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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2003

OR

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

Commission file number 0-12957

ENZON PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	22-2372868
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
685 Route 202/206, Bridgewater, New Jersey	08807
(Address of Principal Executive Offices)	(Zip Code)

(908) 541-8600
(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 |X| No |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes |X| No |_|

As of November 12, 2003, there were 43,520,896 shares of Common Stock, par value $.01 per share, outstanding.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	September 30, 2003 (Unaudited)	June 30, 2003 *
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63,042	$ 66,752
Short-term investments	24,834	25,047
Accounts receivable, net	26,732	33,173
Inventories	11,812	11,786
Deferred tax and other current assets	18,007	16,089

Total current assets	144,427	152,847
Property and equipment	45,538	43,896
Less: accumulated depreciation and amortization	12,286	11,303
	33,252	32,593
Other assets:		
Marketable securities	67,685	61,452
Investments in equity securities and convertible note	62,935	56,364
Amortizable intangible assets, net	207,498	211,975
Goodwill	150,985	150,985
Deferred tax and other assets	60,190	62,350
	549,293	543,126
Total assets	$ 726,972	$ 728,566
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,124	$ 12,809
Accrued expenses	17,182	21,536
Total current liabilities	25,306	34,345
Notes payable	400,000	400,000
Other liabilities	5,847	2,637
	405,847	402,637
Commitments and contingencies		
Stockholders' equity:		
Common stock-$.01 par value, authorized 90,000,000 shares; issued and outstanding 43,690,896 shares at September 30, 2003 and 43,518,359 shares at June 30, 2003	437	435
Additional paid-in capital	323,938	322,488
Accumulated other comprehensive income (loss)	1,469	(159)
Deferred compensation	(5,689)	(4,040)
Accumulated deficit	(24,336)	(27,140)
Total stockholders' equity	295,819	291,584
Total liabilities and stockholders' equity	$ 726,972	$ 728,566

*Condensed from audited financial statements.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30,	
	2003	2002
Revenues:		
Product sales, net	$ 24,961	$ 6,566
Manufacturing revenue	1,604	--
Royalties	13,811	18,417
Contract revenue	268	84

Total revenues	40,644	25,067
Costs and expenses:		
Cost of sales and manufacturing revenue	10,912	2,514
Research and development	6,551	4,062
Selling, general and administrative	11,209	3,908
Amortization of acquired intangible assets	3,358	35
Total costs and expenses	32,030	10,519
Operating income	8,614	14,548
Other income (expense):		
Interest and dividend income	474	3,454
Interest expense	(4,957)	(4,957)
Other	307	--
	(4,176)	(1,503)
Income before tax provision	4,438	13,045
Income tax provision	1,634	261
Net income	$ 2,804	$ 12,784
Basic earnings per common share	$ 0.06	$ 0.30
Diluted earnings per common share	$ 0.06	$ 0.29
Weighted average number of common shares outstanding - basic	43,290	42,980
Weighted average number of common shares and dilutive potential common shares outstanding	43,629	43,681

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended September 30,	
	2003	2002
Cash flows from operating activities:		
Net income	$ 2,804	$ 12,784
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,925	601
Non-cash expense for issuance of common stock	344	77
Non-cash income relating to equity collar arrangement	(307)	--
Amortization of bond premium/discount	(126)	(274)
Deferred income taxes	1,240	--
Changes in operating assets and liabilities	(5,991)	(6,029)
Net cash provided by operating activities	3,889	7,159
Cash flows from investing activities:		
Purchase of property and equipment	(1,649)	(766)
Proceeds from sale of marketable securities	3,000	91,180
Purchase of marketable securities	(8,950)	(60,990)
Maturities of marketable securities	--	5,000
Net cash provided by (used in) investing activities	(7,599)	34,424

Cash flows from financing activities:		
Proceeds from issuance of common stock	--	272
Net increase (decrease) in cash and cash equivalents	(3,710)	41,855
Cash and cash equivalents at beginning of period	66,752	113,858
Cash and cash equivalents at end of period	$ 63,042	$ 155,713

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes To Condensed Consolidated Financial Statements
(Unaudited)

(1) Organization and Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared from the books and records of Enzon Pharmaceuticals, Inc. (the "Company") and its subsidiaries in accordance with accounting principles generally accepted in the United States of America for interim financial information pursuant to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete annual financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) considered necessary for a fair presentation have been included. Certain prior year balances were reclassified to conform to the current period presentation. Interim results are not necessarily indicative of the results that may be expected for the year. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

(2) Comprehensive Income

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", requires unrealized gains and losses on the Company's available-for-sale securities to be included in other comprehensive income.

The following table reconciles net income to comprehensive income (in thousands):

	Three months ended September 30,	
	2003	2002
Net income	$2,804	$ 12,784
Other comprehensive income:		
Unrealized gain on securities arising during the period, net of tax	1,628	2,136
Reclassification adjustment for net gain realized in net income, net of tax	--	(55)
Total other comprehensive income	1,628	2,081
Comprehensive income	$4,432	$ 14,865

For the three months ended September 30, 2003, a substantial portion of the unrealized gain relates to the Company's investment in 1.5 million shares of common stock of NPS Pharmaceuticals, Inc. ("NPS") (see Note 13).

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes To Condensed Consolidated Financial Statements
(Unaudited)

(3) New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 ("FIN 46"), Consolidation of Variable Interest Entities, an interpretation of Accounting Principles Board ("APB") Opinion No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after December 15, 2003. At September 30, 2003 we were not a party to transactions contemplated under FIN 46.

In November 2002, the Emerging Issues Task Force reached a consensus opinion on EITF 00-21, Revenue Arrangements with Multiple Deliverables. The consensus provides that revenue arrangements with multiple deliverables should be divided into separate units of accounting if certain criteria are met. The consideration for the arrangement should be allocated to the separate units of accounting based on their relative fair values, with different provisions if the fair value of all deliverables is not known or if the fair value is contingent on delivery of specified items or performance conditions. Applicable revenue recognition criteria should be considered separately for each separate unit of accounting. EITF 00-21 is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. This adoption did not have any impact on our financial position or results of operations.

(4) Earnings Per Common Share

Basic earnings per share is computed by dividing the net income available to common shareholders adjusted for cumulative undeclared preferred stock dividends for the relevant period, by the weighted average number of shares of Common Stock issued and outstanding during the periods. For purposes of calculating diluted earnings per share for the three months ended September 30, 2003 and 2002, the denominator includes both the weighted average number of shares of Common Stock outstanding and the number of dilutive Common Stock equivalents. The number of dilutive Common Stock equivalents includes the effect of non-qualified stock options calculated using the treasury stock method and the number of shares issuable upon conversion of certain Series A Preferred Stock that were outstanding as of September 30, 2002. The number of shares issuable upon conversion of the Company's 4.5% Convertible Subordinated Notes due 2008 (the "Notes") and the effect of the vesting of certain restricted stock using the treasury stock method have not been included as the effect of their inclusion would be antidilutive. As of September 30, 2003, the Company had 6.8 million dilutive potential common shares outstanding that could potentially dilute future earnings per share calculations.

ENZON PHARMACEUTICALS, INC. AND SUBSIDIARIES
Notes To Condensed Consolidated Financial Statements
(Unaudited)

The following table reconciles the basic and diluted earnings per share calculations (in thousands):

	Three months ended September 30,	
	2003	2002

Net income	$ 2,804	$12,784
Less: Preferred stock dividends	--	4
Net income available to common stockholders	$ 2,804	$12,780
Weighted average number of common shares outstanding - basic	43,290	42,980
Effect of dilutive securities:		
Conversion of preferred stock	--	16
Assumed exercise of non-qualified stock options and restricted stock	339	685
Weighted average number of common shares outstanding and dilutive potential common shares	43,629	43,681

(5) Stock Based Compensation

As permitted by SFAS No. 123, "Accounting for Stock Based Compensation", the Company accounts for stock-based compensation arrangements in accordance with provisions of APB Opinion No. 25 "Accounting for Stock Issued to Employees". Compensation expense for stock options issued to employees is based on the difference on the date of grant between the fair value of the Company's stock and the exercise price of the option. No stock option-based employee compensation cost is reflected in net income, as all options granted under those plans had exercise prices equal to the market value of the underlying common stock at the date of grant.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock based compensation (in thousands, except per share data):

	Three Months Ended September 30,	
	2003	2002
Net income,	$ 2,804	$ 12,784
Less: Preferred stock dividends	--	4
Net income available to common stockholders	2,804	12,780
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	176	77
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(2,221)	(2,184)
Pro forma net income available to common stockholders	$ 759	$ 10,673
Earnings per common share - basic:		
as reported	$ 0.06	$ 0.30
pro forma	$ 0.02	$ 0.25
Earnings per common share - diluted:		
as reported	$ 0.06	$ 0.29
pro forma	$ 0.02	$ 0.24

During the three months ended September 30, 2003, the Company issued 170,000 shares of restricted common stock to certain executives. Total compensation expense of approximately $1.9 million is being recognized over a five year period.

During the three months ended September 30, 2003, the Company granted 336,660 stock options to its employees at an average exercise price of $11.61 under its stock option plans (fair value on the date of grant). The options vest over a period of four years.

(6) Inventories

The composition of inventories is as follows (in thousands):

	September 30, 2003	June 30, 2003
Raw materials	$ 4,265	$ 4,349
Work in process	2,043	3,392
Finished goods	5,504	4,045
	$11,812	$11,786

(7) Acquisition of ABELCET Product Line

On November 22, 2002, the Company acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing of ABELCET(R), (Amphotericin B Lipid Complex Injection) (the "ABELCET Product Line") from Elan Corporation, plc, for $360.0 million plus acquisition costs of approximately $9.3 million.

The following unaudited pro forma results of operations of the Company for the three months ended September 30, 2002, assumes the acquisition of the ABELCET Product Line occurred as of July 1, 2002 and assumes the purchase price has been allocated to the assets purchased based on fair values at the date of acquisition (in thousands, except per share amounts):

	Three months ended September 30, 2002 (Unaudited)
Product Sales	$21,695
Total revenues	40,196
Net income	7,184
Pro forma earnings per share:	
Basic	$ 0.17
Diluted	$ 0.16

(8) Intangible Assets

The Company's intangible assets are primarily related to its November 22, 2002 acquisition of the ABELCET product line and are amortized over their estimated useful lives. The gross carrying amount, estimated lives and accumulated amortization, by major intangible asset class at September 30, 2003 was as follows:

	Estimated Lives	Gross Carrying Amount	Accumulated Amortization	Net Assets
Product patented technology	12 years	$ 64,400	$ 4,472	$ 59,928
Manufacturing patent	12 years	18,300	1,271	17,029
NDA Approval	12 years	31,100	2,160	28,940
Trade name and other product rights	15 years	80,000	4,445	75,555

Product acquisition costs	10-14 years	26,194	2,164	24,030
Patents	1-5 years	2,092	1,665	427
Manufacturing contract	3 years	2,200	611	1,589
Total		$224,286	$16,788	$207,498

Amortization of intangible assets for the three month period ended September 30, 2003 was $4.5 million. Assuming no changes in the gross carrying amount of intangible assets, the amortization of intangible assets for the next five fiscal years is estimated to be approximately $17.9 million per year.

(9) Goodwill

The amount assigned to goodwill in connection with the ABELCET product line acquisition was recorded at $151.0 million. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is not amortized, but rather is reviewed at least annually for impairment.

(10) Cash Flow Information

The Company considers all highly liquid securities with original maturities of three months or less to be cash equivalents. Cash payments for interest were approximately $9.0 million for the three months ended September 30, 2003 and September 30, 2002. Income tax payments for the three months ended September 30, 2003 were $2.5 million. There were no income tax payments made for the three months ended September 30, 2002.

(11) Income Taxes

The Company recognized a tax provision for the three months ended September 30, 2003 at an estimated annual effective tax rate of 36%, which is based on the projected income tax expense and taxable income for the fiscal year ending June 30, 2004.

At June 30, 2003, the Company recognized approximately $67.5 million as a net deferred tax asset related to expected future profits, because management concluded that it is more likely than not that the deferred tax assets will be realized, including the net operating losses from operating activities and stock option exercises, based on future operations. As of September 30, 2003, the Company retained a valuation allowance of $12.8 million with respect to certain capital losses and federal research and development credits as the ultimate utilization of such losses and credits is uncertain and will continue to reassess the need for such valuation allowance based on the future operating performance of the Company.

The tax provision for the three months ended September 30, 2002 represents the Company's anticipated Alternative Minimum Tax liability based on the anticipated taxable income for the full fiscal year.

(12) Business Segments

A single management team that reports to the Chief Executive Officer comprehensively manages the business operations. The Company does not operate separate lines of business or separate business entities with respect to any of its approved products or product candidates. In addition, the Company does not conduct any operations outside of the United States. The Company does not prepare discrete financial statements with respect to separate product areas. Accordingly, the Company does not have separately reportable segments as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information".

(13) Derivative Instruments

In August 2003, the Company entered into a Zero Cost Protective Collar arrangement (the "Collar") with a financial institution to reduce the exposure associated with the 1.5 million shares of common stock of NPS it received as part of the merger termination agreement between the Company and NPS. By entering into this equity collar arrangement and taking into consideration the underlying put and call option strike prices, the terms are structured so that the Company's investment in NPS stock, when combined with the value of the Collar, should secure ultimate cash proceeds in the range of 85%-108% of the negotiated fair value per share of $23.47 (representing a 4.85% discount off of the closing price of NPS common stock on the day before the Company executed the Collar). The Collar is considered a derivative hedging instrument under SFAS No. 133 and as such, the Company periodically measures its fair value and recognizes the derivative as an asset or a liability. The change in fair value is recorded in other comprehensive income (See Note 2) or in the Statement of Operations depending on its effectiveness. As of September 30, 2003, the market value of NPS' common stock was $27.86 per share. The increase in the aggregate value of the NPS shares above the base price of $23.47 per share up to the $25.35 per share Collar limit, or $2.8 million, has been recorded in comprehensive income, net of income taxes. The fair value of the Collar represented a liability of $3.5 million, which is included under "Other Liabilities" in the Condensed Consolidated Balance Sheet. In addition, the difference in the fair value of the Collar compared to the fair market value of the NPS common stock of $307,000 was recorded as "Other Income" in the Statement of Operations for the quarter ended September 30, 2003. When the underlying shares become unrestricted and freely tradable, the Company will be required to deliver to the financial institution as posted collateral, a corresponding number of shares of NPS common stock. The Collar will mature in four separate three-month intervals beginning November 2004 through August 2005, at which time the Company will receive the proceeds from the sale of the securities. The amount due at each maturity date will be determined based on the market value of NPS' common stock on such maturity date. The contract requires the Company to maintain a minimum cash balance of $30.0 million and additional collateral up to $10.0 million (as defined) under certain circumstances with the financial institution. The strike prices of the put and call options are subject to certain adjustments in the event the Company receives a dividend from NPS.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information contained herein contains forward-looking statements which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. We cannot assure you that the future results covered by the forward-looking statements will be achieved. The matters set forth in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2003, which is incorporated herein by reference, constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties, that could cause actual results to vary materially from the future results indicated in such forward-looking statements. Other factors could also cause actual results to vary materially from the future results indicated in such forward-looking statements.

Acquisition of ABELCET(R) Business

On November 22, 2002, we acquired the North American rights and operational assets associated with the development, manufacture, sales and marketing of ABELCET (Amphotericin B Lipid Complex Injection) ("the ABELCET Product Line") from Elan Corporation, plc ("Elan") for $360.0 million, plus approximately $9.3 million of acquisition costs. This transaction was accounted for as a business combination.

Unless otherwise indicated, the discussions in Management's Discussion and Analysis of Financial Condition and Results of Operations for the quarter ended September 30, 2003 and financial condition at September 30, 2003 include the

results of operations of the ABELCET Product Line commencing from November 23, 2002. Comparisons are made to the results of operations and the financial condition for the quarter ended September 30, 2002, which include only our historical results prior to our acquisition of the ABELCET Product Line.

Liquidity and Capital Resources

Total cash reserves, which include cash, cash equivalents and marketable securities, were $155.6 million as of September 30, 2003, as compared to $153.3 million as of June 30, 2003. The increase is primarily due to the positive cash flow from operations. We invest our excess cash primarily in United States government-backed securities and investment-grade corporate debt securities.

During the three months ended September 30, 2003, net cash generated from operating activities was $3.9 million, compared to $7.2 million for the three months ended September 30, 2002, primarily reflecting our net income of $2.8 million, depreciation and amortization of $5.9 million, deferred income taxes of $1.2 million and lower working capital of $6.1 million.

Cash used in investing activities totaled $7.6 million for the three months ended September 30, 2003 compared to an inflow of $34.4 million for the three months ended September 30, 2002. Cash used in investing activities during the three months ended September 30, 2003, consisted of $1.6 million of capital expenditures and net purchases of marketable securities of $6.0 million.

As of September 30, 2003, we had $400.0 million of 4.5% convertible subordinated notes outstanding. The notes bear interest at an annual rate of 4.5%. Interest is payable on January 1 and July 1 of each year beginning January 2, 2002. Accrued interest on the notes was $4.5 million as of September 30, 2003. The holders may convert all or a portion of the notes into common stock at any time on or before July 1, 2008. The notes are convertible into our common stock at a conversion price of $70.98 per share, subject to adjustment in certain events. The notes are subordinated to all existing and future senior indebtedness. On or after July 7, 2004, we may redeem any or all of the notes at specified redemption prices, plus accrued and unpaid interest to the day preceding the redemption date. The notes will mature on July 1, 2008 unless earlier converted, redeemed at our option or redeemed at the option of the note-holder upon a fundamental change, as described in the indenture for the notes. Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our

subsidiaries are restricted under the indenture from paying dividends, incurring debt, or issuing or repurchasing our securities.

In August 2003, we entered into a Zero Cost Protective Collar arrangement (the "Collar") with a financial institution to reduce the exposure associated with the 1.5 million shares of common stock of NPS Pharmaceuticals, Inc. ("NPS") we received as part of the merger termination agreement with NPS. By entering into this equity collar arrangement and taking into consideration the underlying put and call option strike prices, the terms are structured so that our investment in NPS stock, when combined with the value of the Collar, should secure ultimate cash proceeds in the range of 85%-108% of the negotiated fair value per share of $23.47 (representing a 4.85% discount off of the closing price of NPS common stock on the day before we executed the Collar). The Collar is considered a derivative hedging instrument under the Statement of Financial Accounting Standards No. 133 and as such, we periodically measure its fair value and recognize the derivative as an asset or a liability. The change in fair value is recorded in other comprehensive income or in the Statement of Operations depending on its effectiveness. As of September 30, 2003, the market value of NPS' common stock was $27.86 per share. The increase in the aggregate value of the NPS shares above the base price of $23.47 per share up to the $25.35 per share Collar limit, or $2.8 million, has been recorded in comprehensive income, net of income taxes. The fair value of the Collar represented a liability of $3.5 million, which is included under "Other Liabilities" in the Condensed Consolidated Balance Sheet. In addition, the difference in the fair value of the Collar compared to the fair market value of the NPS common stock of $307,000 was recorded as "Other Income" in the Statement of Operations for the quarter ended September 30, 2003. When the underlying shares become unrestricted and freely tradable, we will be required to deliver to the financial institution, as posted collateral, a corresponding number of shares of NPS common stock. The Collar will mature in four separate three-month

intervals beginning November 2004 through August 2005, at which time we will receive the proceeds from the sale of the securities. The amount due at each maturity date will be determined based on the market value of NPS' common stock on such maturity date. The contract requires us to maintain a minimum cash balance of $30.0 million and additional collateral up to $10.0 million (as defined) under certain circumstances with the financial institution. The strike prices of the put and call options are subject to certain adjustments in the event we receive a dividend from NPS.

Our current sources of liquidity are cash, cash equivalents, and interest earned on such cash reserves, marketable securities, sales of ADAGEN(R), ONCASPAR(R), DEPOCYT(R) and ABELCET, royalties earned on sales of PEG-INTRON(R) and other products and sales of our products for research purposes and license fees. Based upon our currently planned research and development activities and related costs and our current sources of liquidity we anticipate our current cash reserves and expected cash flow from operations will be sufficient to meet our capital, debt service and operational requirements for the foreseeable future.

While we believe that our cash, cash equivalents and investments will be adequate to satisfy our capital needs for the foreseeable future, we may seek additional financing, such as through future offerings of equity or debt securities or agreements with collaborators with respect to the development and commercialization of products, to fund future operations and potential acquisitions. We cannot assure you, however, that we will be able to obtain additional funds on acceptable terms, if at all.

Contractual Obligations

Our major outstanding contractual obligations relate to our operating leases, our convertible debt and our license and development agreements with collaborative partners. Since June 30, 2003, there has been no material change with respect to our contractual obligations as disclosed under Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations in our annual report on Form 10-K for the year ended June 30, 2003.

Results of Operations

Three months ended September 30, 2003 and 2002

Revenues. Total revenues for the three months ended September 30, 2003 increased by 62% to $40.6 million, as compared to $25.1 million for the three months ended September 30, 2002. The components of revenues are product sales and certain contract manufacturing revenues, royalties we earn on the sale of our products by others and contract revenues.

Net sales and manufacturing revenue increased by 305% to $26.6 million for the three months ended September 30, 2003, as compared to $6.6 million for the three months ended September 30, 2002. The increase in net sales was due to our commencing of sales of ABELCET in North America in November 2002 and DEPOCYT in January 2003, and increased sales of ADAGEN and ONCASPAR. During November 2002, we acquired the ABELCET Product Line from Elan. During the three months ended September 30, 2003, we recorded $16.6 million of sales related to the ABELCET Product Line, of which $15.0 million related to sales of the product in North America and $1.6 million related to the manufacture and sale of ABELCET to Elan for the international market and other contract manufacturing revenue. In January 2003, we obtained an exclusive license to sell, market and distribute SkyePharma's DEPOCYT. During the three months ended September 30, 2003, we recorded DEPOCYT sales of $1.3 million. Sales of ONCASPAR increased by 48% to $4.1 million for the three months ended September 30, 2003 from $2.8 million in the corresponding period in the prior year. This was a result of our resumption of marketing efforts in connection with reacquiring from Aventis in June 2002 the right to market and distribute ONCASPAR for certain territories previously licensed to Aventis. Sales of ADAGEN increased by 21% for the three months ended September 30, 2003 to $4.6 million as compared to $3.8 million for the three months ended September 30, 2002 due to an increase in the number of patients receiving the drug.

Royalties for the three months ended September 30, 2003, decreased to $13.8 million as compared to $18.4 million in the same period in the prior year.

The decrease was primarily due to decreased sales by Schering-Plough, our marketing partner, of PEG-INTRON due to the introduction of a competitive product, PEGASYS(R).

During December 2002 Hoffman-LaRoche launched PEGASYS, a pegylated version of its interferon product ROFERON-A(R). Since its launch, PEGASYS has taken market share away from PEG-INTRON. As a result, quarterly sales of PEG-INTRON and the royalties we receive on those sales have declined in recent quarters. We cannot assure you that PEGASYS will not continue to gain market share at the expense of PEG-INTRON which could result in lower PEG-INTRON sales and lower royalties to us.

As a result our focused marketing efforts for ABELCET, we believe that we have been able to stabilize the pressure from the introduction of new products in the antifungal market and that the product is now back on a growth pattern. We expect sales of DEPOCYT, which are currently running at an annual rate of approximately $5.0 million, to increase in this fiscal year compared to the last fiscal year. We expect ADAGEN and ONCASPAR sales to grow in this fiscal year at similar levels as achieved during the last fiscal year. However, we cannot assure you that any particular sales levels of ABELCET, ADAGEN, ONCASPAR, DEPOCYT or PEG-INTRON will be achieved or maintained.

Contract revenues for the three months ended September 30, 2003 increased to $268,000 as compared to $84,000 in the previous year. The increase was related to revenue received from the licensing of our PEG technology to SkyePharma. In connection with such licensing, we received a payment of $3.5 million in January 2003 which is being recognized into income based on the term of the related agreement.

During the three months ended September 30, 2003, we had export sales and royalties on export sales of $9.6 million, of which $8.2 million were in Europe. Export sales and royalties recognized on export sales for the prior year quarter were $8.1 million, of which $7.2 million were in Europe.

Cost of Sales and Manufacturing Revenue. Cost of sales and manufacturing revenue, as a percentage of net sales and manufacturing revenue increased to 41% for the three months ended September 30, 2003 as compared to 38% for the same period last year. The increase was due to higher cost of sales for ABELCET manufacturing revenue and higher cost of sales for DEPOCYT.

Research and Development. Research and development expenses increased by 61% to $6.6 million for the three months ended September 30, 2003 from $4.1 million for the same period last year. The increase was primarily due to (i) increased spending of approximately $600,000 related to our SCA collaboration with Micromet AG, (ii) increased spending on our two late stage development programs, PEG-Camptothecin and ATG Fresenius S, of approximately $900,000, and (iii) increased payroll related expenses of approximately $500,000 and other expenses of approximately $500,000 related to our internal research and preclinical activities.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended September 30, 2003 increased by 187% to $11.2 million, as compared to $3.9 million in the same period last year. The increase was primarily due to (i) increased sales and marketing expense of approximately $5.6 million related to the ABELCET acquisition and the sales force acquired from Elan, (ii) increased sales and marketing expense of approximately $700,000 related to the establishment of an oncology sales force for ONCASPAR and DEPOCYT and (iii) increased general and administrative personnel and other costs of approximately $1.0 million.

Amortization. Amortization expense increased to $3.4 million for the three months ended September 30, 2003 as compared to $35,000 in the same period last year as a result of the intangible assets acquired in connection with the ABELCET acquisition during November 2002. Amortization of intangible assets is provided over their estimated lives ranging from 1-15 years on a straight-line basis.

Other Income/Expense. Interest and dividend income for the three months ended September 30, 2003 decreased to $474,000, as compared to $3.5 million for the prior year. The decrease was primarily due to a reduction in our interest-bearing investments resulting from our purchase of the ABELCET Product

Line in November 2002 for a cash payment of $360.0 million, plus acquisition costs, as well as a decrease in interest rates. Interest expense remained unchanged from the same period last year. Interest expense is related to the $400.0 million in 4.5% convertible subordinated notes, which were outstanding for both periods. Other income increased to $307,000 for the three months ended September 30, 2003, due to income recognized with the respect to the Collar associated with the 1.5 million shares of NPS common stock we hold.

Income Taxes. During the three months ended September 30, 2003 and 2002 we recognized net tax expense of approximately $1.6 million and $261,000, respectively. The Company recognized a tax provision for the three months ended September 30, 2003 at an estimated annual effective tax rate of 36%, which is based on the projected income tax expense and taxable income for the fiscal year ending June 30, 2004.

At June 30, 2003, the Company recognized approximately $67.5 million as a net deferred tax asset related to the expected future products, since management concluded that it is more likely than not that the deferred tax assets will be realized, including the net operating losses from operating activities and stock option exercises, based on future operations. As of September 30, 2003, the Company retained a valuation allowance of $12.8 million with respect to certain capital losses and credits is uncertain and will continue to reassess the need for such valuation allowance based on the future operating performance of the Company.

The tax provision for the three months ended September 30, 2002 represents the Company's anticipated Alternative Minimum Tax liability based on the anticipated taxable income for the full fiscal year.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants discuss their most "critical accounting policies" in Management's Discussion and Analysis of Financial Condition and Results of Operations. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our consolidated financial statements are presented in accordance with accounting principles that are generally accepted in the United States. All professional accounting standards effective as of September 30, 2003 have been taken into consideration in preparing the consolidated financial statements. The preparation of the consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our consolidated financial statements.

Revenues from product sales and manufacturing revenue are recognized at the time of shipment and a provision is made at that time for estimated future credits, chargebacks, sales discounts, rebates and returns. These sales provision accruals are presented as a reduction of the accounts receivable balances. We continually monitor the adequacy of the accruals by comparing the actual payments to the estimates used in establishing the accruals. We ship product to customers primarily FOB shipping point and utilize the following criteria to determine appropriate revenue recognition: pervasive evidence of an arrangement exists, delivery has occurred, selling price is fixed and determinable and collection is reasonably assured.

Royalties under our license agreements with third parties are recognized when earned through the sale of the product by the licensor. We do not participate in the selling or marketing of products for which we receive royalties.

Contract revenues are recorded as the earnings process is completed. Non-refundable milestone payments that represent the completion of a separate earnings process are recognized as revenue when earned, upon the occurrence of

contract-specified events and when the milestone has substance. Non-refundable payments received upon entering into license and other collaborative agreements where we have continuing involvement are recorded as deferred revenue and recognized ratably over the estimated service period.

Under the asset and liability method of Statement of Financial Accounting Standards ("SFAS") No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance on net deferred tax assets is provided for when it is more likely than not that some portion or all of the deferred tax assets will not be realized. We have significant net deferred tax assets, primarily related to net operating loss carryforwards, and continue to analyze what level of the valuation allowance is needed.

We assess the carrying value of our cost method investments in accordance with SFAS No. 115 and SEC Staff Accounting Bulletin No. 59. An impairment write-down is recorded when a decline in the value of an investment is determined to be other-than-temporary. These determinations involve a significant degree of judgment and are subject to change as facts and circumstances change.

In accordance with the provisions of SFAS No. 142, goodwill and intangible assets determined to have an indefinite useful life acquired in a purchase business combination are not subject to amortization, are tested at least annually for impairment, and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. Goodwill is reviewed for impairment by comparing the carrying value to its fair value. Recoverability of amortizable intangible assets is determined by comparing the carrying amount of the asset to the future undiscounted net cash flow to be generated by the asset. The evaluations involve amounts that are based on management's best estimate and judgment. Actual results may differ from these estimates. If recorded values are less than the fair values, no impairment is indicated. SFAS No. 142 also requires that intangible assets with estimated useful lives be amortized over their respective estimated useful lives.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our exposure to market risk of financial instruments contains forward-looking statements. Actual results may differ materially from those described.

Our holdings of financial instruments are comprised of debt securities and time deposits. All such instruments are classified as securities available-for-sale. We do not invest in portfolio equity securities or commodities or use financial derivatives for trading purposes. Our debt security portfolio represents funds held temporarily pending use in our business and operations. We manage these funds accordingly. We seek reasonable assuredness of the safety of principal and market liquidity by investing in rated fixed income securities while at the same time seeking to achieve a favorable rate of return. Our market risk exposure consists principally of exposure to changes in interest rates. Our holdings are also exposed to the risks of changes in the credit quality of issuers. We typically invest the majority of our investments in the shorter-end of the maturity spectrum, and at September 30, 2003 all of our holdings were in instruments maturing in three years or less.

The table below presents the principal amounts and related weighted average interest rates by year of maturity for our investment portfolio as of September 30, 2003 (in thousands):

2004	2005	2006	Total	Fair Value

Fixed Rate	$24,664	$27,628	$40,105	$92,397	$92,519
Average Interest Rate	3.31%	1.78%	2.18%	2.36%	--
Variable Rate	--	--	--	--	--
Average Interest Rate	--	--	--	--	--
	$24,664	$27,628	$40,105	$92,397	$92,519

Our 4.5% convertible subordinated notes in the principal amount of $400.0 million due July 1, 2008 have fixed interest rates. The fair value of the notes was approximately $335.0 million at September 30, 2003. The fair value of fixed interest rate convertible notes is affected by changes in interest rates and by changes in the price of our common stock.

As discussed in Liquidity and Capital Resources, in August 2003, we entered into a Zero Cost Protective Collar arrangement (the "Collar") with a financial institution to reduce the exposure associated with the 1.5 million shares of common stock of NPS we received as part of the merger termination agreement with NPS.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 30, 2003, the end of the period covered by this report (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us required to be included in our periodic SEC filings.

(b) Changes in internal controls over financial reporting.

There were no changes in our internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description	Page Number or Incorporation By Reference
3.1	Certificate of Incorporation, as amended	^^^
3.2	Amendment to Certificate of Incorporation	\\
3.3	By laws, as amended	^^
4.1	Indenture dated as of June 26, 2001, between the Company and Wilmington Trust Company, as trustee, including the form of 4 1/2% Convertible Subordinated Notes due 2008 attached as Exhibit A thereto	++++
4.2	Rights Agreement dated May 17, 2002 between the Company and Continental Stock Transfer Trust Company, as rights agent	^
4.3	First Amendment to Rights Agreement, dated as of February 19, 2003	*
31.1	Rule 13a-14(a) Certifications	o
31.2	Rule 13a-14(a) Certifications	o
32.1	Section 1350 Certifications	o
32.2	Section 1350 Certifications	o

o Filed herewith.

^^^ Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended June 30, 2002 and incorporated herein by reference thereto.

\\ Previously filed as an exhibit to the Company's Current Report on Form 8-K filed on December 10, 2002 and incorporated herein by reference thereto.

^^ Previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 22, 2002 and incorporated herein by reference thereto.

++++ Previously filed as an exhibit to the Company's Registration Statement on Form S-3 (File No. 333-67509) filed with the Commission and incorporated herein by reference thereto.

^ Previously filed as an exhibit to the Company's Form 8-A (File No. 000-12957) filed with the Commission on May 22, 2002 and incorporated herein by reference thereto.

* Previously filed as an exhibit to the Company's Form 8-A12 G/A (File No. 000-12957) filed with the Commission on February 20, 2003 and incorporated herein by reference thereto.

(b) Reports on Form 8-K.

On July 24, 2003, we filed with the Commission a Current Report on Form 8-K dated July 24, 2003 reporting our ongoing Phase II trial for PEG-Camptothecin for the treatment of gastric and gastroesophageal junction cancers has met its interim safety and efficacy criteria and will be advanced for that indication.

On August 13, 2003, we filed with the Commission a Current Report on Form 8-K dated August 13, 2003 reporting our financial results for the fourth quarter and fiscal year ended June 30, 2003.

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.

ENZON PHARMACEUTICALS, INC.
(Registrant)

Date: November 14, 2003

By: /s/ Arthur J. Higgins

Arthur J. Higgins
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2003

By: /s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Vice President, Finance,
Chief Financial Officer
(Principal Financial
and Accounting Officer) and
Corporate Secretary

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 of
THE SARBANES-OXLEY ACT OF 2002

I, Arthur J. Higgins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzon Pharmaceuticals, Inc. ("Enzon");

2. Based on my knowledge, this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure and procedures, as of the end of the period covered by this report based on such evaluation;

   c) 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 to the audit committee of 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 control over financial reporting.

November 14, 2003

By: /s/ Arthur J. Higgins

Arthur J. Higgins
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 of
THE SARBANES-OXLEY ACT OF 2002

I, Kenneth J. Zuerblis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enzon Pharmaceuticals, Inc. ("Enzon");

2. Based on my knowledge, this quarterly 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 quarterly 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)) for the registrant and we 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 quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure and procedures, as of the end of the period covered by this report based on such evaluation;

   c. 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 to the audit committee of 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 control over financial reporting.

November 14, 2003

By: /s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Vice President Finance,
Chief Financial Officer and
Corporate Secretary

(Principal Financial and
Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906,
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzon Pharmaceuticals, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur Higgins, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Arthur J. Higgins

Arthur J. Higgins
Chief Executive Officer
(Principal Executive Officer)

November 14, 2003

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906,
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Enzon Pharmaceuticals, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth J. Zuerblis, Vice President Finance, Chief Financial Officer and Corporate Secretary of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Kenneth J. Zuerblis

Kenneth J. Zuerblis
Vice President Finance,
Chief Financial Officer and
Corporate Secretary
(Principal Financial and
Accounting Officer)

November 14, 2003