

ZIOPHARM ONCOLOGY INC

Form 10-Q

August 08, 2013

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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, 2013

OR

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

Commission File Number 001-33038

ZIOPHARM Oncology, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of

84-1475642
(I.R.S. Employer

incorporation or organization)

Identification No.)

One First Avenue, Parris Building 34, Navy Yard Plaza

Boston, Massachusetts 02129

(617) 259-1970

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 than 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 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 ☐ (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: ☐ No: ☒

The number of shares of the registrant's common stock, \$.001 par value, outstanding as of July 31, 2013, was 83,522,763 shares.

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ZIOPHARM Oncology, Inc. (a development stage company)

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our current beliefs and expectations. These forward-looking statements may be accompanied by such words as anticipate, believe, estimate, expect, forecast, intend, may, plan, project, target, will and terms of similar meaning. Reference is made in particular to forward-looking statements regarding:

the anticipated amount, timing and accounting of deferred revenues, milestone and other payments under licensing, collaboration or acquisition agreements, research and development costs and other expenses;

the protection afforded by our patent rights;

our assessment of the potential impact on our future revenues of healthcare reform legislation in the United States;

the timing and impact of measures worldwide designed to reduce healthcare costs;

the impact of the deterioration of the credit and economic conditions in certain countries in Europe;

our ability to finance our operations and business initiatives and obtain funding for such activities;

the sufficiency of our cash, investments and cash flows from operations and our expected uses of cash;

the costs and timing of the development and commercialization of our pipeline products and services;

additional planned regulatory filings for and commercialization of our synthetic biology product candidates and Palifosfamide; and

contract manufacturing activity;

These forward-looking statements involve risks and uncertainties, including those that are described in the *Risk Factors* section of this report and elsewhere within this report that could cause actual results to differ materially from those reflected in such statements. You should not place undue reliance on these statements. Forward-looking statements speak only as of the date of this report. We do not undertake any obligation to publicly update any forward-looking statements.

NOTE REGARDING COMPANY REFERENCES

Throughout this report, ZIOPHARM, the Company, we, us and our refer to ZIOPHARM Oncology, Inc.

NOTE REGARDING TRADEMARKS

Our registered trademarks include Zymafos and Zinapar. Our trademarks include Zybulin. All other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

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	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,932	\$ 73,306
Receivables	31	58
Prepaid expenses and other current assets	4,067	6,912
Total current assets	43,030	80,276
Property and equipment, net	1,713	1,994
Deposits	128	133
Other non-current assets	732	1,001
Total assets	\$ 45,603	\$ 83,404
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,165	\$ 1,509
Accrued expenses	18,969	16,516
Deferred revenue - current portion	800	800
Deferred rent - current portion	63	39
Total current liabilities	20,997	18,864
Deferred revenue	2,333	2,733
Deferred rent	365	400
Warrant liabilities	2,576	12,962
Total liabilities	26,271	34,959
Commitments and contingencies (note 7)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 30,000,000 shares authorized and no shares issued and outstanding		
Common stock, \$0.001 par value; 250,000,000 shares authorized; 83,540,682 and 83,236,840 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	84	83
Additional paid-in capital - common stock	330,735	325,177
Additional paid-in capital - warrants issued	3,728	6,909
Deficit accumulated during the development stage	(315,215)	(283,724)

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Total stockholders' equity	19,332	48,445
Total liabilities and stockholders' equity	\$ 45,603	\$ 83,404

The accompanying notes are an integral part of the unaudited interim financial statements.

Table of Contents**ZIOPHARM Oncology, Inc. (a development stage company)****STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except share and per share data)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,		Period from September 9, 2003 (date of inception) through June 30, 2013
	2013	2012	2013	2012	
Research contract revenue	\$ 200	\$ 200	\$ 400	\$ 400	\$ 1,867
Operating expenses:					
Research and development, including costs of research contracts	14,775	18,264	33,887	32,249	246,232
General and administrative	3,721	4,902	8,392	9,750	96,710
Total operating expenses	18,496	23,166	42,279	41,999	342,942
Loss from operations	(18,296)	(22,966)	(41,879)	(41,599)	(341,075)
Other income (expense), net	7	3	3	(23)	4,704
Change in fair value of warrants	(403)	(650)	10,385	(6,461)	21,156
Net loss	\$ (18,692)	\$ (23,613)	\$ (31,491)	\$ (48,083)	\$ (315,215)
Net loss per share - basic and diluted	\$ (0.22)	\$ (0.30)	\$ (0.38)	\$ (0.62)	
Weighted average common shares outstanding to compute net loss per share - basic and diluted	83,082,633	78,514,718	82,994,845	77,067,424	

The accompanying notes are an integral part of the unaudited interim financial statements.

Table of Contents**ZIOPHARM Oncology, Inc. (a development stage company)****STATEMENT OF STOCKHOLDERS EQUITY****For the six Months Ended June 30, 2013****(unaudited)****(in thousands, except share and per share data)**

	Preferred Stock		Common Stock		Stockholders Equity		Deficit Accumulated During the Development Stage	Total Stockholders Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital Common Stock	Additional Paid-in Capital Warrants		
Balance at December 31, 2012		\$	83,236,840	\$ 83	\$ 325,177	\$ 6,909	\$ (283,724)	\$ 48,445
Stock-based compensation					1,673			1,673
Exercise of employee stock options			455,168	1	853			854
Exercise of warrants to purchase common stock			49,315		172	(71)		101
Expired warrants					3,110	(3,110)		
Cancelled restricted stock			(140,600)					
Repurchase of shares of restricted common stock			(60,041)		(250)			(250)
Net loss								