

GALECTIN THERAPEUTICS INC

Form 10-Q

May 11, 2012

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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.)
7 Wells Avenue, Newton, Massachusetts (Address of Principal Executive Offices)	02459 (Zip Code)
(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. 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 (§232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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
(Do not check if a smaller reporting company)

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

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

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	March 31, 2012	December 31, 2011
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$15,314	\$6,397
Prepaid expenses and other current assets	115	104
Total current assets	15,429	6,501
Property and equipment, net	5	6
Restricted cash	69	69
Intangible assets, net	35	36
Total assets	\$15,538	\$6,612
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$669	\$384
Accrued expenses	1,266	1,551
Accrued dividends payable	-	80
Deferred revenue	200	200
Total current liabilities	2,135	2,215
Total liabilities	2,135	2,215
Commitments and contingencies (Note 9)		
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 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, 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
	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.

Table of Contents**GALECTIN THERAPEUTICS INC.****(A Development-Stage Company)****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Three Months Ended March 31,		Cumulative Period from Inception (July 10, 2000) to March 31,
	2012	2011	2012
	(in thousands except per share 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	(57)	(58)	(3,872)
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 consolidated financial statements.

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(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)

	Series B-1 12% Redeemable Convertible Preferred Stock		Series B-2 12% Redeemable Convertible Preferred Stock		Series C Super Dividend Convertible Preferred Stock		Series A 12% Convertible Preferred Stock		Common Stock		Stockholders Equity (Deficit)		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders Equity (Deficit)
Balance at December 31, 2011	900,000	\$ 1,681	2,100,000	\$ 2,687	220	\$ 2,154	1,562,500	\$ 632	12,919,538	\$ 13	\$ 66,367	\$ (69,137)	\$ (2,125)
Accretion of Series B redeemable convertible preferred stock		4		39								(43)	(43)
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 dividend									15,625		68	(21)	47
Series B-1 redeemable convertible preferred stock dividend									11,531		47	(47)	-
Series B-2 redeemable convertible preferred stock									26,906		108	(108)	-

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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**