

CYTODYN INC
Form 10-Q
April 16, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended February 29, 2012

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1933**

For the transition period from to

Commission File Number: 000-49908

CYTODYN INC.

(Exact name of registrant as specified in its charter)

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Colorado
(State or other jurisdiction of
incorporation or organization)

75-3056237
(I.R.S. Employer or
Identification No.)

110 Crenshaw Lake Road, Lutz, Florida
(Address of principal executive offices)

33548
(Zip Code)

(Registrant's telephone number, including area code) (813) 527-6969

(Former name, former address and former fiscal year, if changed since last report)

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 (Section 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.

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

On April 1, 2012, there were 28,468,614 shares outstanding of the registrant's no par common stock.

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Cytodyn Inc.

(A Development Stage Company)

Condensed Consolidated Balance Sheet

	February 29, 2012 (unaudited)	May 31, 2011
Assets		
Current Assets:		
Cash	\$ 1,779,913	\$ 1,037,818
Prepaid expenses	36,626	59,275
Deferred Offering Costs	694,225	876,423
Total current assets	2,510,764	1,973,516
Furniture and equipment, net	900	5,374
Other Assets	43,901	15,748
	\$ 2,555,565	\$ 1,994,638
Liabilities and Shareholders (deficit)		
Current liabilities:		
Accounts payable	\$ 755,589	\$ 932,996
Accrued liabilities		756
Indebtedness to related parties	74,493	148,985
Accrued interest payable	38,361	26,696
Deposits on stock purchases - short-term		1,035,000
Stock rescission liability	4,134,000	4,851,000
Total current liabilities	5,002,443	6,995,433
Long-Term Liabilities		
Convertible notes payable, net	9,000	6,937
Total Liabilities	5,011,443	7,002,370
Shareholders (deficit):		
Series B Convertible preferred stock, no par value; 400,000 shares authorized, 144,800 and 311,800 shares issued and outstanding at February 29, 2012 and May 31, 2011, respectively	731,015	1,566,016
Common stock, no par value; 100,000,000 shares authorized, 28,107,956 and 22,290,982 outstanding at February 29, 2012 and May 31, 2011, respectively; 28,307,956 and 22,490,982 issued at February 29, 2012 and May 31, 2011, respectively	14,808,345	9,147,325
Additional paid-in capital	6,968,013	5,877,141
Common and Preferred stock subject to rescission	(4,134,000)	(4,851,000)
Treasury stock, at cost, 200,000 shares held at February 29, 2012 and May 31, 2011, respectively	(100,000)	(100,000)
Additional paid-in capital - treasury stock	313,080	313,080
Accumulated deficit on unrelated dormant operations	(1,601,912)	(1,601,912)
Accumulated deficit during development stage	(19,440,419)	(15,358,382)
Total shareholders (deficit)	(2,455,878)	(5,007,732)

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\$ 2,555,565 \$ 1,994,638

See accompanying notes to condensed consolidated financial statements.

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CytoDyn Inc.

(A Development Stage Company)

Condensed Consolidated Statements of Operations

(Unaudited)

	Three months ended,		Nine months ended		October 28, 2003
	02/29/2012	02/28/2011	02/29/2012	02/28/2011	through 02/29/2012
Operating expenses:					
General and administrative	\$ 1,073,431	\$ 612,534	\$ 2,725,617	\$ 1,879,502	\$ 13,733,032
Amortization / depreciation	391	823	1,621	2,172	182,470
Research and development	71,500	227,500	414,139	480,765	2,643,607
Legal fees	269,603	227,592	923,968	235,321	2,345,470
Total operating expenses	1,414,925	1,068,449	4,065,345	2,597,760	18,904,579
Operating loss	(1,414,925)	(1,068,449)	(4,065,345)	(2,597,760)	(18,904,579)
Interest income					1,627
Extinguishment of debt					337,342
Interest expense:					
Interest on convertible debt			(2,063)		(736,926)
Interest on notes payable	(2,922)	(7,008)	(14,629)	(15,574)	(137,883)
Loss before income taxes	(1,417,847)	(1,075,457)	(4,082,037)	(2,613,334)	(19,440,419)
Income tax provision					
Net loss	\$ (1,417,847)	\$ (1,075,457)	\$ (4,082,037)	\$ (2,613,334)	\$ (19,440,419)
Constructive preferred stock dividends	\$	\$	\$	\$	\$ (6,000,000)
Convertible preferred stock dividends	\$ (67,293)	\$ (5,800)	\$ (67,293)	\$ (8,550)	\$ (75,843)
Net loss applicable to common shareholders	\$ (1,485,140)	\$ (1,081,257)	\$ (4,149,330)	\$ (2,621,884)	\$ (25,516,262)
Basic and diluted loss per share	\$ (0.06)	\$ (0.05)	\$ (0.18)	\$ (0.13)	\$ (1.85)
Basic and diluted weighted average common shares outstanding	25,488,777	21,526,647	23,331,326	20,680,313	13,774,480

See accompanying notes to condensed consolidated financial statements.

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CytoDyn Inc.

(A Development Stage Company)

Consolidated Statements of Cash Flows

(Unaudited)

	Nine months ended		October 28, 2003
	02/29/2012	02/28/2011	through 02/29/2012
Cash flows from operating activities			
Net loss	\$ (4,082,037)	\$ (2,613,334)	\$ (19,440,419)
Adjustments to reconcile net loss to net cash used by operating activities:			
Amortization / depreciation	1,621	2,172	182,470
Loss on disposal furniture & equipment	2,853		2,853
Amortization of original issue discount	2,063		719,265
Extinguishment of debt			(337,342)
Purchased in process research and development			274,399
Stock-based compensation	1,362,665	941,463	7,082,790
Changes in current assets and liabilities:			
Decrease in prepaid expenses	22,649	2,323	(36,626)
(Increase) decrease in other assets	(28,153)	9,375	(43,901)
Decrease in accounts payable, accrued interest and accrued liabilities	(166,498)	310,486	1,093,406
Net cash used in operating activities	(2,884,837)	(1,347,515)	(10,503,105)
Cash flows from investing activities:			
Furniture and equipment purchases		(4,704)	(21,083)
	 		