

Nile Therapeutics, Inc.
Form 10-Q
November 14, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

**“ 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)

Delaware
(State of Incorporation)

88-0363465
(I.R.S. Employer Identification No.)

63 Bovet Rd., Suite 421, San Mateo, CA 94402
(Address of principal executive offices)(Zip Code)

(650) 918-7489
(Registrant's telephone number, including area code)

Not Applicable
(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 **x** 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). **x**
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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Edgar Filing: Nile Therapeutics, Inc. - Form 10-Q

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 November 12, 2013, there were 43,520,563 shares of common stock, par value \$0.001 per share, of Nile Therapeutics, Inc. issued and outstanding.

Index

	Page
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Balance Sheets (unaudited)	4
Condensed Statements of Operations (unaudited)	5
Condensed Statement of Stockholders' Equity (unaudited)	6
Condensed Statements of Cash Flows (unaudited)	7
Notes to Condensed Financial Statements (unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	30
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	31
Item 3. Defaults Upon Senior Securities	31
Item 4. Mine Safety Disclosures	31
Item 5. Other Information	32
Item 6. Exhibits	33
Signatures	33
Exhibit Index	34

Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These forward-looking statements include, but are not limited to, statements about:

- our ability to complete our planned merger with Capricor, Inc.;
- our ability to obtain adequate financing;
- our ability to find collaborative partners for research, development and commercialization of potential products;
- the development of our product candidates;
- the regulatory approval of our product candidates;
- our use of clinical research centers and other contractors;
- acceptance of our products by doctors, patients or payors;
- our ability to market any of our product candidates;
- our history of operating losses;
- our ability to compete against other companies and research institutions;
- our ability to secure adequate protection for our intellectual property;
- our ability to attract and retain key personnel;
- availability of reimbursement for our product candidates;
- the effect of potential strategic transactions on our business; and
- the volatility of our stock price.

These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend” and similar words or phrases. For such statements, we are subject to the protection of the Private Securities Litigation Reform Act of 1995. Readers of this Quarterly Report on Form 10-Q are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the time this Quarterly Report on Form 10-Q was filed with the Securities and Exchange Commission, or SEC. These forward-looking statements are based largely on our expectations and projections about future events and future trends affecting our business, and are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Discussions containing these forward-looking statements may be found throughout this report, including Part I, the section entitled “Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These forward-looking statements involve risks and uncertainties, including the risks discussed in our Annual Report on Form 10-K for the year ended December 31, 2012 (“Form 10-K”), that could cause our actual results to differ materially from those in the forward-looking statements. Except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the filing of this report or documents incorporated by reference herein that include forward-looking statements. The risks discussed in our Form 10-K and in this report should be considered in evaluating our prospects and future financial performance.

In addition, past financial or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.

References to the “Company,” “Nile,” the “Registrant,” “we,” “us,” or “our” in this report refer to Nile Therapeutics, Inc., a Delaware corporation, unless the context indicates otherwise.

PART I FINANCIAL INFORMATION**Item 1. Financial Statements.**

NILE THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED BALANCE SHEETS

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 71,028	\$ 46,716
Prepaid expenses and other current assets	37,975	124,912
Total current assets	109,003	171,628
Property and equipment, net	828	3,488
Other noncurrent assets	4,535	51,938
Total assets	\$ 114,366	\$ 227,054
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	\$ 339,245	\$ 182,916
Accrued expenses and other current liabilities	497,886	131,928
Notes payable, net of unamortized discount of \$123,204	326,796	-
Due to related party	18,000	16,139
Total current liabilities	1,181,927	330,983
Warrant liability	499,993	63,384
Total liabilities	1,681,920	394,367
Commitments and contingencies		
Stockholders' deficit		
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, 43,520,563 and 43,062,231 shares issued and outstanding	43,521	43,062
Additional paid-in capital	46,525,778	46,497,642
Deficit accumulated during the development stage	(48,136,853)	(46,708,017)
Total stockholders' deficit	(1,567,554)	(167,313)
Total liabilities and stockholders' deficit	\$ 114,366	\$ 227,054

See accompanying notes to the unaudited condensed financial statements.

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

	Three months ended September 30,		Nine months ended September 30,		Period from August 1, 2005 (incpetion) through September 30, 2013
	2013	2012	2013	2012	
Income:					
Grant income	\$ -	\$ -	\$ -	\$ -	\$ 482,235
Collaboration income	-	-	-	195,500	1,550,000
Total income	-	-	-	195,500	2,032,235
Operating expenses:					
Research and development	30,882	179,142	130,002	976,945	31,149,822
General and administrative	261,083	397,170	908,178	1,339,159	18,846,049
Total operating expenses	291,965	576,312	1,038,180	2,316,104	49,995,871
Loss from operations	(291,965)	(576,312)	(1,038,180)	(2,120,604)	(47,963,636)
Other income (expense):					
Interest income	57	309	200	1,149	795,392
Interest expense	(68,282)	-	(155,345)	-	(1,429,079)
Other income (expense)	11,737	9,771	(235,511)	428,410	460,470
Total other income (expense)	(56,488)	10,080	(390,656)	429,559	(173,217)