

DELCATH SYSTEMS INC
Form 10-Q
May 05, 2011

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 March 31, 2011.

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 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 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 x

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

As of May 5, 2011, 43,156,677 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)

	March 31, 2011	December 31, 2010
Assets:		
Current assets		
Cash and cash equivalents	\$39,284,758	\$45,621,453
Investments – Certificates of deposit	-	1,492,000
Prepaid expenses and other assets	1,286,488	1,784,276
Total current assets	40,571,246	48,897,729
Property, plant and equipment		
Furniture and fixtures	\$1,615,718	\$669,296
Computers and equipment	802,174	548,586
Leasehold improvements	988,256	939,518
	3,406,148	2,157,400
Less: accumulated depreciation	(693,741)	(477,420)
Property, plant and equipment, net	2,712,407	1,679,980
Total assets	43,283,653	50,577,709
Liabilities and Stockholders' Equity:		
Current liabilities		
Accounts payable and accrued expenses	\$2,283,883	\$3,192,310
Warrant liability	12,039,357	18,005,014
Total current liabilities	14,323,240	21,197,324
Deferred revenue	300,000	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; 43,156,677 and 43,028,146 shares issued and 42,977,787 and 42,932,460 outstanding at March 31, 2011 and December 31, 2010, respectively	431,567	430,281
Additional paid-in capital	146,217,572	144,782,807
Deficit accumulated during the development stage	(117,903,422)	(116,055,400)
Treasury stock, at cost; 28,100 shares at March 31, 2011 and December 31, 2010	(51,103)	(51,103)
Accumulated other comprehensive loss	(34,200)	(26,200)
Total stockholders' equity	28,660,414	29,080,385
Total liabilities and stockholders' equity	\$43,283,654	\$50,577,709

DELCATH SYSTEMS, INC.
(A Development Stage Company)

Condensed Statements of Operations and Comprehensive Income
(Unaudited)

	Three Months Ended March 31,		Cumulative from Inception (Aug 5, 1988) to March 31,
	2011	2010	2011
Costs and expenses:			
General and administrative expenses	\$ 4,166,014	\$ 2,546,172	\$ 44,031,096
Research and development costs	3,648,224	2,941,110	60,238,388
Total costs and expenses	\$ 7,814,238	\$ 5,487,282	\$ 104,269,484
Operating loss	(7,814,238)	(5,487,282)	(104,269,484)
Change in fair value of warrant liability (expense) income	5,965,657	(8,687,717)	(14,732,945)
Interest income	559	1,264	2,871,838
Other income	-	-	(102,753)
Interest expense	-	-	(171,473)
Net loss	(1,848,022)	(14,173,735)	(116,404,817)
Other comprehensive income (loss)	(8,000)	8,000	(34,200)
Total comprehensive loss	\$ (1,856,022)	\$	