

Nile Therapeutics, Inc.
Form 10-Q
August 14, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

“ 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: 001-34058

NILE THERAPEUTICS, INC.

(Exact Name Of Registrant As Specified In Its Charter)

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Delaware
(State of Incorporation)

88-0363465

(I.R.S. Employer Identification No.)

115 Sansome Street, Suite #310, San Francisco, CA 94104

(Address of principal executive offices)(Zip Code)

(415) 875-7880

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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, 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 ☐
(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 August 14, 2008, there were 24,149,405 shares of common stock, par value \$0.001 per share, of Nile Therapeutics Inc. issued and outstanding.

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NILE THERAPEUTICS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONDENSED BALANCE SHEETS

	June 30, 2008 (unaudited)	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,347,757	\$ 16,233,464
Prepaid expenses and other current assets	415,944	526,303
Total current assets	10,763,701	16,759,767
Property and equipment, net	86,000	62,838
Intangible assets, net	234,286	252,723
Other noncurrent assets	105,623	14,000
Total assets	\$ 11,189,610	\$ 17,089,328
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 695,905	\$ 658,773
Accrued expenses and other current liabilities	300,355	915,419
Due to related party	3,282	315,204
Total current liabilities	999,542	1,889,396
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, none issued and outstanding		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 24,149,405 and 24,099,716 shares issued and outstanding	24,150	24,100
Additional paid-in capital	29,896,766	28,070,642
Deficit accumulated during the development stage	(19,730,848)	(12,894,810)
Total stockholders' equity	10,190,068	15,199,932
Total liabilities and stockholders' equity	\$ 11,189,610	\$ 17,089,328

See accompanying notes to unaudited condensed financial statements.

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NILE THERAPEUTICS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Period from August 1, 2005 (date of inception) to June 30, 2008
	2008	2007	2008	2007	
Grant income	\$	\$	\$	\$	\$ 482,235
Operating expenses					
Research and development	2,888,654	863,029	4,866,838	1,421,277	12,700,536
General and administrative	960,164	564,816	2,158,503	721,496	6,815,927
Total operating expenses	3,848,818	1,427,845	7,025,341	2,142,773	19,516,463
Loss from operations	(3,848,818)	(1,427,845)	(7,025,341)	(2,142,773)	(19,034,228)
Other income (expense)					
Interest income	82,848	7,274	232,284	23,962	619,956
Interest expense		(59,836)	(137)	(119,014)	(1,272,934)
Other expense	(11,131)		(42,844)		(43,642)
Total other income (expense)	71,717	(52,562)	189,303	(95,052)	(696,620)
Net loss	\$ (3,777,101)	\$ (1,480,407)	\$ (6,836,038)	\$ (2,237,825)	\$ (19,730,848)
Basic and diluted loss per share	\$ (0.16)	\$ (0.11)	\$ (0.28)	\$ (0.16)	
Weighted-average common shares outstanding	24,106,341	13,794,132	24,103,010	13,794,132	

See accompanying notes to unaudited condensed financial statements.

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NILE THERAPEUTICS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

PERIOD FROM AUGUST 1, 2005 (DATE OF INCEPTION) TO JUNE 30, 2008

(unaudited)

	Common Stock		Additional Paid-in Capital	Deficit Accumulated during Development Stage	Total Stockholders Equity
	Shares	Amount			
Issuance of common shares to founders	13,794,132	\$ 13,794	\$ (8,794)	\$	\$ 5,000
Founders shares returned to treasury	(1,379,419)				
Net loss				(10,043)	(10,043)
Balance at December 31, 2005	12,414,713	\$ 13,794	\$ (8,794)	\$ (10,043)	\$ (5,043)
Issuance of common shares pursuant to licensing agreement	1,379,419		500		500
Issuance of stock options for services			10,000		10,000
Net loss				(2,581,972)	(2,581,972)
Balance at December 31, 2006	13,794,132	\$ 13,794	\$ 1,706	\$ (2,592,015)	\$ (2,576,515)
Issuance of common shares pursuant to licensing agreement	63,478	64	182,172		182,236
Issuance of common shares pursuant to licensing agreement	350,107	350	999,650		1,000,000
Common shares sold in private placement, net of issuance costs of \$102,000	6,957,914	6,958	19,865,789		19,872,747
Conversion of notes payable upon event of merger	1,684,085	1,684	4,349,481		4,351,165
Discount arising from note conversion			483,463		483,463
Warrants issued in connection with note conversion			288,000		288,000
Reverse merger transaction					
Elimination of accumulated deficit			(234,218)		(234,218)
Previously issued SMI stock	1,250,000	1,250	232,968		234,218
Employee stock-based compensation			1,902,298		1,902,298
Non-employee stock-based compensation			(667)		(667)
Net loss				(10,302,795)	(10,302,795)
Balance at December 31, 2007	24,099,716	\$ 24,100	\$ 28,070,642	\$ (12,894,810)	\$ 15,199,932
Warrants issued in satisfaction of accrued liabilities			334,992		334,992
Employee stock-based compensation			1,184,145		1,184,145
Non-employee stock-based compensation			57,037		57,037
Issuance of common shares pursuant to licensing agreement	49,689	50	249,950		250,000
Net loss				(6,836,038)	(6,836,038)
Balance at June 30, 2008	24,149,405	\$ 24,150	\$ 29,896,766	\$ (19,730,848)	\$ 10,190,068

See accompanying notes to unaudited condensed financial statements.

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NILE THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2008	2007	Period from August 1, 2005 (date of inception) to June 30, 2008
Cash flows from operating activities			
Net loss	\$ (6,836,038)	\$ (2,237,825)	\$ (19,730,848)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	53,316	6,230	80,654
Stock-based compensation	1,826,174	(3,333)	4,920,541
Warrants issued to noteholders			288,000
Note discount due to beneficial conversion feature			483,463
Loss on disposal of assets	11,654		11,654
Non cash interest expense			