

CYTRX CORP  
Form 10-Q  
August 09, 2011

---

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2011

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 0-15327

CytRx Corporation  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

58-1642740  
(I.R.S. Employer Identification No.)

11726 San Vicente Blvd., Suite 650  
Los Angeles, CA  
(Address of principal executive offices)

90049  
(Zip Code)

(310) 826-5648  
(Registrant's telephone number, including area code)

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: (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 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  Smaller reporting company   
(Do not check if a smaller reporting company)

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

Number of shares of CytRx Corporation common stock, \$.001 par value, outstanding as of August 8, 2011: 149,057,885 million shares exclusive of treasury shares.

---

---

---

CYTRX CORPORATION

FORM 10-Q

TABLE OF CONTENTS

|   | Page |
|---|------|
| <b>PART I. — FINANCIAL INFORMATION</b>  |      |
| Item 1. Financial Statements  | 1    |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 11   |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk                            | 16   |
| Item 4. Controls and Procedures   | 17   |
| <b>PART II. — OTHER INFORMATION</b>   |      |
| Item 5. Other Information   | 17   |
| Item 6. Exhibits  | 17   |
| <b>SIGNATURES</b>   | 18   |
| <b>INDEX TO EXHIBITS</b>  | 19   |

## PART I — FINANCIAL INFORMATION

## Item 1. — Financial Statements

CYTRX CORPORATION  
CONDENSED BALANCE SHEETS  
(Unaudited)

|   | June 30, 2011 | December 31,<br>2010 |
|---|---------------|----------------------|
| <b>ASSETS</b>   |               |                      |
| Current assets:   |               |                      |
| Cash and cash equivalents   | \$7,023,176   | \$6,324,430          |
| Marketable securities   | 19,076,620    | 20,567,861           |
| Proceeds from sale of RXi, received January 6, 2011   | —             | 6,938,603            |
| Receivable  | 107,907       | 259,006              |
| Investment in Adventrx Pharmaceuticals, at market   | 379,260       | —                    |
| Income taxes recoverable  | —             | 519,158              |
| Interest receivable   | 105,334       | 117,624              |
| Prepaid expenses and other current assets   | 1,803,333     | 1,247,145            |
| Total current assets  | 28,495,630    | 35,973,827           |
| Equipment and furnishings, net  | 294,873       | 319,191              |
| Goodwill  | 183,780       | 183,780              |
| Other assets  | 214,729       | 220,292              |
| Total assets  | \$29,189,012  | \$36,697,090         |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |               |                      |
| Current liabilities:  |               |                      |
| Accounts payable  | \$1,433,782   | \$1,027,924          |
| Accrued expenses and other current liabilities  | 4,130,042     | 2,663,910            |
| Warrant liabilities   | 1,259,518     | 2,437,281            |
| Total current liabilities   | 6,823,342     | 6,129,115            |
| Commitment and contingencies  |               |                      |
| Stockholders' equity:   |               |                      |
| Preferred Stock, \$.01 par value, 5,000,000 shares authorized, including 15,000 shares of Series A Junior Participating Preferred Stock; no shares issued and outstanding     | —             | —                    |
| Common stock, \$.001 par value, 175,000,000 shares authorized; 109,857,885 and 109,840,445 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively | 109,858       | 109,840              |
| Additional paid-in capital  | 230,066,850   | 229,253,122          |
| Accumulated comprehensive income, net of tax  | 379,260       | —                    |
| Treasury stock, at cost (633,816 shares)  | (2,279,238 )  | (2,279,238 )         |
| Accumulated deficit   | (205,911,059) | (196,515,749)        |
| Total stockholders' equity  | 22,365,670    | 30,567,975           |
| Total liabilities and stockholders' equity  | \$29,189,012  | \$36,697,090         |

The accompanying notes are an integral part of these condensed financial statements.

CYTRX CORPORATION  
CONDENSED STATEMENTS OF OPERATIONS  
(Unaudited)

|   | Three Months Ended |             | Six Months Ended |             |
|---|--------------------|-------------|------------------|-------------|
|   | June 30,           |             | June 30,         |             |
|   | 2011               | 2010        | 2011             | 2010        |
| Revenue:  |                    |             |                  |             |
| License revenue   | 150,000            | —           | 150,000          | —           |
| Expenses:   |                    |             |                  |             |
| Research and development                                | 1,886,652          | 3,073,059   | 6,707,360        | 5,118,868   |
| General and administrative                              | 2,026,602          | 2,060,266   | 4,174,061        | 4,705,376   |
|   | 3,913,254          | 5,133,325   | 10,881,421       | 9,824,244   |
| Loss before other income                                | (3,763,254)        | (5,133,325) | (10,731,421)     | (9,824,244) |
| Other income:   |                    |             |                  |             |
| Interest income   | 50,270             | 79,687      | 105,699          | 172,718     |
| Other income, net                                       | 15,619             | 28,530      | 52,650           | 35,696      |
| Gain on warrant derivative liability                    | 577,290            | 1,278,884   | 1,177,762        | 1,411,577   |
| Gain on sale of affiliate's shares – RXi Pharmaceutical | —                  | 5,040,114   | —                | 8,887,614   |
| Income (loss) before provision for income taxes         | (3,120,075)        | 1,293,890   | (9,395,310 )     | 683,361     |
| Provision for income taxes                              | —                  | —           | —                | —           |