GALECTIN THERAPEUTICS INC Form 10-Q May 11, 2012 Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended March 31, 2012

" Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from to

Commission File No. 000-32877

GALECTIN THERAPEUTICS INC.

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Nevada (State or other jurisdiction

of incorporation)

04-3562325 (I.R.S. Employer

Identification No.)

02459 (Zip Code)

7 Wells Avenue, Newton, Massachusetts (Address of Principal Executive Offices)

(617) 559-0033

(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. xYes "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 (§232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). xYes "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 x (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 x No

The number of shares outstanding of the registrant s common stock as of May 10, 2012 was 15,721,003.

GALECTIN THERAPEUTICS INC.

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FOR THE QUARTER ENDED MARCH 31, 2012

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GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

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Series B-1 12% redeemable convertible preferred stock; 900,000 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$1,800,000, liquidation value: \$1,800,000 at March 31, 2012 1, redemption value: \$1,800,000, liquidation value: \$1,800,000 at March 31, 2012 1, redemption value: \$4,200,000, liquidation value of \$4,200,000 at March 31, 2012 and December 31, 2011, redemption value: \$4,200,000, liquidation value of \$4,200,000 at March 31, 2012 2, 740 2,687 Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,333,000, liquidation value \$2,200,000 at March 31, 2012 2,154 2,154 Stockholders equity (deficit): Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011 632 632	Total liabilities	2,135	2,215	
outstanding at March 31, 2012 and December 31, 2011, redemption value: \$1,800,000, liquidation value: \$1,800,000 at March 31, 2012 1, redemption value: \$1,800,000, liquidation outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,200,000, liquidation value of \$4,200,000 at March 31, 2012 2,740 2,687 Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,333,000, liquidation value: \$2,200,000 at March 31, 2012 and December 31, 2011, redemption value: \$4,333,000, liquidation value: \$2,200,000 at March 31, 2012 2,154 2,154 Stockholders equity (deficit): Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011 632 632	Commitments and contingencies (Note 9)			
Series B-2 12% redeemable convertible preferred stock; 2,100,000 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,200,000, liquidation value of \$4,200,000 at March 31, 20122,7402,687Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,333,000, liquidation value: \$2,200,000 at March 31, 20122,1542,154Stockholders equity (deficit): Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011632632	Series B-1 12% redeemable convertible preferred stock; 900,000 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$1,800,000, liquidation value: \$1,800,000 at March 31, 2012	1.685	1.681	
Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,333,000, liquidation value: \$2,200,000 at March 31, 20122,1542,154Stockholders equity (deficit): Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011632632	Series B-2 12% redeemable convertible preferred stock; 2,100,000 shares authorized, issued and outstanding at March 31, 2012 and December 31, 2011, redemption value: \$4,200,000, liquidation	,	,	
value: \$2,200,000 at March 31, 2012 2,154 2,154 Stockholders equity (deficit): Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011 632 632	Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and	2,740	2,687	
Undesignated stock, \$0.01 par value; 20,000,000 shares authorized at March 31, 2012 and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011 Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011 632 632	value: \$2,200,000 at March 31, 2012	2,154	2,154	
and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2012 and December 31, 2011632	Stockholders equity (deficit):			
outstanding at March 31, 2012 and December 31, 2011 632 632	and December 31, 2011, 8,001,000 designated at March 31, 2012 and December 31, 2011			
		620	622	
	outstanding at watch 51, 2012 and December 51, 2011	16	13	

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Common stock, \$0.001 par value; 50,000,000 shares authorized at March 31, 2012 and December 31, 2011, 15,670,612 and 12,919,538 issued and outstanding at March 31, 2012 and December 31, 2011, respectively		
Additional paid-in capital	77,517	66,367
Deficit accumulated during the development stage	(71,341)	(69,137)
Total stockholders equity (deficit)	6,824	(2,125)
Total liabilities, redeemable convertible preferred stock and stockholders equity (deficit)	\$15,538	\$6,612

See notes to unaudited condensed consolidated financial statements.

GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

		Three Months Ended March 31, 2012 2011 (in thousands except per share			Cumulative Period from Inception (July 10, 2000) to March 31, 2012 e data)	
Operating expenses:						
Research and development	\$	901	\$	744	\$	23,984
General and administrative		1,052		1,269		42,716
Total operating expenses		1,953		2,013		66,700
Total operating loss		(1,953)		(2,013)		(66,700)
Other income (expense): Interest income		3		5		797
Interest expense		-		-		(4,451)
Change in fair value of convertible debt instrument		-		-		(3,426)
Change in fair value of warrant liabilities		-		(384)		9,022
Other income		-		-		491
Total other income (expense)		3		(379)		2,433
Net loss	\$	(1,950)	\$	(2,392)	\$	(64,267)
Preferred stock dividends		(197)		(272)		(3,456)
Preferred stock accretion		(197)		(58)		(3,430) (3,872)
		(37)		(30)		(3,072)
Net loss applicable to common stockholders	\$	(2,204)	\$	(2,722)	\$	(71,595)
Net loss per common share basic and diluted	\$	(0.17)	\$	(0.24)		
Weighted average common shares outstanding basic and diluted		13,010		11,156		
See notes to unaudited condensed consolidation	ated fina	ncial statemen	its.			

See notes to unaudited condensed consolidated financial statements.

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GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS EQUITY (DEFICIT)

THREE MONTHS ENDED March 31, 2012 (UNAUDITED)

(in thousands except share data)

Stockholders Equity (Deficit) Series C Super Series B-1 12% Series B-2 12% Dividend Convertible Series A 12% Redeemable Convertible Redeemable Convertible Preferred Convertible Preferred **Preferred Stock Preferred Stock** Stock Stock Common Stock Deficit Accumulated Number Total During of Additional the Stockholders Number Number Paid-In Development Equity Number of Number of of Shares of Shares Amount Amount Shares **Amount Shares Amount** Shares Amount Capital Stage (Deficit) Balance at December 31, 12,919,538 \$13 \$66,367 \$(69,137) \$(2,125) 2011 900,000 \$1,681 2,100,000 \$ 2,687 220 \$ 2,154 1,562,500 \$ 632 Accretion of Series B redeemable convertible 39 4 (43)(43) preferred stock Accretion of beneficial conversion feature for Series B-2 14 (14)(14)Issuance of common stock and warrants, net of issuance costs of \$1,597,000 2,666,722 3 10,400 10,403 Issuance of shares related to reverse split of common stock 3,294 Series A 12% convertible preferred stock 15,625 (21)47 dividend 68 Series B-1 redeemable convertible preferred stock dividend 11,531 47 (47)Series B-2 26,906 108 (108)redeemable convertible

preferred stock

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dividend				
Series C super				
dividend				
convertible				
preferred stock				
dividend	13,380	54	(21)	33
Issuance of				
common stock				
upon exercise				
of warrants	12,177			-
Issuance of				
common stock				
upon exercise				
of options	1,439			-
Stock-based				
compensation				
expense		473		473
Net loss			(1,950)	(1,950)

Balance at March 31,

2012

900,000 \$1,685