

BIODELIVERY SCIENCES INTERNATIONAL INC

Form 10QSB/A

September 02, 2004

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB/A

(Amendment No. 2)

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

For the quarterly period ended June 30, 2004

.. **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 0-28931

BioDelivery Sciences International, Inc.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

185 South Orange Avenue, Administrative Building 4

Newark, New Jersey 07103

(Address of principal executive offices)

(973) 972-0015

(Issuer's telephone number)

The Issuer had 7,085,863 shares of common stock issued and 6,985,863 shares of common stock outstanding as of June 30, 2004.

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INTRODUCTORY NOTE

This Amendment No. 2 to the Quarterly Report on Form 10-QSB (the **Form10-QSB/A-2**) of BioDelivery Sciences International, Inc. (the **Company**) for the quarterly period ended June 30, 2004, as filed with the Securities and Exchange Commission (**SEC**) on August 18, 2004 (such quarterly report, the **Original Form 10-QSB**), is being filed solely for the purpose of amending Exhibits 31.1 and 31.2 thereto. The amendment to such exhibits is to correct a clerical error included in the original exhibit filing.

This Form 10-QSB/A-2 is being filed at the request of the Nasdaq SmallCap Stock Market to correct the Company's Amendment No. 1 to the Original Form 10-QSB, as filed with the SEC on August 30, 2004, by adding the entire text of the Original Form 10-QSB to such amendment.

This Form 10-QSB/A-2 does not reflect events occurring after the filing of the Original Form 10-QSB, or modify or update the disclosures contained in the Original Form 10-QSB in any way other than as required to reflect the amendment set forth above. The filing of this Form 10-QSB/A-2 shall not be deemed an admission that the Original Form 10-QSB, when made, included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

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BioDelivery Sciences International, Inc. and Subsidiary

Form 10-QSB

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2004 AND DECEMBER 31, 2003

ASSETS		
	June 30, 2004 (unaudited)	December 31, 2003
Current assets:		
Cash and cash equivalents	\$ 142,807	\$ 525,670
Investments	285,000	2,027,652
Accounts receivable	27,145	-
Prepaid expenses and other current assets	153,262	222,490
	<u>608,214</u>	<u>2,775,812</u>
Total current assets	608,214	2,775,812
Equipment, net	985,769	1,067,596
Licenses	458,691	477,641
Other assets, net	26,002	26,953
	<u>2,078,676</u>	<u>4,348,002</u>
Total assets	\$ 2,078,676	\$ 4,348,002
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current maturities of note payable, bank	\$ 246,813	\$ 225,979
Accounts payable and accrued liabilities	474,205	158,148
Due to related parties	-	61,836
Deferred revenue	-	23,974
Capital lease obligation	2,371	4,742
	<u>723,389</u>	<u>474,679</u>
Total current liabilities	723,389	474,679
Note payable, bank	586,521	732,354
	<u>1,309,910</u>	<u>1,207,033</u>
Total liabilities	1,309,910	1,207,033
Commitments and contingencies		
	-	-
Stockholders' equity:		
Preferred stock, \$.001 par value, 20,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.001 par value 80,000,000 shares authorized, 7,085,863 issued, 6,985,863 outstanding in 2004	7,086	7,086
Additional paid-in capital	14,184,324	14,106,366
Treasury stock, at cost, 100,000 shares	(303,894)	(303,894)
Accumulated deficit	(13,119,844)	(10,668,589)
Accumulated other comprehensive gain	1,094	-
	<u>768,766</u>	<u>3,140,969</u>
Total stockholders' equity	768,766	3,140,969
	<u>\$ 2,078,676</u>	<u>\$ 4,348,002</u>
Total liabilities and stockholders' equity	\$ 2,078,676	\$ 4,348,002

See notes to condensed consolidated financial statements.

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Sponsored research revenues	\$ 247,338	\$ 255,125	\$ 518,650	\$ 510,250
License fees	-	600,000	-	1,200,000
	<u>247,338</u>	<u>855,125</u>	<u>518,650</u>	<u>1,710,250</u>
Expenses:				
Research and development	826,499	642,672	1,525,614	1,286,167
General and administrative	671,198	533,847	1,341,267	1,334,375
Stock-based compensation	45,096	9,730	77,958	23,222
Total expenses	<u>1,542,793</u>	<u>1,186,249</u>	<u>2,944,839</u>	<u>2,643,764</u>
Interest income (expense), net	(30,856)	23,994	(25,066)	54,477
Loss before income taxes	(1,326,311)	(307,130)	(2,451,255)	(879,037)
Income tax benefit (expense)	-	-	-	-
Net loss	<u>(\$ 1,326,311)</u>	<u>(\$ 307,130)</u>	<u>(\$ 2,451,255)</u>	<u>(\$ 879,037)</u>
Other comprehensive gain (loss):				
Unrealized gain (loss) on marketable equity securities	1,094	(7,203)	1,094	(7,203)
Comprehensive loss	<u>(\$ 1,325,217)</u>	<u>(\$ 314,333)</u>	<u>(\$ 2,450,161)</u>	<u>(\$ 886,240)</u>
Note: Accumulated comprehensive loss consists exclusively of unrealized losses on marketable equity securities.				
Net loss per common share:				
Basic and diluted	<u>(\$ 19)</u>	<u>(\$ 04)</u>	<u>(\$ 35)</u>	<u>(\$ 12)</u>
Weighted average common stock shares outstanding basic and diluted	<u>6,985,863</u>	<u>7,010,566</u>	<u>6,985,863</u>	<u>7,048,007</u>

See notes to condensed consolidated financial statements.

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STOCKHOLDERS EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2004

(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Treasury Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Stockholders Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2003	-	\$ -	7,085,863	\$ 7,086	(\$ 303,894)	\$ 14,106,366	(\$ 10,668,589)	\$ -	\$ 3,140,969
Issuance of common stock options	-	-	-	-	-	77,958	-	-	77,958
Unrealized gain on marketable securities	-	-	-	-	-	-	-	1,094	1,094
Net loss	-	-	-	-	-	-	(2,451,255)	-	(2,451,255)
Balance, March 31, 2004 (unaudited)	-	\$ -	7,085,863	\$ 7,086	(\$ 303,894)	\$ 14,184,324	(\$ 13,119,844)	\$ 1,094	\$ 768,767

See notes to condensed consolidated financial statements.

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(Unaudited)

	Six Months Ended June 30,	
	2004	2003
Operating activities:		
Net loss	(\$ 2,451,255)	(\$ 879,037)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	162,016	83,696
Loss on sale of marketable securities	9,483	
Stock-based compensation	77,958	23,222
Changes in assets and liabilities:		
Accounts receivable	(27,145)	2,000,000
Prepaid expenses and other current assets	(69,288)	87,058
Accounts payable and accrued liabilities	316,057	(249,994)
Deferred revenue	(23,974)	(1,200,000)
Net cash flows from operating activities	(1,867,632)	(135,055)
Investing activities:		
Purchase of equipment	(60,288)	(361,998)
Investments, net	1,734,263	(2,479,665)
Net cash flows net from investing activities	1,673,975	(2,841,663)
Financing activities:		
Repayment of borrowings from related parties	(61,836)	298,676
Payment on notes and capital leases payable	(127,370)	(6,389)
Net cash flows from financing activities	(189,206)	292,287
Net change in cash and cash equivalents	(382,863)	(2,684,431)
Cash and cash equivalents at beginning of period	525,670	5,207,303