

Cardium Therapeutics, Inc.
Form 10-Q
August 14, 2012
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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 June 30, 2012

or

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

Commission file number: 001-33635

CARDIUM THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State of incorporation)

27-0075787
(IRS Employer Identification No.)

12255 El Camino Real, Suite 250

San Diego, California 92130
(Address of principal executive offices)

(858) 436-1000
(Registrant's telephone number)

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 the definition 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

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 August 14, 2012, the registrant had 119,617,356 shares of common stock outstanding.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this report, including information incorporated by reference, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect current views about future events and financial performance based on certain assumptions. They include opinions, forecasts, intentions, plans, goals, projections, guidance, expectations, beliefs or other statements that are not statements of historical fact. Words such as may, will, should, could, would, expects, plans, believes, anticipates, intends, estimates, projects, or the negative or other variation of such words, and similar expressions may identify a statement as a forward-looking statement. Any statements that refer to projections of our future financial performance, our anticipated growth and trends in our business, our goals, strategies, focus and plans, and other characterizations of future events or circumstances, including statements expressing general optimism about future operating results and the development of our products, are forward-looking statements. Forward-looking statements in this report may include statements about:

our ability to fund operations and business plans, and the timing of any funding or corporate development transactions we may pursue;

planned development pathways and potential commercialization activities or opportunities;

the timing, conduct and outcome of discussions with regulatory agencies, regulatory submissions and clinical trials, including the timing for completion of clinical studies;

our beliefs and opinions about the safety and efficacy of our products and product candidates and the anticipated results of our clinical studies and trials;

our ability to enter into acceptable relationships with one or more contract manufacturers or other service providers on which may depend, and the ability of such contract manufacturers or other service providers to manufacture biologics, devices, nutraceuticals or other key products or components, or to provide other services, of an acceptable quality on a timely and cost-effective basis;

our ability to enter into acceptable relationships with one or more development or commercialization partners to advance the commercialization of new products and product candidates and the timing of any product launches;

our growth, expansion and acquisition strategies, the success of such strategies, and the benefits we believe can be derived from such strategies;

our ability to pursue and effectively develop new product opportunities and acquisitions and to obtain value from such product opportunities and acquisitions;

our ability to maintain the listing of our common stock on a national exchange;

our intellectual property rights and those of others, including actual or potential competitors;

the outcome of litigation matters;

the anticipated activities of our personnel, consultants and collaborators;

expectations concerning our operations outside the United States;

current and future economic and political conditions;

overall industry and market performance;

the impact of new accounting pronouncements;

management's goals and plans for future operations; and

other assumptions described in this report underlying or relating to any forward-looking statements.

The forward-looking statements in this report speak only as of the date of this report and caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements are subject to certain events, risks, and uncertainties that may be outside of our control. When considering forward-looking statements, you should carefully review the risks, uncertainties and other cautionary statements in this report as they identify certain important factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These factors include, among others, the risks described under Item 1A and elsewhere in this report, as well as in other reports and documents we file with the United States Securities and Exchange Commission (SEC).

Unless the context requires otherwise, all references in this report to the Company, Cardium, we, our, and us refer to Cardium Therapeutics, and, as applicable, Post-Hypothermia Corporation (formerly, InnerCool Therapies, Inc.), Tissue Repair Company and MedPodium Health Sciences, Inc., each a wholly-owned subsidiary of Cardium.

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ITEM 1. FINANCIAL STATEMENTS
CARDIUM THERAPEUTICS, INC. AND SUBSIDIARIES
(a development stage company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,271,500	\$ 4,721,279
Restricted cash	50,000	150,000
Accounts receivable	9,757	0
Inventory	771,867	434,130
Prepaid expenses and other assets	182,160	68,204
Total current assets	7,285,284	5,373,613
Restricted cash	0	50,000
Property and equipment, net	102,872	135,581
Investment	435,000	435,000
Technology license fees, net	1,265,523	1,332,727
Other long term assets	176,308	176,308
Total assets	\$ 9,264,987	\$ 7,503,229
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 638,983	\$ 749,586
Accrued liabilities	418,446	464,894
Derivative liabilities - fair value of warrants	0	85,506
Total current liabilities	1,057,429	1,299,986
Deferred rent	87,026	118,313
Total liabilities	1,144,455	1,418,299
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.0001 par value; 200,000,000 shares authorized; issued and outstanding 119,617,356 at June 30, 2012 and 96,565,834 at December 31, 2011	11,962	8,610
Additional paid-in capital	100,669,068	94,167,335
Deficit accumulated during development stage	(92,560,498)	(88,091,015)
Total stockholders' equity	8,120,532	6,084,930
Total liabilities and stockholders' equity	\$ 9,264,987	\$ 7,503,299

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See accompanying notes, which are an integral part of these condensed consolidated financial statements.

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	Three Months Ended June 30,		Six Months Ended June 30,		Period from December 22, 2003 (Inception) to June 30, 2012
	2012	2011	2012	2011	
Revenues					
Product sales	\$ 13,174	\$ 0	\$ 33,652	\$ 0	\$ 33,652
Grant revenues	0	0	0	0	1,623,160
Total revenues	13,174	0	33,652	0	1,656,812
Cost of goods sold	6,096	0	11,551	0	11,551
Gross profit	7,078	0	22,101	0	1,645,261
Operating expenses					
Research and development	424,734	803,858	1,589,333	1,295,432	42,974,740
Selling, general and administrative	1,459,214	1,173,536	2,968,975	2,461,421	40,405,587
Total operating expenses	1,883,948	1,977,394	4,558,308	3,756,853	83,380,327
Loss from operations	(1,876,870)	(1,977,394)	(4,536,207)	(3,756,853)	(81,735,066)
Change in fair value of derivative liabilities	0	212,401	64,157	300,571	10,395,709
Gain on warrant exchange	0	0	0	0	473,872
Interest income	2,142	3,136	4,681	8,398	1,581,724
Interest expense	(719)	(1,449)	(2,114)	(4,062)	(7,124,120)
Net loss from continuing operations	\$ (1,875,447)	\$ (1,763,306)	\$ (4,469,483)	\$ (3,451,946)	\$ (76,407,881)
Net loss from discontinued operations	0	0	0	0	\$ (22,561,220)
Gain on sale of business unit	0	0	0	0	6,408,603
Net loss	\$ (1,875,447)	\$ (1,763,306)	\$ (4,469,483)	\$ (3,451,946)	\$ (92,560,498)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.04)	
Weighted average common shares outstanding	119,617,356	83,097,967	114,448,254	83,097,967	

See accompanying notes, which are an integral part of these condensed consolidated financial statements.

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CARDIUM THERAPEUTICS, INC. AND SUBSIDIARIES

(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For The Six Months Ended June 30,		December 22, 2003 (Inception) To June 30, 2012
	2012	2011	
Cash Flows From Operating Activities			
Net loss	\$ (4,469,483)	\$ (3,451,946)	\$ (92,560,498)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on sale of discontinued operation	0	0	(6,408,603)
Gain on sale of warrants	0	0	(518,622)
Loss on abandonment of leaseholds	0		