

AVI BIOPHARMA INC
Form 10-Q
August 09, 2010
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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 June 30, 2010

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 001-14895

AVI BIOPHARMA, INC.

(Exact name of registrant as specified in its charter)

Oregon

(State or other jurisdiction of incorporation or organization)

93-0797222

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

3450 Monte Villa Parkway, Suite 101, Bothell, Washington
(Address of principal executive offices)

98021
(Zip Code)

Issuer's telephone number, including area code: **(425) 354-5038**

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 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 (§232.405 of this chapter) 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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Common Stock with \$0.0001 par value
(Class)

111,959,610
(Outstanding as of August 6, 2010)

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AVI BIOPHARMA, INC.

(A Development Stage Company)

BALANCE SHEETS

(unaudited)

(in thousands, except per share data)

	June 30, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 36,742	\$ 48,275
Accounts receivable	2,153	2,085
Other current assets	1,037	950
Total Current Assets	39,932	51,310
Property held for sale	2,372	2,372
Property and Equipment, net of accumulated depreciation and amortization of \$14,393 and \$14,026	2,184	2,466
Patent Costs, net of accumulated amortization of \$1,829 and \$1,762	4,068	3,759
Other assets	111	120
Total Assets	\$ 48,667	\$ 60,027
Liabilities and Shareholders Equity		
Current Liabilities:		
Accounts payable	\$ 2,369	\$ 1,381
Accrued employee compensation	1,837	922
Long-term debt, current portion	79	77
Warrant valuation	29,540	27,609
Deferred revenue	3,366	3,428
Other liabilities	77	90
Total Current Liabilities	37,268	33,507
Commitments and Contingencies		
Long-term debt, non-current portion	1,883	1,924
Other long-term liabilities	1,075	966
Shareholders Equity:		

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Preferred stock, \$.0001 par value, 20,000,000 shares authorized; none issued and outstanding			
Common stock, \$.0001 par value, 200,000,000 shares authorized; 110,339,777 and 110,495,587 issued and outstanding		11	11
Additional paid-in capital		301,139	299,088
Deficit accumulated during the development stage		(292,709)	(275,469)
Total Shareholders' Equity		8,441	23,630
Total Liabilities and Shareholders' Equity	\$	48,667	\$ 60,027

See accompanying notes to financial statements.

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AVI BIOPHARMA, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,		July 22, 1980
	2010	2009	2010	2009	(Inception) through June 30, 2010
Revenues from license fees, grants and research contracts	\$ 3,997	\$ 2,945	\$ 5,201	\$ 6,095	\$ 65,010
Operating expenses:					
Research and development	6,931	5,804	13,020	10,299	243,452
General and administrative	4,733	2,206	7,577	4,426	81,597
Acquired in-process research and development					29,461
Operating loss	(7,667)	(5,065)	(15,396)	(8,630)	(289,500)
Other non-operating (loss) income:					
Interest (expense) income and other, net	51	(31)	87	(15)	8,410
(Increase) decrease on warrant valuation	(9,040)	(14,572)	(1,931)	(11,950)	1,519
Realized gain on sale of short-term securities available-for-sale					3,863
Write-down of short-term securities available-for-sale					(17,001)
	(8,989)	(14,603)	(1,844)	(11,965)	(3,209)
Net loss and comprehensive loss	\$ (16,656)	\$ (19,668)	\$ (17,240)	\$ (20,595)	\$ (292,709)
Net loss per share - basic and diluted	\$ (0.15)	\$ (0.23)	\$ (0.16)	\$ (0.25)	
Weighted average number of common shares outstanding for computing basic and diluted loss per share (in thousands)	110,383	85,664	110,404	83,235	

See accompanying notes to financial statements.

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AVI BIOPHARMA, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Six months ended June 30,		For the Period
	2010	2009	July 22, 1980 (Inception) through June 30, 2010
Cash flows from operating activities:			
Net loss and comprehensive loss	\$ (17,240)	\$ (20,595)	\$ (292,709)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Depreciation and amortization	698	723	18,380
Loss on disposal of assets	237	221	1,542
Realized gain on sale of short-term securities available-for-sale			(3,863)
Write-down of short-term securities available-for-sale			17,001
Impairment charge on real estate owned			928
Stock-based compensation	2,031	1,081	24,728
Conversion of interest accrued to common stock			8
Acquired in-process research and development			29,461
Increase (decrease) on warrant valuation	1,931	11,950	(1,519)
(Increase) decrease in:			
Accounts receivable and other current assets	(143)	1,446	(3,043)
Net increase in accounts payable, accrued employee compensation, and other liabilities	1,938	(831)	7,212
Net cash used in operating activities	(10,548)	(6,005)	(201,874)
Cash flows from investing activities:			
Purchase of property and equipment	(340)	(142)	(18,209)
Patent costs	(622)	(555)	(7,865)
Purchase of marketable securities		114	(112,986)
Sale of marketable securities			117,724
Acquisition costs	(3)		(2,392)
Net cash used in investing activities	(965)	(583)	(23,728)