

AVI BIOPHARMA INC
Form 10-Q
August 11, 2008
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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, 2008

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

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.)

One SW Columbia Street, Suite 1105, Portland, Oregon
(Address of principal executive offices)

97258
(Zip Code)

Issuer's telephone number, including area code: **503-227-0554**

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 Exchange Act Rule 12b-2). Yes No

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

Common Stock with \$.0001 par value

71,199,251

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(Class)

(Outstanding at August 8, 2008)

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AVI BIOPHARMA, INC.

(A Development Stage Company)

BALANCE SHEETS

(unaudited)

	June 30, 2008	December 31, 2007
Assets		
Current Assets:		
Cash and cash equivalents	\$ 18,509,474	\$ 24,802,562
Short-term securities - available-for-sale	276,618	271,851
Accounts receivable	2,666,419	2,869,760
Other current assets	1,093,968	767,278
Total Current Assets	22,546,479	28,711,451
Property and Equipment, net of accumulated depreciation and amortization of \$12,332,638 and \$11,816,549	6,474,073	6,825,145
Patent Costs, net of accumulated amortization of \$1,813,214 and \$1,725,074	3,522,911	3,066,625
Other Assets	34,709	34,709
Total Assets	\$ 32,578,172	\$ 38,637,930
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 2,325,242	\$ 3,026,072
Accrued employee compensation	1,208,143	1,171,666
Long-term debt, current portion	72,804	71,099
Warrant liability	2,801,882	4,414,657
Deferred revenue	2,275,000	737,500
Other liabilities	143,835	331,335
Total Current Liabilities	8,826,906	9,752,329
Commitments and Contingencies		
Long-term debt, non-current portion	2,033,871	2,070,704
Other long-term liabilities	474,385	433,149
Shareholders' Equity:		
Preferred stock, \$.0001 par value, 20,000,000 shares authorized; none issued and outstanding		
Common stock, \$.0001 par value, 200,000,000 shares authorized; 71,091,371 and 64,449,094 issued and outstanding	7,109	6,445
Additional paid-in capital	264,358,554	252,732,858
Deficit accumulated during the development stage	(243,122,653)	(226,357,555)
Total Shareholders' Equity	21,243,010	26,381,748
Total Liabilities and Shareholders' Equity	\$ 32,578,172	\$ 38,637,930

See accompanying notes to financial statements.

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AVI BIOPHARMA, INC.

(A Development Stage Company)

STATEMENTS OF OPERATIONS

(unaudited)

	Three months ended June 30,		Six months ended June 30,		July 22, 1980
	2008	2007	2008	2007	(inception) through
					June 30, 2008
Revenues from license fees, grants and research contracts	\$ 4,982,963	\$ 2,351,424	\$ 10,607,580	\$ 2,887,466	\$ 31,573,590
Operating expenses:					
Research and development	8,164,698	9,160,816	15,637,509	15,478,457	