

DELCATH SYSTEMS INC
Form 10-Q
November 02, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010.

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: 001-16133

DELCATH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

06-1245881
(I.R.S. Employer
Identification No.)

810 Seventh Avenue, Suite 3505, New York, New York 10019

(Address of principal executive offices)

(212) 489-2100

(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 o

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

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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 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

As of **, ** shares of the Company's common stock, \$0.01 par value were outstanding.

DELCATH SYSTEMS, INC.
(A Development Stage Company)

DELCATH SYSTEMS, INC.

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DELCATH SYSTEMS, INC.
(A Development Stage Company)

PART I:

FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (Unaudited)

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DELCATH SYSTEMS, INC.
(A Development Stage Company)

Condensed Balance Sheets
(Unaudited)

	September 30, 2010	December 31, 2009
Assets:		
Current assets		
Cash and cash equivalents	\$ 51,765,119	\$ 35,486,319
Investments – CDs	2,488,000	–
Prepaid expenses and other assets	1,011,033	799,416
Total current assets	55,264,152	36,285,735
Property, plant and equipment		
Furniture and fixtures	\$ 529,051	\$ 36,800
Computers and equipment	493,373	78,063
Leasehold improvements	839,212	431,425
	1,861,636	546,288
Less: accumulated depreciation	(324,016)	(24,982)
Property, plant and equipment, net	1,537,620	521,306
Total assets	\$ 56,801,772	\$ 36,807,041
Liabilities and Stockholders' Equity:		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,799,294	\$ 1,841,480
Warrant liability	12,829,844	11,207,214
Total current liabilities	14,629,138	13,048,694
Deferred revenue	300,000	–
Commitments and contingencies	–	–
Stockholders' equity		
Preferred stock, \$.01 par value; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, \$.01 par value; 70,000,000 shares authorized; 42,893,163 and 36,223,097 shares issued and 42,865,063 and 36,194,997 outstanding at September 30, 2010 and December 31, 2009, respectively	428,932	362,231
Additional paid-in capital	142,258,478	92,835,174
Deficit accumulated during the development stage	(100,743,473)	(69,371,755)
Treasury stock, at cost; 28,100 shares at September 30, 2010 and December 31, 2009	(51,103)	(51,103)
Accumulated other comprehensive loss	(20,200)	(16,200)
Total stockholders' equity	41,872,634	23,758,347
Total liabilities and stockholders' equity	\$ 56,801,772	\$ 36,807,041

See accompanying notes to condensed financial statements.

DELCATH SYSTEMS, INC.
(A Development Stage Company)

Condensed Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative from Inception (Aug 5, 1988) to September 30, 2010
	2010	2009	2010	2009	
Costs and expenses:					
General and administrative expenses	\$ 3,165,414	\$ 1,430,990	\$ 9,413,709	\$ 2,152,331	\$ 36,091,513
Research and development costs	4,256,048	2,327,167	11,800,267	5,983,392	50,834,733
Total costs and expenses	\$ 7,421,462	\$ 3,758,157	\$ 21,213,976	\$ 8,135,723	\$ 86,926,246
Operating loss	(7,421,462)	(3,758,157)	(21,213,976)	(8,135,723)	(86,926,246)
Change in fair value of warrant liability, net	(2,111,543)	(3,830,801)	(10,164,567)	(8,296,958)	(14,911,801)
Interest income	2,949	3,054	6,824	71,982	2,867,405
Other income	-	-	-	1,689	(102,753)
Interest expense	-	-	-	-	(171,473)
Net loss	(9,530,056)	(7,585,904)	(31,371,719)	(16,359,010)	(99,244,868)
Other comprehensive income (loss)	(3,000)	(8,000)	(4,000)	6,000	(20,200)
Total comprehensive loss	\$ (9,533,056)	\$ (7,593,904)	\$ (31,375,719)	\$ (16,353,010)	\$ (99,265,068)
Common share data:					
Basic and diluted loss per share	\$ (0.24)	\$ (0.29)	\$ (0.83)	\$ (0.64)	
Weighted average number of shares of common stock outstanding					
	39,712,207	26,337,717	37,703,577	25,753,795	

See accompanying notes to condensed financial statements.

DELCATH SYSTEMS, INC.
(A Development Stage Company)

Condensed Statements of Cash Flows
(Unaudited)
Cumulative
from
inception
(Aug. 5,
1988)

	Nine Months Ended September 30, 2010	2009	to September 30, 2010
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Cash flows from
operating
activities:

Net loss	\$(31,371,719)	\$(16,359,010)	\$(99,244,869)
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Adjustments to
reconcile net loss
to net cash used in
operating
activities:

Stock option compensation expense	2,667,275	502,534	9,606,214
Stock compensation expense	1,272,047	225,083	3,152,741

Internet and Telephone Instructions

The methods below are quick, easy and available 24 hours a day, 7 days a week.

If you vote by phone or Internet, have this proxy card in hand when you vote.

To vote using the telephone

(within the U.S. and possessions)

Call toll free 1-888-266-6795 prior to 12:00 midnight, Eastern time, Monday through Friday.

Option 1: To vote as the Board of Directors recommends on ALL proposals, press 1.

Option 2: If you choose to vote upon each proposal separately, press 0 and

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Mark this box with an X if you have ma

Annual Meeting Proxy Card

Please mark vote in box in the following manner using dark ink only. X

The Board of Directors recommends a vote FOR the listed

1. Election of Directors

01 - Craig R. Barrett

02 - John P. Browne

03 - Winston H. Chen

04 - Andrew S. Grove

05 - D. James Guzy

06 - Reed E. Hunt

07 - Paul S. Otellini

08 - David S. Pottruck

09 - Jane E. Shaw

10 - David B. Yoffie

11 - Charles E. Young

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NOTE: Please sign exactly name appears hereon. For joint accounts both o

Signature 1

6230 Intel Corp.

QuickLinks

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