

BIODELIVERY SCIENCES INTERNATIONAL INC

Form 10-Q

November 09, 2012

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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 September 30, 2012

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 001-31361

BioDelivery Sciences International, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

35-2089858
(I.R.S. Employer
Identification No.)

801 Corporate Center Drive, Suite #210

Raleigh, NC
(Address of principal executive offices)

27607
(Zip Code)

Registrant's telephone number (including area code): 919-582-9050

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, or a non-accelerated filer or a smaller reporting company. See definition 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 November 6, 2012, there were 30,705,816 shares of company common stock issued and 30,690,325 shares of company common stock outstanding.

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BioDelivery Sciences International, Inc. and Subsidiaries

Quarterly Report on Form 10-Q

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	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,319,153	\$ 10,750,205
Accounts receivable	24,303	101,132
Prepaid expenses and other current assets	227,488	229,886
Total current assets	31,570,944	11,081,223
Equipment, net	2,944,514	3,288,108
Goodwill	2,715,000	2,715,000
Other intangible assets:		
Licenses	1,900,000	1,900,000
Acquired product rights	9,050,000	8,000,000
Accumulated amortization	(4,515,296)	(3,749,637)
Total other intangible assets	6,434,704	6,150,363
Derivative asset, warrant (note 7)	187,600	388,540
Other assets	21,976	21,976
Total assets	\$ 43,874,738	\$ 23,645,210
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7,389,459	\$ 5,090,795
Deferred revenue, current	15,149,561	12,507,471
Derivative liabilities (note 7)	8,949,412	279,302
Total current liabilities	31,488,432	17,877,568
Deferred revenue, long-term	1,356,359	1,647,249
Total liabilities	32,844,791	19,524,817
Commitments and contingencies (note 10)		
Stockholders' equity:		
Preferred Stock, \$.001 par value; 5,000,000 shares authorized in 2012 and 2011; 0 shares outstanding in 2012 and 2011		
Common Stock, \$.001 par value; 75,000,000 shares authorized; 30,408,518 and 29,577,146 shares issued; 30,393,027 and 29,561,655 shares outstanding in 2012 and 2011, respectively		
	30,410	29,578
Additional paid-in capital	103,091,109	99,709,574
Treasury stock, at cost, 15,491 shares, 2012 and 2011	(47,183)	(47,183)
Accumulated deficit	(92,044,389)	(95,571,576)
Total stockholders' equity	11,029,947	4,120,393
Total liabilities and stockholders' equity	\$ 43,874,738	\$ 23,645,210

See notes to condensed consolidated financial statements

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Product royalties	\$	\$ 2,659,728	\$	\$ 2,693,954
Research revenues			13,375	226,843
Contract revenues	49,600	4,000	45,148,800	10,800
Total Revenues:	49,600	2,663,728	45,162,175	2,931,597
Cost of product royalties	375,000	1,507,125	1,125,000	1,378,615
Expenses:				
Research and development	12,546,912	6,215,106	23,804,276	17,625,989
General and administrative	2,992,354	2,593,913	8,042,433	6,289,277
Related party general and administrative, net	20,000	20,250	65,750	57,750
Total Expenses:	15,559,266	8,829,269	31,912,459	23,973,016
Loss (income) from operations	(15,884,666)	(7,672,666)	12,124,716	(22,420,034)
Interest income	90,167	61,409	210,284	147,604
Derivative (loss) gain	(3,525,011)	2,472,550	(8,871,050)	3,032,106
Other income (expense), net	16,377	15,156	63,237	(889)
Net (loss) income	(19,303,133)	(5,123,551)	3,527,187	(19,241,213)
Net (loss) income attributable to common stockholders	\$ (19,303,133)	\$ (5,123,551)	\$ 3,527,187	\$ (19,241,213)
Basic earnings per share:	\$ (0.64)	\$ (0.17)	\$ 0.12	\$ (0.69)
Diluted earnings per share:	\$ (0.64)	\$ (0.17)	\$ 0.12	\$ (0.69)

See notes to condensed consolidated financial statements

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders Equity
	Shares	Amount				
Balances, January 1, 2012	29,577,146	\$ 29,578	\$ 99,709,574	\$ (47,183)	\$ (95,571,576)	\$ 4,120,393
Stock-based compensation			1,373,970			1,373,970
Exercise of stock options	728,872	729	1,872,668			1,873,397
Warrant exercises	45,000	45	134,955			135,000
Shares issued upon vesting of equity awards	57,500	58	(58)			
Net income					3,527,187	3,527,187
Balances, September 30, 2012	30,408,518	\$ 30,410	\$ 103,091,109	\$ (47,183)	\$ (92,044,389)	\$ 11,029,947

See notes to condensed consolidated financial statements

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	Nine months Ended September 30,	
	2012	2011
Operating activities:		
Net income (loss)	\$ 3,527,187	\$ (19,241,213)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	1,120,741	989,613
Derivative loss (gain)	8,871,050	(3,032,106)
Stock-based compensation expense	1,373,970	1,006,614
Changes in assets and liabilities:		
Accounts receivable	76,829	(1,021,409)