

BIOTIME INC
Form 10-Q
August 09, 2012

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(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, 2012

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 1-12830

BioTime, Inc.

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of incorporation or organization)

94-3127919

(IRS Employer Identification No.)

1301 Harbor Bay Parkway, Suite 100
Alameda, California 94502

(Address of principal executive offices)

(510) 521-3390

(Registrant's telephone number, including area code)

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. TYes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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). xYes o 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

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer T
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes T No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 50,868,932 common shares, no par value, as of August 7, 2012.

PART 1--FINANCIAL INFORMATION

Statements made in this Report that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. Such risks and uncertainties include but are not limited to those discussed in this report under Item 1 of the Notes to Financial Statements, and in BioTime's Annual Report on Form 10-K filed with the Securities and Exchange Commission. Words such as "expects," "may," "will," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar identify forward-looking statements.

Item 1. Financial Statements

BIOTIME, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2012 (unaudited)	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,659,843	\$ 22,211,897
Inventory	55,018	51,174
Prepaid expenses and other current assets	1,891,383	2,692,303
Total current assets	14,606,244	24,955,374
Equipment, net	1,298,638	1,347,779
Deferred license and consulting fees	756,510	843,944
Deposits	67,395	63,082
Intangible assets, net	21,652,621	18,619,516
TOTAL ASSETS	\$ 38,381,408	\$ 45,829,695
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,485,992	\$ 2,681,111
Deferred grant income	—	261,777
Deferred license revenue, current portion	476,217	203,767
Total current liabilities	2,962,209	3,146,655
LONG-TERM LIABILITIES		
Deferred license revenue, net of current portion	826,614	899,551
Deferred rent, net of current portion	61,324	66,688
Other long term liabilities	236,881	258,620
Total long-term liabilities	1,124,819	1,224,859
Commitments and contingencies		
EQUITY		
Preferred Shares, no par value, authorized 1,000,000 shares; none issued		
Common shares, no par value, authorized 75,000,000 shares; 50,790,391 issued, and 49,504,217 outstanding at June 30, 2012 and 50,321,962 issued, and 49,035,788	120,163,339	115,144,787

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outstanding at December 31, 2011		
Contributed capital	93,972	93,972
Accumulated other comprehensive income	(181,607)	(122,749)
Accumulated deficit	(90,899,131)	(80,470,009)
Treasury stock at cost: 1,286,174 shares at June 30, 2012 and at December 31, 2011	(6,000,000)	(6,000,000)
Total shareholders' equity	23,176,573	28,646,001
Non-controlling interest	11,117,807	12,812,180
Total equity	34,294,380	41,458,181
TOTAL LIABILITIES AND EQUITY	\$ 38,381,408	\$ 45,829,695

See accompanying notes to the condensed consolidated interim financial statements.

BIOTIME, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
REVENUES:				
License fees	\$ 175,419	\$ 41,361	\$ 211,887	\$ 146,546
Royalties from product sales	126,455	177,244	273,857	393,230
Grant income	672,537	442,244	1,074,771	857,855
Sale of research products	59,253	119,520	127,037	208,607
Total revenues	1,033,664	780,369	1,687,552	1,606,238
Cost of sales	(83,918)	(24,816)	(105,497)	(24,831)
Total revenues, net	949,746	755,553	1,582,055	1,581,407
EXPENSES:				
Research and development	(4,615,436)	(3,333,689)	(8,773,302)	(6,284,816)
General and administrative	(2,413,641)	(2,402,858)	(4,802,337)	(4,303,050)
Total expenses	(7,029,077)	(5,736,547)	(13,575,639)	(10,587,866)
Loss from operations	(6,079,331)	(4,980,994)	(11,993,584)	(9,006,459)
OTHER INCOME/(EXPENSES):				
Interest income, net	3,355	5,124	11,636	11,851
Other income/(expense), net	85,260	(24,446)	(240,005)	50,007
Loss on sale of fixed assets	(3,546)	—	(3,546)	—
Total other income/(expense), net	85,069	(19,322)	(231,915)	61,858
NET LOSS	(5,994,262)	(5,000,316)	(12,225,499)	(8,944,601)
Less: Net loss attributable to the noncontrolling interest	537,040	722,388	1,796,378	1,302,379
NET LOSS ATTRIBUTABLE TO BIOTIME, INC.	\$ (5,457,222)	\$ (4,277,928)	\$ (10,429,121)	\$ (7,642,222)
Foreign currency translation loss	(182,947)	(928,536)	(58,859)	(1,598,542)
COMPREHENSIVE NET LOSS	\$ (5,640,169)	\$ (5,206,464)	\$ (10,487,980)	\$ (9,240,764)
BASIC AND DILUTED LOSS PER COMMON SHARE				
	\$ (0.11)	\$ (0.09)	\$ (0.21)	\$ (0.16)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING: BASIC AND DILUTED				
	50,548,582	48,835,672	50,435,272	48,572,550

See accompanying notes to the condensed consolidated interim financial statements.

BIOTIME, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	June 30, 2012	June 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to BioTime, Inc.	\$ (10,429,121)	\$ (7,642,222)
Adjustments to reconcile net loss attributable to BioTime, Inc. to net cash used in operating activities:		
Depreciation expense	183,981	128,215
Amortization of intangible asset	1,123,431	1,041,520
Amortization of deferred license and royalty revenues	(62,781)	(102,129)
Amortization of deferred consulting fees	388,124	388,124
Amortization of deferred license fees	87,434	54,750
Amortization of deferred rent	(5,427)	32,403
Amortization of deferred grant income	(261,777)	—
Stock-based compensation	614,505	560,082
Options: issued as independent director compensation	314,752	286,191
Reduction in receivables from the reversal of revenues	205,004	—
Write off of security deposit	(3,570)	—
Write off of expired inventory	—	1,510
Loss on sale/write off of equipment	3,546	—
Net loss allocable to noncontrolling interest	(1,796,378)	(1,302,379)
Changes in operating assets and liabilities:		
Accounts receivable, net	(143,044)	(121,922)
Grant receivable	—	261,777
Inventory	(3,844)	25,425
Prepaid expenses and other current assets	497,503	127,621
Accounts payable and accrued liabilities	(373,555)	139,334
Other long-term liabilities	(13,462)	(32,795)
Deferred revenues	—	(22,873)
Deferred grant income	—	24,462
Net cash used in operating activities	(9,674,679)	(6,152,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(153,490)	(537,959)
Payment of license fee	—	(1,500)
Cash paid, net of cash acquired for assets	—	(246,850)
Cash acquired in connection with mergers	292,387	5,908
Proceeds for the sale of equipment	4,500	—
Security deposit (paid)/received	(526)	248
Net cash provided by (used in) investing activities	142,871	(780,153)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the exercise of stock options from employees	14,800	80,553
Proceeds from the exercise of stock options from directors	—	112,328
Proceeds from the exercise of stock options from outside consultant	—	4,700

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Proceeds from the exercise of warrants	—	416,300
Proceeds from the sale of common shares of subsidiary	—	213,500
Net cash provided by financing activities	14,800	827,381
Effect of exchange rate changes on cash and cash equivalents	(35,046)	162,695
NET CHANGE IN CASH AND CASH EQUIVALENTS:	(9,552,054)	(5,942,983)
Cash and cash equivalents at beginning of period	22,211,897	33,324,924
Cash and cash equivalents at end of period	\$ 12,659,843	\$ 27,381,941
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 255	\$ 880
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		