

AVI BIOPHARMA INC  
Form 10-Q  
November 09, 2009  
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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(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, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE EXCHANGE ACT**

For the transition period from            to

Commission file number 001-14895

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## 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**

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Indicate by check mark whether the issuer (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 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 or a non-accelerated filer. See the definition of accelerated filer, large 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: 110,435,315 outstanding at November 8, 2009.



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## AVI BIOPHARMA, INC.

(A Development Stage Company)

## BALANCE SHEETS

(unaudited)

(in thousands, except per share data)

	September 30, 2009	December 31, 2008
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 50,268	\$ 11,192
Short-term securities - available-for-sale	169	282
Accounts receivable	5,671	4,971
Other current assets	839	599
Total Current Assets	56,947	17,044
Property and Equipment, net of accumulated depreciation and amortization of \$13,735 and \$12,919	2,102	5,189
Patent Costs, net of accumulated amortization of \$1,959 and \$1,927	3,580	3,268
Assets held for sale	2,373	
Other assets	121	35
Total Assets	\$ 65,123	\$ 25,536
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable	\$ 4,303	\$ 2,014
Accrued employee compensation	1,098	1,306
Long-term debt, current portion	76	74
Warrant valuation	35,400	1,254
Deferred revenue	2,096	2,190
Other liabilities	86	450
Total Current Liabilities	43,059	7,288
Commitments and Contingencies		
Long-term debt, non-current portion	1,950	2,001
Other long-term liabilities	610	515
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; 110,433,113 and 71,161,072 issued and outstanding		11	7
Additional paid-in capital	298,487		266,035
Deficit accumulated during the development stage	(278,994)		(250,310)
Total Shareholders' Equity	19,504		15,732
Total Liabilities and Shareholders' Equity	\$ 65,123	\$	25,536

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 September 30,		Nine months ended September 30,		July 22, 1980
	2009	2008	2009	2008	(Inception) through September 30, 2009
Revenues from license fees, grants and research contracts	\$ 6,349	\$ 5,171	\$ 12,444	\$ 15,778	\$ 54,668
Operating expenses:					
Research and development	7,473	7,680	17,771	22,261	223,807
General and administrative	1,800	3,429	6,226	8,165	71,550
Acquired in-process research and development				9,916	29,461
Operating loss	(2,924)	(5,938)	(11,553)	(24,564)	(270,150)
Other non-operating (loss) income:					
Interest (expense) income and other, net	(127)	60	(142)	308	8,635
(Increase) decrease on warrant valuation	(5,039)	(169)	(16,989)	1,444	(4,341)
Realized gain on sale of short-term securities available-for-sale					3,863
Write-down of short-term securities available-for-sale	(5,166)	(109)	(17,131)	1,752	(17,001)
					(8,844)
Net loss	\$ (8,090)	\$ (6,047)	\$ (28,684)	\$ (22,812)	\$ (278,994)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.08)	\$ (0.33)	\$ (0.33)	
Weighted average number of common shares outstanding for computing basic and diluted loss per share (in thousands)	95,261	71,151	87,493	69,160	

See accompanying notes to financial statements.



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## AVI BIOPHARMA, INC.

(A Development Stage Company)

## STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Nine months ended September 30,		For the Period
	2009	2008	July 22, 1980 (Inception) through September 30, 2009
<b>Cash flows from operating activities:</b>			
Net loss	\$ (28,684)	\$ (22,812)	\$ (278,994)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Depreciation and amortization	1,080	1,043	17,383
Loss on disposal of assets	221	11	1,179
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	128		928
Stock-based compensation	1,592	4,121	21,915
Conversion of interest accrued to common stock			8
Acquired in-process research and development		9,916	29,461
Increase (decrease) on warrant valuation	16,989	(1,444)	4,341
Net (increase) in:			
Accounts receivable and other current assets	(940)	(1,181)	(6,426)
Other assets	(86)	(235)	(121)
Net increase in accounts payable, accrued employee compensation, and other liabilities	1,957	716	6,919
Net cash used in operating activities	(7,743)	(9,865)	(190,269)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(276)	(364)	(17,214)
Patent costs	(751)	(419)	(6,931)
Sale (purchase) of marketable securities	113	(8)	(112,873)
Sale of marketable securities			117,613
Acquisition costs		(11)	(2,389)
Net cash used in investing activities	(914)	(802)	(21,794)
<b>Cash flows from financing activities:</b>			
Proceeds from sale of common stock, warrants, and partnership units, net of offering costs, and exercise of options and warrants	47,782	44	262,879
Repayments of long-term debt	(49)	(99)	(162)
Buyback of common stock pursuant to rescission offering			