

SENESCO TECHNOLOGIES INC
Form 10-Q
November 14, 2008
Table of Contents

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 September 30, 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 No. 001-31326

SENESCO TECHNOLOGIES, INC.

(exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

84-1368850

(IRS Employer Identification No.)

Edgar Filing: SENESCO TECHNOLOGIES INC - Form 10-Q

303 George Street, Suite 420

New Brunswick, New Jersey 08901

(Address of principal executive offices)

(732) 296-8400

(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 past 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 the 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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes:

No:

As of October 31, 2008, 18,573,184 shares of the issuer's common stock, par value \$0.01 per share, were outstanding.

Table of Contents

SENESCO TECHNOLOGIES, INC. AND SUBSIDIARY

TABLE OF CONTENTS

	Page
<u>PART I.</u>	
<u>FINANCIAL INFORMATION</u>	
Item 1.	1
<u>Financial Statements (Unaudited)</u>	
<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u> <u>as of September 30, 2008 and June 30, 2008</u>	2
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</u> <u>For the Three Months Ended September 30, 2008 and 2007,</u> <u>and From Inception on July 1, 1998 through September 30, 2008</u>	3
<u>CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY</u> <u>From Inception on July 1, 1998 through September 30, 2008</u>	4
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u> <u>For the Three Months Ended September 30, 2008 and 2007,</u> <u>and From Inception on July 1, 1998 through September 30, 2008</u>	8
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	9
Item 2.	18
<u>Management's Discussion and Analysis of Financial Condition</u> <u>and Results of Operations</u>	
<u>Overview</u>	18
<u>Liquidity and Capital Resources</u>	31
<u>Changes to Critical Accounting Policies and Estimates</u>	32
<u>Results of Operations</u>	33
Item 3.	37
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	
Item 4.	37
<u>Controls and Procedures</u>	
<u>PART II.</u>	
<u>OTHER INFORMATION</u>	
Item 1A.	39
<u>Risk Factors</u>	
Item 6.	52
<u>Exhibits</u>	
<u>SIGNATURES</u>	53

Table of Contents

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

Certain information and footnote disclosures required under United States generally accepted accounting principles have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. However, Senesco Technologies, Inc., a Delaware corporation, and its wholly owned subsidiary, Senesco, Inc., a New Jersey corporation (collectively, Senesco or the Company), believe that the disclosures are adequate to assure that the information presented is not misleading in any material respect.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the entire fiscal year.

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (unaudited)	June 30, 2008
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,457,202	\$ 5,676,985
Short-term investments	2,450,000	500,000
Prepaid expenses and other current assets	784,241	180,556
Total Current Assets	5,691,443	6,357,541
Property and equipment, net	4,678	5,459
Intangibles, net	3,346,366	3,213,543
Deferred financing costs	953,308	1,059,230
Security deposit	7,187	7,187
TOTAL ASSETS	\$ 10,002,982	\$ 10,642,960
<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 499,925	\$ 370,167
Accrued expenses	386,884	314,267
Total Current Liabilities	886,809	684,434
Convertible notes, net of discount	190	57
Grant payable	99,728	99,728
Other liability	21,301	23,062
TOTAL LIABILITIES	1,008,028	807,281
STOCKHOLDERS EQUITY:		
Preferred stock, \$0.01 par value; authorized 5,000,000 shares, no shares issued		
Common stock, \$0.01 par value; authorized 100,000,000 shares, issued and outstanding 18,573,184 and 18,375,117, respectively	185,732	183,751
Capital in excess of par	40,213,658	39,874,958
Deficit accumulated during the development stage	(31,404,436)	(30,223,030)
TOTAL STOCKHOLDERS EQUITY	8,994,954	9,835,679
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 10,002,982	\$ 10,642,960

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	From Inception on July 1, 1998 through September 30, 2008
Revenue	\$ 200,000	\$ 371,250	\$ 1,375,000
Operating Expenses:			
General and administrative	529,865	389,059	22,255,321
Research and development	504,386	352,895	10,461,981
Total Operating Expenses	1,034,251	741,954	32,717,302
Loss From Operations	(834,251)	(370,704)	(31,342,302)
Sale of state income tax loss, net			586,442
Other noncash income			321,259
Interest income, net	23,057	6,879	503,294
Amortization of debt discount and financing costs	(106,055)	(15,221)	(774,818)
Interest expense on convertible notes	(264,157)	(3,000)	(698,311)
Net Loss	\$ (1,181,406)	\$ (382,046)	\$ (31,404,436)
Basic and Diluted Net Loss Per Common Share	\$ (0.06)	\$ (0.02)	
Basic and Diluted Weighted Average Number of Common Shares Outstanding	18,379,379	17,473,694	

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITYFROM INCEPTION ON JULY 1, 1998 THROUGH SEPTEMBER 30, 2008

(unaudited)

	Shares	Common Stock Amount	Capital in Excess of Par Value	Deficit Accumulated During the Development Stage	Total
Common stock outstanding	2,000,462	\$ 20,005	\$ (20,005)		
Contribution of capital			85,179		\$ 85,179
Issuance of common stock in reverse merger on January 22, 1999 at \$0.01 per share	3,400,000	34,000	(34,000)		
Issuance of common stock for cash on May 21, 1999 at \$2.63437 per share	759,194	7,592	1,988,390		1,995,982
Issuance of common stock for placement fees on May 21, 1999 at \$0.01 per share	53,144	531	(531)		
Issuance of common stock for cash on January 26, 2000 at \$2.867647 per share	17,436	174	49,826		50,000
Issuance of common stock for cash on January 31, 2000 at \$2.87875 per share	34,737	347	99,653		100,000
Issuance of common stock for cash on February 4, 2000 at \$2.934582 per share	85,191	852	249,148		250,000
Issuance of common stock for cash on March 15, 2000 at \$2.527875 per share	51,428	514	129,486		130,000
Issuance of common stock for cash on June 22, 2000 at \$1.50 per share	1,471,700	14,718	2,192,833		2,207,551
Commissions, legal and bank fees associated with issuances for the year ended June 30, 2000		-	(260,595)		(260,595)
Fair market value of options and warrants vested during the year ended June 30, 2000	-		1,475,927		1,475,927

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITYFROM INCEPTION ON JULY 1, 1998 THROUGH SEPTEMBER 30, 2008

(unaudited)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Deficit Accumulated During the Development Stage	Total
Fair market value of options and warrants vesting during the year ended June 30, 2001			\$ 308,619		\$ 308,619
Issuance of common stock and warrants for cash from November 30, 2001 through April 17, 2002 at \$1.75 per unit	3,701,430	\$ 37,014	6,440,486		6,477,500
Issuance of common stock and warrants associated with bridge loan conversion on December 3, 2001	305,323	3,053	531,263		534,316
Commissions, legal and bank fees associated with issuances for the year ended June 30, 2002			(846,444)		(846,444)
Fair market value of options and warrants vested during the year ended June 30, 2002			1,848,726		1,848,726
Fair market value of options and warrants vested during the year ended June 30, 2003			848,842		848,842
Issuance of common stock and warrants for cash from January 15, 2004 through February 12, 2004 at \$2.37 per unit	1,536,922	15,369	3,627,131		3,642,500
Allocation of proceeds to warrants			(2,099,090)		(2,099,090)
Reclassification of warrants			1,913,463		1,913,463
Commissions, legal and bank fees associated with issuances for the year ended June 30, 2004			(378,624)		(378,624)

See Notes to Condensed Consolidated Financial Statements.

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITYFROM INCEPTION ON JULY 1, 1998 THROUGH SEPTEMBER 30, 2008

(unaudited)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Deficit Accumulated During the Development Stage	Total
Fair market value of options and warrants vested during the year ended June 30, 2004			\$ 1,826,514		\$ 1,826,514
Options and warrants exercised during the year ended June 30, 2004 at exercise prices ranging from \$1.00 - \$3.25	370,283	\$ 3,704	692,945		696,649
Issuance of common stock and warrants for cash on May 9, 2005 at \$2.11 per unit	1,595,651	15,957	3,350,872		3,366,829
Allocation of proceeds to warrants			(1,715,347)		(1,715,347)
Reclassification of warrants			1,579,715		1,579,715
Commissions, legal and bank fees associated with issuance on May 9, 2005			(428,863)		(428,863)
Options and warrants exercised during the year ended June 30, 2005 at exercise prices ranging from \$1.50 to \$3.25	84,487	844	60,281		61,125
Fair market value of options and warrants vested during the year ended June 30, 2005			974,235		974,235
Fair market value of options and Warrants granted and vested During the year ended June 30, 2006			677,000		677,000
Warrants exercised during the year ended June 30, 2006 at an exercise price of \$0.01	10,000	100			100
Issuance of common stock and warrants for cash on October 11, 2006 at \$1.135 per unit	1,986,306	19,863	2,229,628		2,249,491

See Notes to Condensed Consolidated Financial Statements

Table of ContentsSENESCO TECHNOLOGIES, INC. AND SUBSIDIARY(A DEVELOPMENT STAGE COMPANY)CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITYFROM INCEPTION ON JULY 1, 1998 THROUGH SEPTEMBER 30, 2008

(unaudited)

	Shares	Common Stock Amount	Capital in Excess of Par Value	Deficit Accumulated During the Development Stage	Total
Commissions, legal and bank fees associated with issuance on October 11, 2006			\$ (230,483)		\$ (230,483)
Fair market value of options and warrants vested during the year ended June 30, 2007			970,162		970,162
Warrants exercised during the year ended June 30, 2007 at an exercise price of \$0.01	10,000	\$ 100			100
Fair market value of options and warrants vested during the year ended June 30, 2008			1,536,968		1,536,968
Allocation of proceeds from issuance of convertible notes and warrants from September 21, 2007 through June 30, 2008			9,340,000		9,340,000
Issuance of common stock in lieu of cash payment for interest during the year ended June 30, 2008	345,867	3,458	430,696		434,154
Convertible notes converted into common stock during the year ended June 30, 2008	565,556	5,556	430,952		436,508
Fair market value of options and warrants vested during the three months ended September 30, 2008			76,524		76,524
Warrants exercised during the three months ended September 30, 2008 at an exercise price of \$0.74	2,395	24	(24)		
	195,672	1,957	262,200		264,157

Edgar Filing: SENESCO TECHNOLOGIES INC - Form 10-Q

Issuance of common stock in lieu of cash
 payment for interest during the three
 months ended September 30,2008

Net loss					\$	(31,404,436)	(31,404,436)
Balance at September 30, 2008	18,573,184	\$	185,732	\$	40,213,658	\$	(31,404,436) \$ 8,994,954

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

SENESCO TECHNOLOGIES, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)