

CALLISTO PHARMACEUTICALS INC  
Form 10-Q  
May 21, 2007

**UNITED STATES OF AMERICA**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED: MARCH 31, 2007**

**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: 001-32325

**CALLISTO PHARMACEUTICALS, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**13-3894575**  
(I.R.S. Employer Identification No.)

**420 Lexington Avenue, Suite 1609, New York, New York 10170**

(Address of principal executive offices) (Zip Code)

**(212) 297-0010**

(Registrant's telephone number)

(Former Name, Former Address and Former Fiscal Year,

if changed since last report)

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

Edgar Filing: CALLISTO PHARMACEUTICALS INC - Form 10-Q

to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of the registrant's shares of common stock outstanding was 39,694,995 as of May 18, 2007.

---

CALLISTO PHARMACEUTICALS, INC.

FORM 10-Q

CONTENTS

**PART I FINANCIAL INFORMATION**

<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements</u> <u>Condensed Consolidated Balance Sheets as of March 31, 2007 (unaudited) and December 31, 2006</u> <u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2007 and 2006 (unaudited) and the period June 5, 1996 (Inception) to March 31, 2007 (unaudited)</u> <u>Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the period June 5, 1996 (Inception) to March 31, 2007 (unaudited)</u> <u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2007 and 2006 (unaudited) and for the period June 5, 1996 (Inception) to March 31, 2007 (unaudited)</u> <u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>

**PART II OTHER INFORMATION**

<u>Item 1A.</u>	<u>Risk Factors</u>
<u>Item 6.</u>	<u>Exhibits</u>
<u>Signatures</u>	

**INTRODUCTORY NOTE**

**This Report on Form 10-Q for Callisto Pharmaceuticals, Inc. ( Callisto or the Company ) may contain forward-looking statements. You can identify these statements by forward-looking words such as may, will, expect, intend, anticipate, believe, estimate and control and similar words. Forward-looking statements include information concerning possible or assumed future business success or financial results. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. We believe that it is important to communicate future expectations to investors. However, there may be events in the future that we are not able to accurately predict or control. Accordingly, we do not undertake any obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.**

**The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties set forth under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006 and other periodic reports filed with the SEC. Accordingly, to the extent that this Report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that Callisto's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements.**

## PART I - FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## CALLISTO PHARMACEUTICALS, INC.

(A development stage company)

## CONDENSED CONSOLIDATED BALANCE SHEETS

	(unaudited) March 31, 2007	December 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,158,676	\$ 3,904,232
Prepaid expenses and other	46,256	66,741
	2,204,932	3,970,973
Property and equipment - net	6,451	6,451
Security deposits	73,716	73,716
	\$ 2,285,099	\$ 4,051,140
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 1,741,705	\$ 1,843,422
Accrued expenses	1,183,449	1,357,600
	2,925,154	3,201,022
Stockholders' equity (deficit):		
Series A convertible preferred stock, par value \$0.0001, 700,000 shares authorized, 614,125 shares outstanding at March 31, 2007 with a liquidation preference of \$6,141,250 and 586,125 shares outstanding at December 31, 2006 with a liquidation preference of \$5,861,250.	61	58
Common stock, par value \$.0001, 150,000,000 and 100,000,000 shares authorized, respectively, 39,194,996 shares outstanding at both March 31, 2007 and December 31, 2006, respectively.	3,919	3,919
Additional paid-in capital	61,749,956	61,290,509
Deficit accumulated during development stage	(62,393,991)	(60,444,368)
	(640,055)	) 850,118
	\$ 2,285,099	\$ 4,051,140

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

**CALLISTO PHARMACEUTICALS, INC.**

**(A development stage company)**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited)**

	<b>Three months ended March 31, 2007</b>	<b>March 31, 2006</b>	<b>For the period from June 5, 1996 (Inception) to March 31, 2007</b>
Revenues	\$	\$	\$
Costs and expenses:			
Research and development	958,683	2,193,840	22,996,497
Government grant	(43,956 )	(54,267 )	(888,421 )
Purchased in process research and development			6,944,553
General and administrative	959,660		