

GALECTIN THERAPEUTICS INC

Form 10-Q

May 10, 2013

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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, 2013

.. **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. 001-31791

GALECTIN THERAPEUTICS INC.

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Nevada
(State or other jurisdiction)

04-3562325
(I.R.S. Employer

of incorporation)

Identification No.)

4960 Peachtree Industrial Blvd., Suite 240, Norcross, GA
(Address of Principal Executive Offices)

30071
(Zip Code)

(678) 620-3186

(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

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

The number of shares outstanding of the registrant's common stock as of May 9, 2013 was 16,251,469.

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	March 31, 2013	December 31, 2012
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$7,018	\$9,364
Prepaid expenses and other current assets	137	153
Total current assets	7,155	9,517
Property and equipment, net	7	8
Other long term assets	6	6
Intangible assets, net	28	30
Total assets	\$7,196	\$9,561

LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS (DEFICIT) EQUITY

Current liabilities:		
Accounts payable	\$316	\$397
Accrued expenses	1,152	1,161
Accrued dividends payable	-	80
Total current liabilities	1,468	1,638
Other long-term liabilities	5	6
Total liabilities	1,473	1,644

Commitments and contingencies (Note 8)

Series B-1 12% redeemable convertible preferred stock; 900,000 shares authorized, issued and outstanding at March 31, 2013 and December 31, 2012, redemption value: \$1,800,000, liquidation value: \$1,800,000 at March 31, 2013	1,702	1,698
Series B-2 12% redeemable convertible preferred stock; 2,100,000 shares authorized, issued and outstanding at March 31, 2013 and December 31, 2012, redemption value: \$4,200,000, liquidation value: \$4,200,000 at March 31, 2013	2,952	2,900
Series C super dividend convertible preferred stock; 1,000 shares authorized, 215 and 220 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively, redemption value: \$5,078,000, liquidation value: \$2,150,000 at March 31, 2013	2,105	2,154
Stockholders' equity (deficit):		
Undesignated stock, \$0.01 par value; 20,000,000 shares authorized, 8,001,000 designated at March 31, 2013 and December 31, 2012		
Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at March 31, 2013 and December 31, 2012	632	632

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Common stock, \$0.001 par value; 50,000,000 shares authorized at March 31, 2013 and December 31, 2012, 16,190,429 and 16,060,853 issued and outstanding at March 31, 2013 and December 31, 2012, respectively	16	16
Additional paid-in capital	81,806	80,535
Deficit accumulated during the development stage	(83,490)	(80,018)
Total stockholders (deficit) equity	(1,036)	1,165
Total liabilities, redeemable convertible preferred stock and stockholders (deficit) equity	\$7,196	\$9,561

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		Cumulative
	March 31,	2012	Period from
	2013		Inception
	(in thousands except per share data)		(July 10, 2000)
			to March 31,
			2013
Operating expenses:			
Research and development	\$ 1,752	\$ 901	\$ 29,362
General and administrative	1,456	1,052	48,492
Total operating expenses	3,208	1,953	77,854
Total operating loss	(3,208)	(1,953)	(77,854)
Other income (expense):			
Interest income	5	3	823
Interest expense	-	-	(4,451)
Change in fair value of convertible debt instrument	-	-	(3,426)
Change in fair value of warrant liabilities	-	-	9,022
Other income	-	-	691
Total other income (expense)	5	3	2,659
Net loss	\$ (3,203)	\$ (1,950)	\$ (75,195)
Preferred stock dividends	(213)	(197)	(4,448)
Preferred stock accretion	(56)	(57)	(4,101)
Net loss applicable to common stockholders	\$ (3,472)	\$ (2,204)	\$ (83,744)
Net loss per common share basic and diluted	\$ (0.22)	\$ (0.17)	
Weighted average common shares outstanding basic and diluted	16,079	13,010	

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' (DEFICIT) EQUITY**THREE MONTHS ENDED MARCH 31, 2013 (UNAUDITED)**

(in thousands except share data)

	Series B-1 12% Redeemable Preferred Stock		Series B-2 12% Redeemable Preferred Stock		Series C Super Dividend Preferred Stock		Series A 12% Convertible Preferred Stock		Stockholders' Equity (Deficit)		Total Stockholders' Equity (Deficit)		
	Number of Shares		Number of Shares		Number of Shares		Number of Shares		Common Stock				
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Additional Paid-In Capital	Deficit Accumulated During the Development Stage			
Balance at December 31, 2012	900,000	\$ 1,698	2,100,000	\$ 2,900	220	\$ 2,154	1,562,500	\$ 632	16,060,853	\$ 16	\$ 80,535	\$ (80,018)	\$ 1,165
Accretion of Series B redeemable convertible preferred stock		4		39								(43)	(43)
Accretion of beneficial conversion feature for Series B-2				13								(13)	(13)
Series A 12% convertible preferred stock dividend									15,625		57	(10)	47
Series B-1 redeemable convertible preferred stock dividend									14,580		52	(52)	-
Series B-2 redeemable convertible preferred stock dividend									34,020		122	(122)	-
Series C super dividend convertible preferred stock dividend									17,114		62	(29)	33
Conversion of Series C to common stock					(5)	(49)			8,475		49		49
Issuance of common stock upon exercise of options									39,762		77		77

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Stock-based compensation expense												852	852
Net loss												(3,203)	(3,203)

Balance at March 31, 2013	900,000	\$ 1,702	2,100,000	\$ 2,952	215	\$ 2,105	1,562,500	\$ 632	16,190,429	\$	16	\$ 81,806
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