

ATHERSYS, INC / NEW
Form 10-Q
August 09, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2010

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: 001-33876

Athersys, Inc.

(Exact name of registrant as specified in its charter)

Delaware

20-4864095

*(State or other jurisdiction
of incorporation or organization)*

(I.R.S. Employer Identification No.)

3201 Carnegie Avenue, Cleveland, Ohio

44115-2634

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(216) 431-9900**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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 (§ 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). 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 the 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 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

The number of outstanding shares of the registrant's common stock, \$0.001 par value, as of July 30, 2010 was 18,929,333.

ATHERSYS INC.
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Athersys, Inc.
Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	June 30, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,427	\$ 11,167
Available-for-sale securities	9,596	10,135
Accounts receivable	267	352
Receivable from Angiotech	145	229
Investment interest receivable	108	93
Prepaid expenses and other	187	173
 Total current assets	 12,730	 22,149
 Available-for-sale securities	 8,080	 5,080
Equipment, net	1,027	849
Deposits and other	207	253
 Total assets	 \$ 22,044	 \$ 28,331
 Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 938	\$ 1,128
Accrued compensation and related benefits	337	667
Accrued clinical trial costs	148	83
Accrued expenses and other	923	857
Deferred revenue	3,038	3,123
 Total current liabilities	 5,384	 5,858
 Deferred revenue	 2,316	 3,516
 Stockholders equity:		
Preferred stock, at stated value; 10,000,000 shares authorized, and no shares issued and outstanding at June 30, 2010 and December 31, 2009		
 Common stock, \$0.001 par value; 100,000,000 shares authorized, and 18,929,333 shares issued and outstanding at June 30, 2010 and December 31, 2009	 19	 19
 Additional paid-in capital	 213,748	 212,704

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Accumulated other comprehensive income	52	71
Accumulated deficit	(199,475)	(193,837)
Total stockholders' equity	14,344	18,957
Total liabilities and stockholders' equity	\$ 22,044	\$ 28,331

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Revenues				
Contract revenue	\$ 1,519	\$ 281	\$ 2,914	\$ 469
Grant revenue	352	155	697	337
Total revenues	1,871	436	3,611	806
Costs and expenses				
Research and development	3,405	2,553	6,227	5,164
General and administrative	1,483	1,287	2,920	2,739
Depreciation	70	57	145	117
Total costs and expenses	4,958	3,897	9,292	8,020
Loss from operations	(3,087)	(3,461)	(5,681)	(7,214)
Interest income and other	10	114	43	242
Net loss	\$ (3,077)	\$ (3,347)	\$ (5,638)	\$ (6,972)
Basic and diluted net loss per share	\$ (0.16)	\$ (0.18)	\$ (0.30)	\$ (0.37)
Weighted average shares outstanding, basic and diluted	18,929,333	18,927,988	18,929,333	18,927,988

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended	
	June 30,	
	2010	2009
Operating activities		
Net loss	\$ (5,638)	\$ (6,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	145	117
Stock-based compensation	1,044	1,005
Amortization of premium on available-for-sale securities and other	147	90
Changes in operating assets and liabilities:		
Accounts receivable	85	99
Receivable from Angiotech	84	105
Prepaid expenses and other assets	(29)	(137)
Accounts payable and accrued expenses	(389)	(459)
Deferred revenue	(1,285)	(58)
 Net cash used in operating activities	 (5,836)	 (6,210)
Investing activities		
Purchase of available-for-sale securities	(8,081)	(7,634)
Maturities of available-for-sale securities	5,500	10,800
Proceeds from sale of fixed assets		20
Purchases of equipment	(323)	(49)
 Net cash (used in) provided by investing activities	 (2,904)	 3,137
Financing activities		
 Decrease in cash and cash equivalents	 (8,740)	 (3,073)
Cash and cash equivalents at beginning of the period	11,167	12,552
 Cash and cash equivalents at end of the period	 \$ 2,427	 \$ 9,479

See accompanying notes to unaudited condensed consolidated financial statements.

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Athersys, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

Three and Six-Month Periods Ended June 30, 2010 and 2009

1. Background and Basis of Presentation

We are a biopharmaceutical company engaged in the discovery and development of therapeutic products in one business segment. Our operations consist primarily of research and product development activities.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended

December 31, 2009. The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and Article 10 of Regulation S-X.

Accordingly, since they are interim statements, the accompanying financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accompanying financial statements reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of m