficiencies as of September 30, 2012, The Company requires additional financing, for which there are no existing commitments to fund its working capital deficiency and future operations and no assurances can be given that the Company will be able to obtain sufficient financing on terms acceptable to it, if at all. Further, the Company does not have any commercial products available for sale and there is no assurance that if approval of their products is received that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company's research and development will be successfully completed or that any product will be approved or commercially viable.

The above factors raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty.

During the nine months ended September 30, 2012, the Company issued common stock and warrants and obtained net cash proceeds in the aggregate of $4,387,894. In addition, $1,925,000 in previously issued notes were exchanged for common stock and warrants (see Note 6). The Company expects that cash used in operations will increase significantly over the next several years and it is the Company's intent to raise additional capital to complete the development and commercialization of its current product candidates through equity or debt financing. There can be no assurance that such funds, if available at all, can be obtained on terms reasonable to the Company. If the Company is unsuccessful in raising additional capital it will need to reduce costs and may be required to reduce or cease operations.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets and assumptions used in the fair value of stock-based compensation.

Research and development costs

The Company outsources its research and development efforts and expenses related costs as incurred, including the cost of manufacturing products for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed in 2007 and 2010 as research and development costs, as it related to particular research and development projects and had no alternative future uses.

Income taxes

Income tax provisions or benefits for interim periods are computed based on the Company’s estimated annual effective tax rate. Based on the Company's historical losses and its expectation of continuation of losses for the foreseeable future, the Company has determined that it is more likely than not that deferred tax assets will not be realized and, accordingly, has provided a full valuation allowance. As the Company anticipates or anticipated that its net deferred tax assets at December 31, 2012 and 2011 would be fully offset by a valuation allowance, there is no federal or state income tax benefit for the periods ended September 30, 2012 and 2011 related to losses incurred during such periods.

Per share data

Basic and diluted net loss per common share is calculated by dividing net loss, by the weighted average number of outstanding shares of common stock, adjusted to give effect to the exchange ratio in the Share Exchange in October 2011 (see Note 1), which was accounted for as a recapitalization of the Company.

During the nine months ended September 30, 2012, upon the completion of the January and March financing (see Note 6), the Company issued warrants to purchase an aggregate 7,390,292 shares of the Company's common stock. In addition, in May 2012, the Company issued to employees options to acquire an aggregate of 3,500,000 shares of the Company's common stock (see Note 8). In computing diluted net loss per share, no effect has been given to such options and warrants as their effect would be anti-dilutive.

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment as of September 30, 2012 and December 31, 2011 is summarized as follows:

	September 30, 2012	December 31, 2011
Office furniture and equipment	$ 78,535	$ 42,862
Less: accumulated depreciation	(27,504)	(17,312)
	$ 51,031	$ 25,550

Depreciation expense for the three and nine months ended September 30, 2012 was $4,076 and $10,192, respectively; and $2,354 and $6,946 for the three and nine months ended September 30, 2011, respectively.

NOTE 4 – RESTRICTED CASH

Restricted cash at September 30, 2012 and December 31, 2011 collateralizes a letter of credit in the amount of approximately $60,000 issued in connection with the lease of office space in New York City.

NOTE 5 – CONVERTIBLE DEBENTURES

On October 7, 2011, concurrently with the Share Exchange, the Company issued secured Convertible Debentures (“Convertible Debentures”) in the amount of $1,625,000 of which $1,125,000 were sold to certain investors for aggregate cash proceeds of $1,065,000, net of selling commissions to a placement agent of $40,000 and $20,000 of legal fees, and $500,000 were exchanged for 8% Notes Payable (“Notes Payable”) issued on September 9, 2011. In addition, 400,000 shares of common stock with the fair market value of $144,000 were issued to a second placement agent. On November 16, the Company issued Convertible Debentures in the amount of $450,000 for aggregate cash proceeds of $436,000, net of selling commissions to a third placement agent of $14,000.

The Convertible Debentures mature on the earlier of (i) one year from the date of issuance or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which the Company receives gross proceeds, in one or more transactions, of at least $3,425,000 (a “Subsequent Financing”), which took place on January 20, 2012 (“January 2012 Financing”) (see Note 6). The Convertible Debentures bear interest at 8% per annum and were convertible at the holder’s option into a Subsequent Financing. In the event that a Subsequent Financing has not occurred within 12 months from the date of issuance of the Convertible Debentures, the holder had the option to convert into a number of shares of the Company's common stock equal to 1% of the Company's shares of common stock on a fully diluted basis for every $125,000 of Convertible Debentures (the “Conversion Shares”) or an aggregate of approximately 3,985,000 shares based on the outstanding shares of the Company common stock as of December 31, 2011.

Upon the January 2012 Financing, $1,925,000 of debentures were exchanged for Units and the remaining $150,000 of debentures were repaid. As a result of the exchange, $1,925,000 principal amount of debentures are classified as a non-current liability in the accompanying balance sheet at December 31, 2011.

Upon conversion or repayment of the Convertible Debenture, the holder was entitled to receive, at the holder's option, either (i) a warrant (the "Debenture Warrant"), which has a three year term and is exercisable at the offering price in a Subsequent Financing, to purchase such number of shares of the Company's common stock equal to the principal amount of the Convertible Debenture divided by the offering price in a Subsequent Financing, (the "Warrant Shares") or (ii) shares of the Company's common stock equal to 33% of the principal amount of the Convertible Debenture divided by the offering price in a Subsequent Financing (the "Incentive Shares"). The Conversion Shares, Warrant Shares and Incentive Shares are entitled to piggyback registration rights. Upon the January 2012 Financing, the holders of the Convertible Debenture elected to receive 275,000 Debenture Warrants exercisable at $1 per share with fair value of $83,289 and 594,000 Incentive Shares valued at $368,280. The value of the Debenture Warrants and Incentive Shares was charged to operations as interest expense in the first quarter of 2012.

In addition to selling commissions paid to the placement agents on the sale of certain Convertible Debentures, the placement agents received warrants that expire in January 2014 and 2015 ("Agents Warrants"), respectively, and are exercisable at the offering price in a Subsequent Financing to purchase shares of the Company's common stock equal to 3% and 9%, respectively, of the gross proceeds delivered by purchasers introduced by such placement agents divided by the purchase price per share in the Subsequent Financing. In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Convertible Debentures, the placement agents were entitled to receive, in lieu of the warrants, shares of common stock equal to 3% and 9%, respectively, of the number of shares of the Company's common stock such purchasers were entitled to receive upon conversion of their Convertible Debentures or an aggregate of approximately 88,000 shares based on the outstanding shares of the Company's common stock as of December 31, 2011. The Company recognized a liability to placement agents to issue shares of its common stock based on their fair value of approximately $32,000 as of December 31, 2011. Upon the January 2012 Financing, the placement agents become entitled to receive 30,750 warrants exercisable at $1.00 per share with a fair value $6,126, which was charged to operations as interest expense in the first quarter of 2012. Additionally the liability to placement agent of $32,000 was credited to interest expense in the first quarter of 2012.

The fair value of the Debenture and Agents Warrants was determined using the Black Scholes option pricing model with the following assumptions: fair value of the Company's common stock $0.62 per share determined based on January and March 2012 proceeds; dividends yield 0%; expected terms 2 to 3 years; risk free interest rate: 0.91%; and expected volatility: 73 to 94%.

The following expenses in connection with the issuance of Convertible Debenture were recorded as deferred financing costs: fair value of 400,000 shares of the Company's common stock issued to the placement agent valued at $144,000, cash payments to the placement agents of $54,000, legal expenses of $20,000 and fair value of the liability to placement agent to issue the Company's shares of common stock in the amount of $32,000. The deferred financing costs were amortized using the effective interest method over the twelve month term of the Convertible Debentures. During the year ended December 31, 2011, amortization of deferred financing costs amounted to approximately $53,000 and charged to interest expense in the statement of operations and remaining balance was charged to operations in connection with the extinguishment of the debentures resulting from their exchange and repayment in 2012.

Pursuant to a Pledge and Security Agreement and Subsidiary Guaranty, the Company granted the Debenture holders a first priority lien on all its assets.

NOTE 6 – JANUARY AND MARCH 2012 FINANCING

On January 20, 2012, the Company issued an aggregate of 172.118 units ("Units") to certain investors (the "Purchasers") for aggregate cash proceeds of $2,377,950 and $1,925,000 in previously issued Convertible Debentures of the Company that were exchanged for Units ("January 2012 Financing"). On March 1, 2012, the Company issued an aggregate of 92.5926 units to certain investors for aggregate cash proceeds of $2,314,815 ("March 2012 Financing").

Each Unit had a purchase price of $25,000 per Unit and consisted of twenty five thousand (25,000) shares of the Company's common stock, a Class A Warrant to purchase twenty five thousand (25,000) shares of Common Stock (the "Class A Warrants"), and a Class B Warrant to purchase up to twenty five thousand (25,000) shares of Common Stock (the "Class B Warrants" and together with the Class A Warrants, the "Warrants").

The Class A Warrants have an exercise price of $1.25 per share of common stock and will be exercisable for a period of five years from the date of issuance. The warrants had certain anti-dilutive provisions that were set to expire the earlier of i) one year or ii) upon effectiveness of a registration of all shares covered by Class A Warrants, which took place on June 6, 2012. The Company determined the fair value of the Class A Warrants and the Agent Warrants, described below, to be $2,549,684 and $212,235 on the issuance dates and initially classified them as a liability due to transactions which cause an adjustment to the conversion rate (reset provisions) contained in the warrant agreements. On June 6, 2012, upon the Company's registration statement being declared effective by the Securities and Exchange Commission, the reset provisions expired and the Company reclassified $3,938,946, the fair value of the Class A Warrants and Agent Warrants as of that date to equity. The increase of $1,177,026 in fair value of warrants liability was included in results of operations for the nine months ended September 30, 2012.

The following assumptions were used in the Binomial Lattice model to determine fair value of the Class A Warrants and the Agent Warrants:

	Issuance date January 20 and March 1, 2012	Expiration date June 6, 2012
Price of the Company's common stock	$ 0.62	$ 0.85
Dividend yield	0%	0%
Expected terms	5 – 7 years	4.6 - 6.7 years
Risk free interest rate	0.89 - 1.47%	0.73 - 1.11%
Expected volatility	96.68 - 96.69%	95.73%
Expected price at which holders are likely to exercise their warrants	$ 1.25	$ 1.25

The Class B Warrants were exercisable automatically on their expiration date by cashless exercise or expire without exercise. In the event that the average of the Company's daily volume weighted average price was below $0.75 during the 10 trading days after the Announcement Date (as hereinafter defined) (the "Measuring Period"), then the holder was entitled to receive additional shares of the Company's Common Stock upon the exercise of the Class B Warrants on the expiration date, which is the 12 th trading day after the Announcement Date. In the event that the Company's average daily volume weighted average price was at or above $0.75 during the Measuring Period, the Class B Warrants were to expire unexercised. The Announcement Date was the earlier of (1) the date on which the Company announces via press release the results of the pharmacokinetic study of its TNX-102 drug formulation; or (2) June 1, 2012. On April 5, 2012 the Company issued a press release announcing the results of the pharmacokinetic study of its TNX-102 drug formulation, which is defined as an Announcement Date for the purpose of the Class B Warrants. Based on the Company's average daily volume weighted average price, which was $1.73 per share, during the Measuring Period, the Class B Warrants expired unexercised.

In connection with the January and March 2012 Financing, the Company paid a placement agent (the "Agent") an aggregate cash payment of $466,777, which represented an 8% commission and a 2% non-accountable expense allowance of the gross proceeds delivered by Purchasers in the January and March 2012 Financing. In addition, the Agent earned an aggregate of 466,777 warrants to purchase shares of common stock equal to 10% of the gross proceeds delivered by Purchasers in the January and March 2012 Financing (the "Agent Warrants"), which have an exercise price of $1.25 per share of common stock, exercisable for a period of seven years, contained anti-dilution protection and are entitled to piggy-back registration rights. Total expenses related to the financing, including cash and the fair value of warrants given to the Agent, amounted to $706,511, of which $435,713 was charged to additional paid-in capital and $270,798, deemed initially allocable to the warrant liability, was charged to current and other financing costs.

In connection with the financings, the Company entered into a Registration Rights Agreement with Purchasers. The Company is required to file a registration statement registering for resale the common stock included in the Units and the common stock underlying the Class A Warrants and the Agent Warrants to be filed no later than 60 days from the date of termination of the financings on March 1, 2012 and must be declared effective no later than 120 days from the date of termination of the Financing (June 29, 2012). On April 26, 2012, the Company filed the registration statement, which was declared effective on June 6, 2012. The Company is required to maintain the effectiveness of the registration statement from its effective date unless all securities registered under the registration statement have been sold or are otherwise able to be sold. If the Company failed to comply with the registration statement filing or effective date requirements, the Company was required to pay the investors a fee equal to 1.0% of the Purchaser's investment, for each 30-day period of delay, subject to a maximum payment of 10% to each Purchaser.

NOTE 7 – STOCKHOLDERS' EQUITY

On May 2, 2012, the Company filed amended and restated Articles of Incorporation. Among other changes, the Company increased the number of authorized shares of common stock, $0.001 par value to 150,000,000. Additionally, the Company is now authorized to issue 5,000,000 shares of preferred stock, $0.001 par value with such designations, preferences and participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be determined by the Company's Board of Directors.

NOTE 8 – SHARE BASED COMPENSATION

2010 Stock Plan

In June and August 2010, respectively, the Board of Directors and stockholders of Tonix Sub. approved, and in December 2010 and February 2011, the Board of Directors amended, the terms and provisions of the 2010 Stock Plan (the "2010 Plan") whereby the Company reserved 4,564,641 shares of its Common Stock for issuance pursuant to the 2010 Plan. The 2010 Plan allowed for grants of options to purchase shares of Common Stock and awards of restricted Common Stock to employees, officers, directors, consultants and advisors of the Company.

In February 2011, the Company granted shares of restricted Common Stock to employees as follows: 196,359 shares to the Chief Business Officer and 130,906 shares to the incoming President of Krele. The shares vest: 20% on the grant date and 20% on each of the first, second, third and fourth anniversaries of the grant date. In August 2011, upon resignation of the President of Krele, 104,725 unvested shares were forfeited.

In March and April 2011, the Company granted 19,636 and 21,818 shares of restricted Common Stock, respectively, to newly appointed members of the Scientific Advisory Board and the Board of Directors which vest: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

The Company recognized share-based compensation expense of $139,063 prior to Share Exchange and remaining expense of $296,588 was recognized on October 7, 2011, the date of Share Exchange, upon which all non vested restricted shares vested and the 2010 Plan ceased to exist.

2012 Incentive Stock Option Plan

On February 12, 2012, the Company's Board of Directors approved the 2012 Incentive Stock Option Plan (the "2012 Plan"). The 2012 Plan provides for the issuance of options to purchase up to 4,000,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company. Under the terms of the 2012 Plan, the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company determines the exercise price, vesting and expiration period of the grants under the 2012 Plan. However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the 2012 Plan should not be more than five years and expiration period not more than ten years. The Company reserved 4,000,000 shares of its common stock for future issuance under the terms of the 2012 Plan. On May 9, 2012, 3,500,000 options had been granted under the 2012 Plan (all of which are outstanding at September 30, 2012) with an exercise price of $1.50, a 10 year life and fair value of $1.175. The options vest 1/3rd on May 9, 2013 and 1/36th on the 9th of each month thereafter for 24 months.

The Company measures the fair value of stock options on the date of grant, based on a Binomial option pricing model using certain assumptions discussed in the following paragraph, and the closing market price of the Company's common stock on the date of the grant. Stock options granted vest over a three year period and expire ten years from the date of grant. Share-based compensation expense related to awards is amortized over the applicable vesting periods using the straight-line method. Share-based compensation expense of $571,330 was recognized for the nine month period ended September 30, 2012.

The assumptions used in the valuation of stock options granted during the nine months ended September 30, 2012 were as follows:

Risk-free interest rate		1.87%
Expected term of option		6.5 years
Expected stock price volatility		95.89%
Expected dividend yield	$	0.0

The risk-free rate of return is based on the yield of Daily U.S. Treasury Yield Curve Rates with terms equal to the expected life of the options as of the grant date. The expected term of options determined using the simplified method and the expected stock price volatility is based on comparable companies' historical stock price volatility since the Company does not have sufficient historical exercise data because its equity shares have been publicly traded for only a limited period of time.

As of September 30, 2012, the Company had approximately $3,542,246 of total unrecognized compensation cost related to non-vested awards granted under the Company's 2012 Plan, which the Company expects to recognize over approximately a three-year period.

NOTE 9 – STOCK WARRANTS

The following table summarizes information with respect to outstanding warrants to purchase common stock of the Company, all of which were exercisable, at September 30, 2012:

Exercise Price	Number Outstanding	Expiration Date
$ 1.00	305,750	January 2014 to January 2015
1.25	7,084,542	January 2017 to March 2019
	7,390,292	

On January 20, 2012, the Company issued an aggregate of 275,000 and 30,750 warrants to purchase the Company's common stock at an exercise price of $1.00 per share expiring five and seven years from the date of issuance to convertible debenture holders and debenture placement agents, respectively (see Note 5).

In connection with the January 2012 and March 2012 Financing, the Company issued to investors an aggregate of 4,302,950 and 2,314,815 warrants, respectively, to purchase the Company's common stock at an exercise price of $1.25 per share expiring five years from the date of issuance. In addition, the Company issued an aggregate of 235,295 and 231,482 warrants to purchase the Company's common stock at an exercise price of $1.25 per share expiring seven years from the date of issuance to placement agents. These warrants contained certain anti-dilutive provisions and are covered under a registration rights agreement (see Note 6).

NOTE 10 – RELATED PARTY TRANSACTIONS

Dr. Seth Lederman, our Chief Executive Officer and Chairman of the Board, and Dr. Donald Landry, one of our directors, are the primary founders of Tonix Sub. We have entered into various transactions with several companies under their control, including L&L Technologies, Plumbline, Targent Pharmaceuticals, LLC and Lederman & Co. Lederman & Co. received $250,000 per annum for its services, until August 1, 2011, when it received $127,000 per annum until such time as we closed on the 2012 Financing. We first closed on the 2012 Financing in January 2012, and effective February 1, 2012, Lederman & Co. receives $250,000 per annum for its services. The consulting agreement renews automatically for subsequent terms of one year at $250,000 per annum. Total expenses paid under these agreements were $107,333 and $246,083 during the three and nine months ended September 30, 2012, respectively; and $44,281 and $239,000 during the three and nine months ended September 30, 2011, respectively. In January 2012, the related party companies received interest on the convertible notes in the aggregate amount of $6,183.

In connection with the January 2012 Financing, related party convertible debenture holders received an aggregate of 84,150 shares of common stock and 10,000 warrants to purchase the Company's common stock at an exercise price of $1.00 for three years (see Note 5). Upon exchange of debentures for units in the January 2012 Financing, related party debenture holders received an aggregate of 275,000 shares of the Company's common stock, 275,000 Class A Warrants and 275,000 Class B Warrants (see Note 6).

NOTE 11 – COMMITMENTS

Employment agreements

Effective April 1, 2012, the Company entered into an employment agreement with Leland Gershell (the “Gershell Agreement”) to serve as Chief Financial Officer. The base salary under the Gershell Agreement is $175,000 per annum, which shall increase to $325,000 per annum upon the Company consummating an equity sale of securities in excess of $20 million (the “Gershell Threshold”). The Gershell Agreement provides for at-will employment and can be terminated at any time by either party, provided, however, that if the Company terminates Dr. Gershell for any reason other than cause (as defined in the Gershell Agreement), then Dr. Gershell shall be entitled to six weeks of severance, which severance payment shall increase to six months if such termination occurs after the Gershell Threshold. In addition, Dr. Gershell is entitled to participate in any and all benefit plans, from time to time, in effect for the Company’s employees, along with vacation, sick and holiday pay in accordance with its policies established and in effect from time to time.

Effective April 2, 2012, the Company entered into an employment agreement (the "Selzer Agreement") with Benjamin Selzer to serve as Chief Operating Officer. The Selzer Agreement replaces and terminates the employment agreement Mr. Selzer had previously entered into with Tonix Sub. The base salary under the Selzer Agreement is $175,000 per annum, which shall increase to $250,000 per annum effective October 7, 2012, and shall increase to $320,000 per annum upon the Company consummating an underwritten public offering of equity securities in excess of $10 million net to the Company (the "Selzer Threshold"). In the event that the Selzer Threshold occurs subsequent to October 7, 2012, Mr. Selzer shall be entitled to retroactive adjustment of the base salary to the $320,000 per annum rate, not to exceed an aggregate adjustment of $170,000. The Selzer Agreement has an initial term of two years, and renews thereafter for additional one year terms unless either party provides 90 days written notice prior to the termination of a term not to extend the Selzer Agreement.

NOTE 12 – SUBSEQUENT EVENTS

Effective October 5, 2012, the Company entered into an amendment to its employment agreement (the "Selzer Amendment") with Benjamin Selzer, which amended the employment agreement entered into with Mr. Selzer on April 2, 2012 (the "Selzer Agreement") to serve as Chief Operating Officer. Pursuant to the Selzer Amendment, the base salary under the Selzer Agreement remains $175,000 per annum through March 31, 2013, at which time it shall increase to $250,000 per annum, and shall increase to $320,000 per annum upon the Company consummating an underwritten public offering of equity securities in excess of $10 million net to the Company (the "Selzer Threshold").

Pursuant to the Selzer Agreement, the base salary was to increase to $250,000 effective October 7, 2012. In addition, pursuant to the Selzer Amendment, a retroactive adjustment of the base salary to the $320,000 per annum rate, not to exceed an aggregate adjustment of $170,000, that Mr. Selzer would have been entitled to upon the Selzer Threshold occurring after October 7, 2012 was eliminated.

On October 26, 2012, the Company elected to voluntarily terminate Benjamin Selzer as Chief Operating Officer, Secretary and Treasurer, effective immediately. In conjunction with the termination, 500,000 unvested options previously issued to Mr. Selzer were cancelled.

Between October and November 2012, the Company issued promissory notes in the amount of $320,000 (the "Notes") in exchange for $320,000 borrowed from six affiliated investors. The Notes bear no interest and were payable on demand.

On November 14, 2012, the Company sold to accredited investors for aggregate cash proceeds of $390,000, convertible debentures (the "Debentures") in the principal face amount of $390,000 and the exchange of the Notes for Debentures in the principal face amount of $320,000.

The Debentures mature on the earlier of (i) November 14, 2013 or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which we receive gross proceeds, in one or more transactions, of at least $100,000 (a "Subsequent Financing"). The Debentures bear interest at 8% per annum and are convertible at the holder's option into either (i) a Subsequent Financing at a price equal to a 25% discount to the price of securities sold in the Subsequent Financing or (ii) shares of the Company's common stock at a conversion price per share equal to $1.00.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.

Business Overview

We are a specialty pharmaceutical company focused on developing novel pharmaceutical products for challenging disorders of the central nervous system, or CNS. We search for potential therapeutic solutions among known pharmaceutical agents that lack regulatory approval for the indications we seek, but may be approved for use in other indications. The ongoing evolution in the understanding of certain CNS disorders provides us with opportunities to develop such agents as proprietary products for new indications. We typically seek to create new dose and formulation options that are tailored to the therapeutic uses to which we apply these agents.

Many CNS drugs have been identified by physicians who observe unexpected improvements in their patients' CNS conditions despite having prescribed them for a different purpose. One of our goals is to establish formal clinical study programs to determine if such anecdotal observations are, in fact, reflections of a compound's ability to treat a particular CNS condition. While some new applications can use the commercially-available form of a given drug, in other cases, reformulating the active ingredient may improve the active ingredient's safety or effectiveness in treating the condition. If we demonstrate success in our formal development programs, we will seek marketing approval from the Food and Drug Administration, or FDA.

We are currently devoting the majority of our efforts to the development of our lead product candidate, TNX-102 sublingual tablet, or TNX-102 SL. TNX-102 SL is a novel dose and formulation of cyclobenzaprine, or CBP, the active pharmaceutical ingredient of two widely prescribed muscle relaxant products (Flexeril® and Amrix®). TNX-102 SL is also distinct from these products with regard to its route of administration. Due to the well-characterized history of CBP, we believe TNX-102 SL has the potential to progress through a shorter development pathway than is typical for drug products based on novel active ingredients. We are currently developing TNX-102 SL for the treatment of fibromyalgia, or FM, and for the treatment of post-traumatic stress disorder, or PTSD. In a randomized, double-blind, placebo-controlled, Phase 2 trial (Moldofsky et al, Journal of Rheumatology, 2011;38:2653), the Company demonstrated that very low-dose CBP given at bedtime resulted in significant decreases in next-day pain and other core FM symptoms, as well as in a significant improvement in sleep quality. We believe that CBP exerts its benefit in FM via its ability to improve the restorative quality of sleep, which has been shown to be frequently impaired in both FM and PTSD. Current CBP products are believed to be widely used off-label by FM patients.

TNX-102 SL is a small, rapidly dissolving tablet containing 2.4 mg of cyclobenzaprine for sublingual administration at bedtime. We designed TNX-102 SL to enable the rapid, efficient delivery of cyclobenzaprine to the systemic circulation via sublingual transmucosal absorption and to avoid first-pass liver metabolism. We also designed TNX-102 SL to provide CBP at doses lower than those currently available by prescription. We have conducted several clinical and pre-clinical pharmacokinetic studies of TNX-102 SL which we believe support its development as a novel therapeutic product for FM and PTSD, and which demonstrate a number of potentially advantageous characteristics as compared to current cyclobenzaprine-containing products, none of which are approved for these indications. Among our findings, we have reported that, as compared to oral cyclobenzaprine tablets, TNX-102 SL results in faster systemic absorption, with significantly higher plasma levels of CBP in the first hour following administration. We have also shown that sublingual absorption of CBP cannot be achieved by crushing currently-available CBP products and placing the material under the tongue. We have shown TNX-102 SL to be generally well-tolerated, with no serious adverse events recorded.

We are advancing TNX-102 SL for the management of fibromyalgia, or FM. We believe that TNX-102 SL could be approved by the FDA for the treatment of FM following two efficacy studies and a safety exposure study that, together, would expose the minimum number of FM patients that would satisfy FDA's standards, whereas drug products based on novel active ingredients need exposure to significantly more study subjects. We plan to initiate a pivotal efficacy trial in the first quarter of 2013 that will evaluate this candidate in FM.

We are also advancing TNX-102 SL for the management of post-traumatic stress disorder, or PTSD. We held a pre-Investigation New Drug meeting with the FDA in October 2012, and we plan to conduct a clinical proof-of-concept trial of TNX-102 SL in PTSD in 2013.

We have developed other innovative formulations of cyclobenzaprine, including TNX-102 2.4 mg promicellar gelatin capsule, or TNX-102 gelcap. We have generated clinical data which support the further development of TNX-102 gelcap, and although we currently do not plan to advance this candidate, we may elect to do so in the future.

We also have a pipeline of other product candidates. For competitive reasons, we do not disclose the identities of the active ingredients or targeted indications in our pipeline until a U.S. patent has been allowed or issued. Consistent with our mission, these product candidates are or likely will be reformulations of active ingredients that have been used in humans in other products and that are designed for new CNS therapeutic indications.

In other cases, the products will be formulated to match earlier, or predicate, products closely enough to be considered generic copies or similar enough to other medications to rely (in part) on their regulatory review and approval. The predicate product may be approved by the FDA under an NDA or may have been reviewed for safety and effectiveness by the National Academy of Sciences under the Drug Efficacy Study Implementation, or DESI, program, in which case they would be considered by FDA to be "unapproved products". For DESI products, it is our intent to develop NDA versions by modernizing the chemistry, manufacturing and controls and to perform new clinical studies to support an NDA filing.

In August 2010, we formed Krele to commercialize products that are generic versions of predicate NDA products. We anticipate that when our branded products lose patent protection, Krele may market authorized generic versions of them. Krele also may develop or acquire generic products approved under ANDAs and we may market branded versions (branded generics) of such products.

On October 7, 2011, we executed and consummated the Share Exchange Agreement with Tonix Sub. Pursuant to the Share Exchange, each share of Tonix Sub's common stock was exchanged for 0.9 shares of our common stock, and each share of Tonix Sub's Series A and B preferred stock was exchanged for 4.8 shares of our common stock. Upon completion of the Share Exchange, the Tonix Sub shareholders, including holders of 1,396,982 restricted shares, which were subject to accelerated vesting, received in exchange for all of their shares, an aggregate of 22,666,667 shares of our common stock and our existing stockholders retained 4,000,000 shares of common stock. The 22,666,667 shares issued to the Tonix Sub shareholders constituted approximately 85% of our 26,666,667 shares of common stock issued and outstanding after the Share Exchange. Upon completion of the Share Exchange, Tonix Sub became our wholly-owned subsidiary. For accounting purposes, the acquisition has been treated as a recapitalization of Tonix Sub, accompanied by the issuance of our common stock for the outstanding common stock of Toxic Sub, which was recorded at a nominal value. The historical financial statements are those of Tonix Sub. The accompanying financial statements give retroactive effect to the recapitalization as if it had occurred on June 7, 2007 (inception date). Also, professional services expenses were allocated to research and development and general and administrative expenses in the 2010 and cumulative from inception through December 31, 2011 statement of operations to be consistent with the current period's presentation.

Current Operating Trends

Our current research and development efforts are focused on developing our lead product, TNX-102 SL, but we also expend some effort on our earlier pipeline programs. Our research and development expenses consist of manufacturing work and the cost of drug ingredients used in such work, fees paid to providers for conducting various clinical studies as well as for the analysis of the results of such studies, and for other medical research addressing the potential efficacy of our drugs. We believe that significant investment in product development is a competitive necessity, and we plan to continue these investments in order to be in a position to realize the potential of our product candidates and proprietary technologies.

We plan to start the next phase of clinical development for TNX-102 SL over the next six months, subject to raising necessary funds. Clinical trials can be very expensive. If these and additional necessary clinical trials are successful, we plan to prepare and submit applications to the FDA for marketing approval for our drug candidates. This process entails significant costs. As a result of these and other factors, we expect our research and development expenses to increase significantly over the next 12 to 24 months.

We expect that a larger percentage of our research and development expenses in the future will be incurred in support of our current and future preclinical and clinical development programs rather than technology development. These expenditures are subject to numerous uncertainties relating to timing and cost to completion. We test compounds in numerous preclinical studies for safety, toxicology and efficacy. At the appropriate time, subject to the approval of regulatory authorities, we expect to conduct early-stage clinical trials for each drug candidate. We anticipate funding these trials ourselves, and possibly with the assistance of federal grants. As we obtain results from trials, we may elect to discontinue or delay clinical trials for certain products in order to focus our resources on more promising products. Completion of clinical trials may take several years, and the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate.

The commencement and completion of clinical trials for our products may be delayed by many factors, including lack of efficacy during clinical trials, unforeseen safety issues, slower than expected patient recruitment, or government delays. In addition, we may encounter regulatory delays or rejections as a result of many factors, including results that do not support the intended safety or efficacy of our product candidates, perceived defects in the design of clinical trials and changes in regulatory policy during the period of product development. As a result of these risks and uncertainties, we are unable to accurately estimate the specific timing and costs of our clinical development programs or the timing of material cash inflows, if any, from our product candidates. Our business, financial condition and results of operations may be materially adversely affected by any delays in, or termination of, our clinical trials or a determination by the FDA that the results of our trials are inadequate to justify regulatory approval, insofar as cash in-flows from the relevant drug or program would be delayed or would not occur.

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our research and development efforts and the timing and outcome of regulatory submissions. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Three Months Ended September 30, 2012 Compared to Three Months September 30, 2011

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the three month periods ended September 30, 2012 and 2011.

Research and Development Expenses. Research and development expenses for the three months ended September 30, 2012 were $658,143, an increase of $166,119, or 34%, from $492,024 for the three months ended September 30, 2011. The increase in clinical and non-clinical cost and activities is primarily due to increased development work related to TNX-102 SL, including formulation development, manufacturing, human pharmacokinetic studies, and market research.

General and Administrative Expenses. General and administrative expenses for the three months ended September 30, 2012 were $1,076,199, an increase of $553,737, or 106%, from $522,462 incurred in the three months ended September 30, 2011. This increase is primarily due to an increase in payroll-related expenses, along with increases in investor and public relations expense, travel, meals and entertainment expense, and related-party consulting agreement expense, offset by decreases in accounting expense, rent, and other professional fees.

Payroll-related expenses increased to $554,753 in the current period from $149,936 for the three months ended September 30, 2011, an increase of $404,817, or 270%, primarily related to stock-based compensation and additional personnel. Payroll-related expenses include both cash and non-cash compensation associated with restricted stock grants in 2011 of $13,768 and options granted in 2012 of $342,798.

Professional services for the three months ended September 30, 2012 totaled $334,810, an increase of $59,377, or 22%, over the $275,433 incurred for the three month period ended September 30, 2011. The increase was primarily a result of $98,101 in investor and public relations in the three months ended September 30, 2012 compared to $24,675 in 2011. Accounting fees incurred in the three months ended September 30, 2012 amounted to $15,536, a decrease of $27,513, or 64%, from $43,049 incurred in the three months ended September 30, 2011. The decrease in accounting fees was a result of our public reporting obligations incurred prior to our merger in 2011, as we were still a private company at that time, although we were in the process of preparing to go public. Legal fees totaled $76,279 for the three months ended September 30, 2012, a decrease of $23,998, or 24%, from $100,277 incurred for the three months ended September 30, 2011. The decrease in legal fees is due to legal expenses incurred when we were a private company preparing for our merger in 2011, offset by expenses related to SEC filings. Other professional fees totaled $100,304 for the three months ended September 30, 2012, a decrease of $7,128 or 7%, from $107,432 for the three months ended September 30, 2011.

Travel, meals and entertainment costs for three months ended September 30, 2012 were $19,375, an increase of $4,592, or 31%, from $14,783 incurred in the three months ended September 30, 2011. Travel, meals and entertainment costs primarily include travel to contractors and consultants engaged in research and development activities related to TNX-102 as well as travel related to investor relations activities.

Rent for three months ended September 30, 2012 totaled $28,595, a decrease of $1,765, or 6%, from $30,360 incurred in the three months ended September 30, 2011. Depreciation expense in the three months ended September 30, 2012 totaled $4,076, an increase of $1,722, or 73%, over the expense of $2,354 incurred in the three months ended September 30, 2011, as a result of the purchase of new office computers.

Interest and Other Financing Costs. Interest income for the three months ended September 30, 2012 totaled $440, an increase of $432 from $8 income earned during the three months ended September 30, 2011. The increase was a result of having significantly more cash on hand during the quarter ended September 30, 2012.

Net Loss. As a result of the foregoing, net loss for the three months ended September 30, 2012 was $1,732,027, compared to a net loss of $1,014,478 for the three months ended September 30, 2011, an increase of $717,549, or 71%.

Nine Months Ended September 30, 2012 Compared to Nine Months September 30, 2011

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the nine month periods ended September 30, 2012 and 2011.

Research and Development Expenses. Research and development expenses for the nine months ended September 30, 2012 were $1,883,559, an increase of $1,249,063, or 197%, from $634,496 for the nine months ended September 30, 2011. The increase in clinical and non-clinical cost and activities is primarily due to increased development work related to TNX-102, including formulation development, manufacturing, human and animal pharmacokinetic studies, and market research.

General and Administrative Expenses. General and administrative expenses for the nine months ended September 30, 2012 were $2,862,085, an increase of $1,612,585, or 129%, from $1,249,500 incurred in the nine months ended September 30, 2011. This increase is primarily due to payroll-related expenses, professional services, travel, meals and entertainment expense, and marketing related expenses.

Payroll-related expenses increased to $1,350,267 in the current period from $442,924 for the nine months ended September 30, 2011, an increase of $907,343, or 205%. Payroll-related expenses include both cash and non-cash compensation associated with the restricted stock grants in 2011 of $139,063 and options granted in 2012 of $571,330. The increase in payroll-related costs was a result of headcount increases, salary increases and bonuses to our core management team along with the increase in stock based compensation. Upon closing of the private placement financing in January 2012, the salaries for our core management team were increased, and one-time bonuses were paid.

Professional services for the nine months ended September 30, 2012 totaled $942,665, an increase of $367,323, or 64%, over the $575,342 incurred for the nine month period ended September 30, 2011. The increase was primarily a result of $290,544 in investor and public relations activities in the nine months ended September 30, 2012 compared to $60,878 in 2011, an increase of $229,666, or 377%. Legal fees totaled $253,961 for the nine months ended September 30, 2012, an increase of $65,292, or 35%, from $188,669 incurred for the nine months ended September 30, 2011. The increase related to filings with the SEC, as we were a private company during the nine months ended September 30, 2011, as well as to the preparation and filing of patent applications. Accounting fees incurred in the nine months ended September 30, 2012 amounted to $149,417, an increase of $41,319, or 38%, from $108,098 incurred in the nine months ended September 30, 2011. The increase in accounting fees was a result of our public reporting obligations, which we did not have in 2011 as we were still a private company at that time although we were in the process of preparing to go public. Other professional fees totaled $204,155 for the nine months ended September 30, 2012, an increase of $40,232 or 25%, from $163,923 for the nine months ended September 30, 2011.

Travel, meals and entertainment costs for nine months ended September 30, 2012 were $84,507, an increase of $47,143, or 126%, from $37,364 incurred in the nine months ended September 30, 2011. Travel, meals and entertainment costs include travel to contractors and consultants engaged in research and development activities related to TNX-102 as well as travel related to investor relations activities.

Marketing related expenses for the nine months ended September 30, 2012 were $212,401, an increase of $179,816, or 452%, from $32,585 incurred in the nine months ended September 30, 2011. The increase in marketing is primarily due to $167,954 invested in market research in current period compared to $1,890 during the same period, last year.

Rent for nine months ended September 30, 2012 totaled $88,138, a decrease of $9,730, or 10%, from $97,868 incurred in the nine months ended September 30, 2011. Depreciation expense in the nine months ended September 30, 2012 totaled $10,192, an increase of $3,246, or 47%, over the expense of $6,946 incurred in the nine months ended September 30, 2011, as a result of the purchase of new office computers.

Other general expenses for the nine months ended September 30, 2012 were $136,147, an increase of $99,314, or 277%, from $35,833 incurred in the nine months ended September 30, 2011. Other general expenses are comprised of office operations, conventions and other administrative expenses. The increase primarily were financial reporting expenses associated with a public entity of $31,883 and conventions of $42,049 incurred in the current period as compared to $-0- and $9,404 during the same period, last year.

Interest and Other Financing Costs. Interest income (expense) for the nine months ended September 30, 2012 totaled $(899,909), a decrease of $(899,961) from $52 income earned during the nine months ended September 30, 2011. In 2012, our interest costs were comprised primarily of amortization and write-off of $196,166 of deferred financing costs related to the issuance of our secured convertible debentures in October 2011, allocated offering costs of $270,743 charged to interest as part of a financing and the fair value of $426,153, net with prior period accrual, of common stock and warrants issued to convertible debentures holders in connection with the conversion to a financing. In addition, we incurred interest expense related to our convertible debentures.

Change in fair value of warrant liability. In connection with our January and March 2012 financing, we issued warrants that contained certain reset provisions. As such, we were required to record the fair value as a liability and mark to market each reporting period. In June 2012, upon the effectiveness of our registration statement, these reset provisions expired. Therefore we adjusted the fair value of the warrants from their initial issuance in January and March 2012, charged operations for the increase in fair value of $1,177,026 and reclassified the fair value of warrants to equity.

Net Loss . As a result of the foregoing, net loss for the nine months ended September 30, 2012 was $6,820,705, compared to a net loss of $1,883,944 for the nine months ended September 30, 2011, an increase of $4,936,761, or 262%.

Liquidity and Capital Resources

As of September 30, 2012, we had a working capital deficit of $758,068, comprised primarily of cash of $35,653 and prepaid expenses of $43,076, which was offset by $697,383 of accounts payable and $136,303 of accrued expenses. For the nine months ended September 30, 2012, we used $4,207,624 of cash in operating activities. Cash provided by financing activities totaled $4,237,894 from the sale of shares of capital stock and warrants of $4,387,894, net with repayments of our convertible debentures of $150,000. In the comparable 2011 period, $612,000 was raised through the sale of shares of capital stock and $500,000 through issuance of convertible debentures. At September 30, 2012, we had cash of $35,653 compared to $41,123 at December 31, 2011. Our cash is held in bank deposit accounts. At September 30, 2012 and December 31, 2011, we had nil and $2,075,000 of secured convertible debentures outstanding, respectively.

Cash used in operations for the nine months ended September 30, 2012 and 2011 was $4,207,624 and $1,170,873, respectively, which represent cash outlays for research and development and general and administrative expenses in such periods. Increase in cash outlays principally resulted from manufacturing, pre-clinical, and clinical cost and activities, regulatory cost, payroll and rent.

Cash used in investing activities for the nine months ended September 30, 2012 was $35,740 compared to cash provided by investing activities of $347 in the nine months ended September 30, 2011. In the nine month periods ended September 30, 2012 and 2011, we purchased office furniture and computer equipment of $35,673 and $2,764, respectively.

In their report dated March 30, 2012, our independent registered public accounting firm stated at December 31, 2011, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is an issue raised due to our net losses and negative cash flows from operations since inception and our expectation that these conditions will continue for the foreseeable future. In addition, we will require additional financing to fund future operations. Further, we do not have any commercial products available for sale and have not generated revenues and there is no assurance that if approval of our products is received that we will be able to generate cash flow to fund operations. In addition, there can be no assurance that our research and development will be successfully completed or that any product will be approved or commercially viable. Our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, obtaining loans from various financial institutions or being awarded grants from government agencies, where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

We expect to incur losses from operations for the near future. We expect to incur increasing research and development expenses, including expenses related to additional clinical trials. We expect that our general and administrative expenses will increase in the future as we expand our business development, add infrastructure and incur additional costs related to being a public company, including incremental audit fees, investor relations programs and increased professional services.

Our future capital requirements will depend on a number of factors, including the progress of our research and development of product candidates, the timing and outcome of regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates. We believe our existing cash will be sufficient to fund our operating expenses and capital equipment requirements for the next three months. We anticipate we will need approximately $2,000,000 to fund our operating expenses and capital equipment requirements for the next 12 months. We will have to raise additional funds to continue our operations and, while we have been successful in doing so in the past, there can be no assurance that we will be able to do so in the future. Our continuation as a going concern is dependent upon our ability to obtain necessary additional funds to continue operations and the attainment of profitable operations.

We presently do not have any available credit, bank financing or other external sources of liquidity. Due to our history and historical operating losses, our operations have not been a source of liquidity. We will need to obtain additional capital in order to expand operations and fund research and development activities. Future financing may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock.

If additional financing is not available or is not available on acceptable terms, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

2012 Private Placement

Between January and March, 2012, we consummated the 2012 Financing pursuant to which we issued an aggregate of 264.7106 Units to certain investors for aggregate cash proceeds of $4,692,765 and the exchange of $1,925,000 in previously issued debentures that were converted into Units.

Each Unit had a purchase price of $25,000 per Unit and consisted of twenty five thousand (25,000) shares of our Common Stock, 25,000 Class A Warrants and 25,000 Class B Warrants.

The Class A Warrants have an exercise price of $1.25 per share of Common Stock and will be exercisable for a period of five years from the date of issuance. The Class B Warrants were not exercisable by the Purchasers and would be exercised automatically on their expiration date by cashless exercise or expire without exercise. Effective April 24, 2012, the Class B Warrants expired unexercised.

In connection with the Financing, we paid Dawson James a cash payment of $466,777, which represented an 8% commission and a 2% non-accountable expense allowance of the gross proceeds delivered by investors in the 2012 Financing. In addition, Dawson James earned 466,777 2012 Agent Warrants.

2012 Promissory Notes

Between October and November 2012, we issued promissory notes in the amount of $320,000 (the “Notes”) in exchange for $320,000 borrowed from six affiliated investors. The Notes bear no interest and were payable on demand.

2012 Bridge Financing

On November 14, 2012, we sold to accredited investors for aggregate cash proceeds of $390,000, convertible debentures (the “Debentures”) in the principal face amount of $390,000 and the exchange of the Notes for Debentures in the principal face amount of $320,000.

The Debentures mature on the earlier of (i) November 14, 2013 or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which we receive gross proceeds, in one or more transactions, of at least $100,000 (a “Subsequent Financing”). The Debentures bear interest at 8% per annum and are convertible at the holder’s option into either (i) a Subsequent Financing at a price equal to a 25% discount to the price of securities sold in the Subsequent Financing or (ii) shares of our common stock at a conversion price per share equal to $1.00.

Other

In July 2011, we entered into a contract with a contract research organization, or CRO, to investigate the feasibility of developing a new, proprietary formulation of cyclobenzaprine at a cost of $58,080. In August 2011, we authorized the initiation of formulation work and manufacturing of TNX-102 gelcap for clinical trials pursuant to a contract with Lipocine with respect to a research and development project for reformulation work on our leading products for a fee of $235,000. In September 2011, we entered into a contract with Pharmanet Canada for contract research work with respect to a pharmacokinetic study for TNX-102 gelcap. The full cost of the work to be performed is $637,231. Payment is due in four installments based on the achievement of certain performance milestones. In October 2011, we entered into an agreement with another CRO to develop, and perform an exploratory pharmacokinetic study on, a new formulation of cyclobenzaprine for an approximate cost of $180,000.

In December 2011, we entered into an agreement with a public relations firm to provide news media placement and political intelligence from January 2012 through June 2012 for a total cost of $60,000, but subsequently amended the agreement to cover the period May 2012 through October 2012. In April 2012, we entered into an agreement with a manufacturing company to formulate and manufacture TNX-102 SL drug material for clinical testing at a cost of $93,000. In May and June 2012, we entered into five contracts with a CRO to develop and manufacture sublingual formulations of cyclobenzaprine and related compounds for an approximate total cost of $335,000. Payment is due in four installments in four of these contracts, and is due in five installments in one contract. In May 2012, we entered into a contract with a CRO to perform an exploratory pharmacokinetic study, which evaluated TNX-102 SL, at a cost of $283,000, with payment due in three installments. In May 2012, we entered into an agreement with an investor relations firm to provide investor relations services, at a cost of $50,000 to be paid in

four equal monthly installments. In September 2012, we entered into a contract with a CRO to perform technology transfer of manufacturing and formulation at a cost of $44,500, with payment due in two installments. In September 2012, we entered into a contract with a CRO to perform analytical work on TNX-102 SL at an approximate cost of $95,000, with payment due in three installments.

Transactions with Related Parties

Dr. Seth Lederman, our Chief Executive Officer and Chairman of the Board, and Dr. Donald Landry, one of our directors, are the primary founders of Tonix Sub. We have entered into various transactions with several companies under their control, including L&L Technologies, Plumbline, Targent Pharmaceuticals, LLC and Lederman & Co. In 2010, we entered into a two-year consulting agreement with Lederman & Co. for clinical development, strategic, management and operational consulting services. Lederman & Co. received $250,000 per annum for its services, until August 1, 2011, when it received $127,000 per annum until such time as we closed on the 2012 Financing. We first closed on the 2012 Financing in January 2012, and effective February 1, 2012, Lederman & Co. receives $250,000 per annum for its services. The consulting agreement renews automatically for subsequent terms of one year at $250,000 per annum. In January 2012, the related party companies received interest on the convertible notes in the aggregate amount of $6,183.

In connection with the January 2012 Financing, related party convertible debenture holders received an aggregate of 84,150 shares of common stock and 10,000 warrants to purchase the Company's common stock at an exercise price of $1.00 for three years (see Note 5). Upon exchange of debentures for units in the January 2012 Financing, related party debenture holders received an aggregate of 275,000 shares of the Company's common stock, 275,000 Class A Warrants and 275,000 Class B Warrants (see Note 6).

Stock Compensation

In February 2012, we approved the 2012 Incentive Stock Options Plan (“2012 Plan”). The 2012 Plan provides for the issuance of options to purchase up to 4,000,000 shares of our common stock to officers, directors, employees and consultants. Under the terms of the 2012 Plan, we may issue Incentive Stock Options, as defined by the Internal Revenue Code, and nonstatutory options. The Board of Directors determines the exercise price, vesting and expiration period of the options granted under the 2012 Plan. However, the exercise price of an Incentive Stock Option must be at least 100% of fair value of the common stock at the date of the grant (or 110% for any stockholder that owns 10% or more of our common stock). The fair market value of the common stock determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in a good faith. Additionally, the vesting period of the grants under the 2012 Plan should not be more than five years and expiration period not more than ten years. We reserved 4,000,000 shares of our common stock for future issuance under the terms of the 2012 Plan. In May 2012, we issued options to purchase 3,500,000 shares of common stock pursuant to the 2012 Plan, with such options vesting 1/3 rd on May 9, 2013 and 1/36 th on the 9 th of each month thereafter for 24 months, having an exercise price of $1.50 and expiring 10 years from date of issuance.

Lease Commitments

In September 2010, we entered into a five-year lease for office space in New York City, with monthly payments escalating from approximately $10,000 in the first year to approximately $11,000 in the fifth year. The Company received a rent credit of $9,420 in each of the months of November 2010, December 2010 and January 2011. We issued a letter of credit in the amount of approximately $60,000 for the benefit of the landlord, which is collateralized by a money market account. Our future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2012	$ 31,747
2013	127,889
2014	131,513
2015	100,719
	$ 391,868

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Research and Development . Tonix outsources its research and development efforts and expenses related costs as incurred, including the cost of manufacturing product for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed as research and development costs, as it related to particular research and development projects and had no alternative future uses.

Stock Based Compensation . All stock-based payments to employees and to nonemployee directors for their services as directors consisted of grants of restricted stock and stock options, which are measured at fair value on the grant date and recognized in the consolidated statements of operations as compensation expense over the relevant vesting period. Restricted stock payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are nonforfeitable, the measurement date is the date the award is issued.

Income Taxes . Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized. The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Recent Accounting Pronouncements

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's consolidated financial position, results of operations or cash flows.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for “smaller reporting companies.”

ITEM 4 - CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2012, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are currently not a party to any material legal proceedings or claims.

Item 1A. Risk Factors

Not required under Regulation S-K for “smaller reporting companies.”

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

31.01	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document*
101 SCH	XBRL Taxonomy Extension Schema Document*
101 CAL	XBRL Taxonomy Calculation Linkbase Document*
101 LAB	XBRL Taxonomy Labels Linkbase Document*
101 PRE	XBRL Taxonomy Presentation Linkbase Document*
101 DEF	XBRL Taxonomy Extension Definition Linkbase Document*

* Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

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.

TONIX PHARMACEUTICALS HOLDING CORP.

Date: November 14, 2012

By: /s/ SETH LEDERMAN
Seth Lederman
Chief Executive Officer (Principal Executive Officer)

Date: November 14, 2012

By: /s/ LELAND GERSHELL
Leland Gershell
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.01

CERTIFICATION

I, Seth Lederman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tonix Pharmaceuticals Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2012

/s/ SETH LEDERMAN
Seth Lederman
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, Leland Gershell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tonix Pharmaceuticals Holding Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2012

/s/ LELAND GERSHELL
Leland Gershell
Chief Financial Officer

Exhibit 32.01

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Seth Lederman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Tonix Pharmaceuticals Holding Corp . on Form 10-Q for the fiscal quarter ended September 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Tonix Pharmaceuticals Holding Corp.

Date: November 14, 2012

By: /s/ SETH LEDERMAN
Name: Seth Lederman
Title: *Chief Executive Officer*

I, Leland Gershell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Tonix Pharmaceuticals Holding Corp . on Form 10-Q for the fiscal quarter ended September 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Tonix Pharmaceuticals Holding Corp.

Date: November 14, 2012

By: /s/ LELAND GERSHELL
Name: Leland Gershell
Title: *Chief Financial Officer*