

Celsion CORP
Form 10-Q
May 09, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

or

- 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 000-14242

CELSION CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

52-1256615

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(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. employer
identification no.)

10220-L Old Columbia Road, Columbia, Maryland 21046
(Address of Principal Executive Offices) (Zip Code)

(410) 290-5390

(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 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by checkmark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 22, 2008 the Registrant had 10,145,850 shares outstanding of Common Stock, \$.01 par value per share.

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EXHIBITS

- 11 Statement Re: Computation of Earnings Per Share. (Filed herewith)
 - 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith)
 - 31.2 Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith)
 - 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith)
 - 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Furnished herewith)
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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

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CELSION CORPORATION

BALANCE SHEETS

March 31, 2008 and December 31, 2007

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,543,125	\$ 2,937,373
Short term investments		3,000,000
Accounts receivable - trade	169,721	183,043
Other receivables	40,554	47,110
Due from Boston Scientific Corporation	15,000,000	15,000,000
Prepaid expenses	247,715	256,874
Total current assets	17,001,115	21,424,400
Property and equipment - at cost		
Furniture and office equipment	194,257	194,200
Computer hardware and software	344,144	338,349
Laboratory and shop equipment	305,340	305,340
Leasehold improvements	132,148	132,148
	975,889	970,037
Less: Accumulated depreciation	731,894	702,156
Net value of property and equipment	243,995	267,881
Other assets		
Advances under Celsion (Canada), Ltd. Transition Services Agreement (net of allowance of \$451,556 and \$442,225 respectively)		200,000
Note receivable (net of discount of \$147,154 and \$168,473, respectively, and an allowance of \$664,978 and \$0, respectively)	537,868	1,181,527
Due from Boston Scientific Corporation - Non Current	15,000,000	15,000,000
Deposits and other assets	1,003,257	899,268
Patent licensing fees (net of accumulated amortization of \$9,375 and \$7,500, respectively)	63,750	65,625
Total other assets	16,604,875	17,346,420
Total assets	\$ 33,849,985	\$ 39,038,701

	March 31, 2008 (Unaudited)	December 31, 2007
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable - trade	\$ 2,489,130	\$ 1,830,457
Other accrued liabilities	3,912,447	5,056,380
Income taxes payable		546,000
Accrued non-cash compensation	8,910	8,910
Note payable - current portion	687,029	676,859
Total current liabilities	6,897,516	8,118,606
Long-term liabilities		
Note payable	59,124	234,742
Other liabilities	32,829	34,238
Total long-term liabilities	91,953	268,980
Total liabilities	6,989,469	8,387,586
Stockholders equity		
Common stock - \$0.01 par value per share (250,000,000 shares authorized; 10,145,850 and 10,124,184 shares outstanding at March 31, 2008 and December 31, 2007, respectively.)	108,062	107,845
Additional paid-in capital	88,611,005	88,319,979
Accumulated deficit	(59,219,599)	(55,137,757)
Subtotal	29,499,468	33,290,067
Less: Treasury stock - at cost	(2,638,952)	(2,638,952)
Total stockholders equity	26,860,516	30,651,115
Total liabilities and stockholders equity	\$ 33,849,985	\$ 39,038,701

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Operating expenses:		
Research and development	\$ 2,967,111	\$ 1,770,812
General and administrative	1,175,977	1,294,169
Total operating expenses	4,143,088	3,064,981
Loss from operations	(4,143,088)	(3,064,981)
Other income (expense):		
Other income	94	
Interest income	75,510	180,779
Interest expense	(14,358)	(348,263)
Loss from continuing operations	(4,081,842)	(3,232,465)
Discontinued Operations (Note 10)		
Income from discontinued operations		874,795
Net loss	\$ (4,081,842)	\$ (2,357,670)
Net loss from continuing operations per common share - basic	\$ (0.40)	\$ (0.30)
Net loss from continuing operations per common share - diluted	\$ (0.40)	\$ (0.30)
Net income from discontinued operations per common share - basic	\$	\$ 0.08
Net income from discontinued operations per common share - diluted	\$	\$ 0.08
Net loss per common share - basic	\$ (0.40)	\$ (0.22)
Net loss per common share - diluted	\$ (0.40)	\$ (0.22)
Weighted average shares outstanding - basic	10,143,442	10,746,869
Weighted average shares outstanding - diluted (1)	10,143,442	10,750,869

(1) Potentially dilutive securities are excluded from the computation of earnings per share for periods in which there is a loss as their effect would be anti-dilutive.

See accompanying notes.

CELSION CORPORATION

STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities		
Net loss for the year	\$ (4,081,842)	\$ (2,357,670)
Non-cash items included in net loss:		
Depreciation and amortization	31,818	52,460
Accretion of discount on note receivable	(21,319)	(38,202)
Stock based compensation - Options	251,679	143,548
Stock based compensation - Restricted Stock	39,514	25,590
Amortization of deferred license fee		(142,857)
Shares issued in exchange for services	50	29,750
Amortization of patent license	1,875	25,063
Allowance for bad debts	680,360	
Net changes in:		
Accounts receivable-trade	13,322	769,327
Other receivables	551	(4,018)
Inventories		(68,994)
Prepaid expenses	9,159	7,554
Escrow account-license fee		1,824,740
Deposits and other assets	(103,989)	(133,772)
Accounts payable - trade and accrued interest	658,673	343,660
Income taxes payable	(546,000)	
Other accrued liabilities	(1,145,342)	(323,881)
Net cash (used) / provided by operating activities	(4,211,491)	152,298