

BIOSANTE PHARMACEUTICALS INC
Form 10-Q
November 08, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2012

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 001-31812

BIOSANTE PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

58-2301143
(I.R.S. Employer

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incorporation or organization)

Identification No.)

111 Barclay Boulevard

Lincolnshire, Illinois 60069

(Address of principal executive offices) (Zip Code)

(847) 478-0500

(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. 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 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, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if 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 7, 2012, 24,422,240 shares of common stock and 65,211 shares of class C special stock of the registrant were outstanding.

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BIOSANTE PHARMACEUTICALS, INC.

FORM 10-Q

SEPTEMBER 30, 2012

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As used in this report, references to BioSante, the company, we, our or us, unless the context otherwise requires, refer to BioSante Pharmaceuticals, Inc.

We own or have the rights to use various trademarks, trade names or service marks, including BioSante®, LibiGel®, GVAX , The Pill-Plus and Elestrin . This report also contains trademarks, trade names and service marks that are owned by other persons or entities.

All share and per share amounts have been adjusted to reflect the one-for-six reverse split of BioSante s outstanding common stock and class C special stock effective June 1, 2012.

Table of Contents**BIOSANTE PHARMACEUTICALS, INC.****Condensed Balance Sheets**

September 30, 2012 and December 31, 2011 (Unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,049,095	\$ 57,225,234
Prepaid expenses and other assets	534,037	801,147
	38,583,132	58,026,381
PROPERTY AND EQUIPMENT, NET	1,184,764	861,364
OTHER ASSETS		
Investments	3,413,762	3,405,807
Deposits	30,088	86,203
	\$ 43,211,746	\$ 62,379,755
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 2,004,814	\$ 3,150,677
Accrued compensation	463,942	1,597,329
Other accrued expenses	860,094	2,479,697
Current portion of convertible senior notes	7,593,216	7,227,703
	10,922,066	17,455,406
Long-term convertible senior notes		17,336,760
TOTAL LIABILITIES	10,922,066	24,564,463
STOCKHOLDERS EQUITY		
Capital stock		
Issued and outstanding		
2012 - 65,211; 2011 - 65,214 Class C special stock	65	65
2012 - 24,422,240; 2011 - 18,269,755 Common stock	273,259,171	255,054,375
	273,259,236	255,054,440
Accumulated deficit	(240,969,556)	(217,239,148)
TOTAL STOCKHOLDERS EQUITY	32,289,680	37,815,292
	\$ 43,211,746	\$ 62,379,755

See accompanying notes to the condensed financial statements.

Table of Contents**BIOSANTE PHARMACEUTICALS, INC.****Condensed Statements of Operations****Three and Nine Months Ended September 30, 2012 and 2011 (Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
REVENUE				
Licensing revenue	\$	\$	\$	\$
Royalty revenue	110,383	82,784	333,163	220,787
	110,383	182,784	333,163	320,787
EXPENSES				
Research and development	3,872,736	11,500,053	14,454,258	37,480,873
General and administration	1,546,864	1,675,268	5,327,711	5,257,853
Depreciation and amortization	25,749	35,670	87,548	118,132
	5,445,349	13,210,991	19,869,517	42,856,858
OTHER				
Convertible note fair value adjustment	(843,412)	463,000	(4,037,797)	(1,929,000)
Interest expense	(67,105)	(172,000)	(283,348)	(516,000)
Other income		2,000		15,000
Interest income	1,877	1,516	5,300	6,472
LOSS BEFORE INCOME TAX BENEFIT	(6,243,606)	(12,733,691)	(23,852,199)	(44,959,599)
Income tax benefit	121,791		121,791	
NET LOSS	\$ (6,121,815)	\$ (12,733,691)	\$ (23,730,408)	\$ (44,959,599)
BASIC AND DILUTED NET LOSS PER SHARE				
	\$ (0.27)	\$ (0.73)	\$ (1.14)	\$ (2.86)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
	22,921,176	17,406,536	20,841,417	15,744,738

See accompanying notes to the condensed financial statements.

Table of Contents**BIOSANTE PHARMACEUTICALS, INC.****Condensed Statements of Cash Flows****Nine Months Ended September 30, 2012 and 2011 (Unaudited)**

	Nine Months Ended September 30,	
	2012	2011
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Net loss	\$ (23,730,408)	\$ (44,959,599)
Adjustments to reconcile net loss to net cash (used in) operations		
Depreciation and amortization	87,548	118,132
Loss on disposal of fixed assets	117,794	367,274
Employee & director stock-based compensation	852,468	886,564
Stock warrant expense - noncash		180,759
Convertible note fair value adjustment	4,037,797	1,929,000
Changes in other assets and liabilities affecting cash flows from operations		
Prepaid expenses, deposits and other assets	323,225	1,539,903
Accounts payable and accrued liabilities	(3,807,074)	2,993,059
Net cash (used in) operating activities	(22,118,650)	(36,944,908)
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Purchase of investment	(7,955)	
Purchase of fixed assets	(528,742)	(645,603)
Net cash (used in) investing activities	(536,697)	(645,603)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Fractional share payout	(658)	
Proceeds from common stock option exercises		32,442
Proceeds from warrants exercised	211,068	24,063
Proceeds from issuance of common stock by underwritten public offering		45,102,584
Proceeds from issuance of common stock by registered direct offerings	3,268,798	23,876,370
Net cash provided by financing activities	3,479,208	69,035,459
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,176,139)	31,444,948
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	57,225,234	38,155,251
CASH AND CASH EQUIVALENTS AT END OF PERIOD		