

BIOTIME INC
Form 10-Q
August 11, 2014

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, 2014

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 94-3127919
(State or other jurisdiction of incorporation or organization) (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. T Yes 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). x Yes 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 company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer T

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 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: 73,690,302 common shares, no par value, as of August 6, 2014

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 under Risk Factors in this Report. Words such as “expects,” “may,” “will,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and similar expressions identify forward-looking statements.

References to “we” means BioTime, Inc. and its subsidiaries unless the context otherwise indicates.

The description or discussion, in this Form 10-Q, of any contract or agreement is a summary only and is qualified in all respects by reference to the full text of the applicable contract or agreement.

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Item 1. Financial Statements

BIOTIME, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,721,508	\$ 5,495,478
Inventory	257,929	178,694
Trade accounts and grants receivable, net	1,190,723	998,393
Prepaid expenses and other current assets	1,476,104	1,277,405
Total current assets	18,646,264	7,949,970
Equipment, net	2,982,973	2,997,733
Deferred license and consulting fees	391,584	444,833
Deposits	435,482	129,129
Other long-term assets	57,048	-
Intangible assets, net	43,472,089	46,208,085
TOTAL ASSETS	\$ 65,985,440	\$ 57,729,750
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,741,617	\$ 6,722,624
Capital lease liability, current portion	57,500	-
Deferred license and subscription revenue, current portion	270,348	235,276
Total current liabilities	5,069,465	6,957,900
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	20,112	35,997
Capital lease, net of current portion	57,500	-
Deferred tax liability, net	14,244,078	8,277,548
Other long-term liabilities	9,860	195,984
Total long-term liabilities	14,331,550	8,509,529
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred shares, no par value, authorized 2,000,000 shares as of June 30, 2014 and December 31, 2013; 70,000 and nil issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	3,500,000	-
Common shares, no par value, authorized 125,000,000 shares as of June 30, 2014 and December 31, 2013; 72,268,526 issued and 66,869,984 outstanding as of June 30, 2014 and 67,412,139 issued and 56,714,424 outstanding at December 31, 2013	199,944,402	203,456,401
Contributed capital	59,934	93,972
Accumulated other comprehensive (loss)/income	(85,134)	62,899
Accumulated deficit	(163,387,382)	(145,778,547)
Treasury stock at cost: 5,398,542 and 10,697,715 shares at June 30, 2014 and at December 31, 2013, respectively	(22,119,467)	(43,033,957)
BioTime stockholders' equity	17,912,353	14,800,768

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Noncontrolling interest	28,672,072	27,461,553
Total stockholders' equity	46,584,425	42,262,321
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$65,985,440	\$57,729,750

See accompanying notes to the condensed consolidated interim financial statements.

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BIOTIME, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
REVENUES:				
License fees	\$ 300,079	\$ 362,249	\$ 594,582	\$ 712,078
Royalties from product sales	76,109	103,315	173,996	210,914
Grant income	640,034	693,480	1,215,614	777,293
Sale of research products	90,478	57,281	189,068	124,005
Total revenues	1,106,700	1,216,325	2,173,260	1,824,290
Cost of sales	(251,265)	(180,811)	(383,179)	(363,560)
Gross Profit	855,435	1,035,514	1,790,081	1,460,730
EXPENSES:				
Research and development	(9,081,137)	(5,530,395)	(17,469,570)	(10,975,825)
General and administrative	(4,835,972)	(3,621,570)	(8,503,259)	(7,005,091)
Total operating expenses	(13,917,109)	(9,151,965)	(25,972,829)	(17,980,916)
Loss from operations	(13,061,674)	(8,116,451)	(24,182,748)	(16,520,186)
OTHER INCOME/(EXPENSES):				
Interest (expense)/income, net	(10,024)	579	(18,398)	1,522
Gain/(loss) on sale or write off of fixed assets	-	800	(8,576)	(710)
Other income/(expense), net	164,732	(80,541)	242,868	(109,520)
Total other expenses, net	154,708	(79,162)	215,894	(108,708)
LOSS BEFORE INCOME TAX BENEFIT	(12,906,966)	(8,195,613)	(23,966,854)	(16,628,894)
Deferred income tax benefit	1,513,258	-	2,862,284	-
NET LOSS	(11,393,708)	(8,195,613)	(21,104,570)	(16,628,894)
Net loss attributable to noncontrolling interest	1,873,518	645,848	3,495,735	1,346,503
NET LOSS ATTRIBUTABLE TO BIOTIME, INC.	(9,520,190)	(7,549,765)	(17,608,835)	(15,282,391)
Dividends on preferred shares	(34,038)	-	(34,038)	-
Net loss attributable to common shareholders	(9,554,228)	(7,549,765)	(17,642,873)	(15,282,391)
Unrealized gain/(loss) on available-for-sale assets	1,120	-	(1,530)	-
Foreign currency translation (loss)/gain	(74,831)	28,857	(182,071)	177,294
TOTAL COMPREHENSIVE NET LOSS	\$(9,593,901)	\$(7,520,908)	\$(17,792,436)	\$(15,105,097)
BASIC AND DILUTED NET LOSS PER COMMON SHARE				
	\$(0.16)	\$(0.14)	\$(0.29)	\$(0.29)

WEIGHTED AVERAGE NUMBER OF COMMON STOCK OUTSTANDING: BASIC AND DILUTED	61,498,164	53,791,434	59,886,748	52,490,767
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See accompanying notes to the condensed consolidated interim financial statements.

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BIOTIME, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)

	Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to BioTime, Inc.	\$(17,608,835)	\$(15,282,391)
Adjustments to reconcile net loss attributable to BioTime, Inc. to net cash used in operating activities:		
Depreciation expense	522,714	253,215
Amortization of intangible assets	2,735,996	1,285,145
Amortization of deferred consulting fees	18,993	32,559
Amortization of deferred license fees	54,750	54,750
Amortization of deferred rent	(10,080)	(4,446)
Amortization of deferred license, royalty and subscription revenues	(280)	(75,914)
Amortization of stock-based prepaid rent	42,293	-
Net loss allocable to noncontrolling interest	(3,495,735)	(1,346,503)
Stock-based compensation	2,212,141	1,351,795
Deferred income tax benefit	(2,862,284)	-
Loss on sale or write-off of equipment	21,031	710
Write-off for uncollectible receivables	(16,356)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(36,998)	(25,701)
Grant receivable	(132,876)	(269,365)
Inventory	(79,236)	(9,429)
Prepaid expenses and other current assets	(314,601)	(414,449)
Other long-term assets	-	(5,000)
Accounts payable and accrued liabilities	(2,034,852)	(30,865)
Deferred revenues	35,352	62,381
Other long-term liabilities	(186,386)	(41,731)
Net cash used in operating activities	(21,135,249)	(14,465,239)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(404,649)	(735,124)
Security deposit paid, net	(306,246)	(54,423)
Proceeds from the sale of equipment	4,000	-
Cash used in investing activities	(706,895)	(789,547)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Employee options exercised	12,500	-
Director options exercised	207,000	-
Proceeds from issuance of common stock	14,724,107	23,810,421
Fees paid on sale of common stock	(302,123)	(747,907)
Proceeds from sale of treasury stock and subsidiary warrants	13,582,209	1,819,500
Proceeds from sale of preferred stock	3,500,000	-
Proceeds from sale of common shares of subsidiary	468,000	255,502
Net cash provided by financing activities	32,191,693	25,137,516
Effect of exchange rate changes on cash and cash equivalents	(123,519)	73,599

NET CHANGE IN CASH AND CASH EQUIVALENTS:	10,226,030	9,956,329
CASH AND CASH EQUIVALENTS:		