

METABASIS THERAPEUTICS INC  
Form 10-Q  
August 11, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2006.

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 000-50785

**METABASIS THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**11119 North Torrey Pines Road,  
La Jolla, CA**

(Address of principal executive offices)

**33-0753322**

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

**92037**

(Zip code)

**(858) 587-2770**

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer     Accelerated Filer     Non-Accelerated Filer

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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, par value \$0.001 per share, as of August 9, 2006 was 30,376,753

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**METABASIS THERAPEUTICS, INC.**

**FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2006**

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

**Metabasis Therapeutics, Inc.**  
**Balance Sheets**  
(In thousands, except par value data)

	June 30, 2006 (Unaudited)	December 31, 2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 45,985	\$ 32,597
Securities available-for-sale	44,045	34,296
Accounts receivable	319	928
Other current assets	1,214	1,241
Total current assets	91,563	69,062
Property and equipment, net	5,959	4,664
Other assets	152	152
Total assets	\$ 97,674	\$ 73,878
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Accounts payable	\$ 731	\$ 1,745
Accrued liabilities	3,514	4,392
Deferred revenue, current portion	2,192	2,192
Current portion of capital lease obligations, net of discount	1,460	1,042
Total current liabilities	7,897	9,371
Deferred revenue, net of current portion	1,630	2,463
Deferred rent	986	330
Other long-term liabilities	7	6
Capital lease obligations, net of current portion	3,402	2,126
Stockholders equity:		
Preferred stock, \$0.001 par value; 5,000 shares authorized at June 30, 2006 (unaudited) and December 31, 2005, no shares issued or outstanding		
Common stock, \$0.001 par value; 100,000 shares authorized at June 30, 2006 (unaudited) and December 31, 2005; 30,375 and 25,313 shares issued and outstanding at June 30, 2006 (unaudited) and December 31, 2005, respectively		
	30	25
Additional paid-in capital	173,804	137,822
Deferred compensation		(3,266 )
Accumulated deficit	(90,056 )	(74,945 )
Accumulated other comprehensive loss	(26 )	(54 )
Total stockholders equity	83,752	59,582
Total liabilities and stockholders equity	\$ 97,674	\$ 73,878

See accompanying notes.

**Metabasis Therapeutics, Inc.**  
**Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2006	2005	June 30, 2006	2005
<b>Revenues:</b>				
Sponsored research	\$ 525	\$ 396	\$ 1,050	\$ 740
License fees	417	37	834	37
Other revenue		184	31	237
<b>Total revenues</b>	<b>942</b>	<b>617</b>	<b>1,915</b>	<b>1,014</b>
<b>Operating expenses:</b>				
Research and development	7,380	5,232	14,601	10,626
General and administrative	2,165	1,317	3,983	2,760
<b>Total operating expenses</b>	<b>9,545</b>	<b>6,549</b>	<b>18,584</b>	<b>13,386</b>
Loss from operations				