

ALFACELL CORP
Form 10-Q
December 10, 2008

**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: October 31, 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: 0-11088

ALFACELL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
organization)

22-2369085

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

300 Atrium Drive, Somerset, NJ 08873

(Address of principal executive offices) (Zip Code)

(732) 652-4525

(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 has (1) 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 or a non-accelerated filer. See definitions of "accelerated filer" and "large accelerated filer" 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

The number of shares of Common Stock, \$.001 par value, outstanding as of December 8, 2008 was 47,313,880 shares.

ALFACELL CORPORATION
(A Development Stage Company)

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PART I. FINANCIAL INFORMATIONItem 1. Financial Statements**ALFACELL CORPORATION**
(A Development Stage Company)CONDENSED BALANCE SHEETS
October 31, 2008 and July 31, 2008

	October 31, 2008 (Unaudited)	July 31, 2008 (See Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,959,146	\$ 4,661,656
Prepaid expenses	228,751	165,259
Total current assets	2,187,897	4,826,915
Property and equipment, net of accumulated depreciation and amortization of \$351,368 at October 31, 2008 and \$342,031 at July 31, 2008	133,784	143,121
Other assets	350,000	350,000
Total assets	\$ 2,671,681	\$ 5,320,036
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 1,134,067	\$ 1,252,478
Accrued clinical trial expenses	687,470	882,386
Accrued professional service fees	323,000	511,779
Accrued compensation expense	302,006	227,803
Current portion of obligations under capital lease	3,648	3,453
Other accrued expenses	3,663	4,135
Total current liabilities	2,453,854	2,882,034
Other liabilities:		
Obligations under capital lease, net of current portion	15,952	16,940
Accrued retirement benefits	433,500	510,000
Deferred rent	281,890	267,668
Deferred revenue	5,200,000	5,200,000
Total other liabilities	5,931,342	5,994,608

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Total liabilities	8,385,196	8,876,642
	<u> </u>	<u> </u>
Stockholders' deficiency:		
Preferred stock, \$.001 par value. Authorized and unissued, 1,000,000 shares at October 31, 2008 and July 31, 2008	—	—
Common stock \$.001 par value. Authorized 100,000,000 shares at October 31, 2008 and July 31, 2008; issued and outstanding 47,313,880 shares and 47,276,880 shares at October 31, 2008 and July 31, 2008, respectively	47,314	47,277
Capital in excess of par value	101,435,430	100,788,973
Deficit accumulated during development stage	(107,196,259)	(104,392,856)
	<u> </u>	<u> </u>
Total stockholders' deficiency	(5,713,515)	(3,556,606)
	<u> </u>	<u> </u>
Total liabilities and stockholders' deficiency	\$ 2,671,681	\$ 5,320,036
	<u> </u>	<u> </u>

See accompanying notes to condensed financial statements.

ALFACELL CORPORATION
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS

Three months ended October 31, 2008 and 2007,
and the Period from August 24, 1981
(Date of Inception) to October 31, 2008

(Unaudited)

	<u>Three Months Ended October 31,</u>		<u>August 24, 1981 (Date of Inception) to October 31, 2008</u>
	<u>2008</u>	<u>2007</u>	
Sales	\$ —	\$ —	\$ 553,489
Operating expenses:			
Cost of sales	—	—	336,495
Research and development	1,727,381	1,615,791	71,040,913
General and administrative	1,093,473	1,171,516	39,626,241
Total operating expenses	<u>2,820,854</u>	<u>2,787,307</u>	<u>111,003,649</u>
Loss from operations	(2,820,854)	(2,787,307)	(110,450,160)
Investment income	18,563	60,507	2,295,011
Other income	—	—	99,939
Interest expense:			
Related parties, net	—	—	(1,147,547)
Others	(1,112)	—	(2,878,891)
Loss before state tax benefit	<u>(2,803,403)</u>	<u>(2,726,800)</u>	<u>(112,081,648)</u>
State tax benefit	—	—	4,885,389
Net loss			