

BioAmber Inc.
Form 10-Q
May 15, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2013

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: 001-35905

BIOAMBER INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

98-0601045
(I.R.S. Employer
Identification No.)

Jean-François Huc

President and Chief Executive Officer

BioAmber Inc.

1250 Rene Levesque West, Suite 4110

Montreal, Quebec, Canada H3B 4W8

Telephone: (514) 844-8000

(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 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.

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

As of May 13, 2013, there were 18,412,815 shares of the registrant's Common Stock, \$0.01 par value per share, outstanding.

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For the Quarter Ended March 31, 2013

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BIOAMBER INC.****(a development stage company)****Consolidated Statements of Operations****For the three months ended March 31, 2013 and 2012****and the period from October 15, 2008 (inception) to March 31, 2013****(unaudited)**

	3 Months ended March 31,		Period from October 15, 2008(inception) to March 31, 2013
	2013	2012	
	\$	\$	\$
Revenues			
Licensing revenue from related parties (Note 14)			1,300,580
Product sales	330,722	380,237	3,182,341
Total revenues	330,722	380,237	4,482,921
Cost of goods sold	198,516	954,142	2,781,400
Gross profit (loss)	132,206	(573,905)	1,701,521
Operating expenses			
General and administrative	2,338,313	2,458,203	24,564,681
Research and development, net	6,099,140	5,617,355	49,936,236
Sales and marketing	1,095,430	836,395	7,921,438
Depreciation of property and equipment and amortization of intangible assets (Notes 5 and 6)	533,178	515,682	4,180,711
Impairment loss and write-off of intangible assets			1,341,338
Foreign exchange (gain) loss	(88,236)	80,584	165,089
Operating expenses	9,977,825	9,508,219	88,109,493
Operating loss	9,845,619	10,082,124	86,407,972
Amortization of deferred financing costs and debt discounts	69,313		354,822
Financial charges		12,744	5,642,935
Gain on debt extinguishment (Note 8)	(314,305)		(314,305)
Interest revenue from related parties (Note 14)			(161,771)
Income taxes (Note 12)			(736,935)
Equity participation in losses of equity method investments (Note 3)	15,339	36,272	7,062,920
Gain on re-measurement of Bioamber S.A.S.			(6,215,594)
Net loss	9,615,966	10,131,140	92,040,044

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Net loss attributable to:			
BioAmber Inc. shareholders	9,500,257	10,093,288	91,326,449
Non-controlling interest	115,709	37,852	713,595
	9,615,966	10,131,140	92,040,044

Net loss per share attributable to BioAmber Inc. shareholders basic (Note 1)	\$ 0.92	\$ 0.99
Weighted-average of common shares outstanding basic (Note 1)	10,370,815	10,170,494

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

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BIOAMBER INC.

(a development stage company)

Consolidated Statements of Comprehensive Loss

For the three months ended March 31, 2013 and 2012

and the period from October 15, 2008 (inception) to March 31, 2013

(unaudited)

	3 Months ended March 31,		Period from October 15, 2008 (inception) to March 31, 2013
	2013	2012	
	\$	\$	\$
Net loss	9,615,966	10,131,140	92,040,044
Foreign currency translation adjustment	616,486	(751,816)	609,854
Total comprehensive loss	10,232,452	9,379,324	92,649,898
Total comprehensive loss attributable to:			
BioAmber Inc. shareholders	10,161,382	9,341,472	92,082,544
Non-controlling interest	71,070	37,852	567,354
	10,232,452	9,379,324	92,649,898

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

Table of Contents**BIOAMBER INC.****(a development stage company)****Consolidated Balance Sheets****March 31, 2013 and December 31, 2012****(unaudited)**

	As at March 31, 2013 \$	As at December 31, 2012 \$
Assets		
Current assets		
Cash	11,531,113	25,072,337
Accounts receivable	592,270	596,171
Inventories (Note 4)	3,210,748	1,894,319
Prepaid expenses and deposits (Note 4)	7,847,631	2,364,934
Valued added tax, income taxes and other receivables	2,476,908	1,969,681
Deferred financing costs	1,176,153	16,741
Total current assets	26,834,823	31,914,183
Property and equipment, net (Note 5)	3,081,910	3,650,984
Investment in equity method investments (Note 3)	710,190	725,529
Intangible assets, net (Note 6)	12,329,080	13,050,153
Goodwill	644,369	662,972
Total assets	43,600,372	50,003,821
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	5,661,063	4,677,920
Income taxes payable (Note 12)	969,340	982,658
Accounts payable - Agro-Industries Recherches et Développements (ARD) (Note 14)	512,614	197,019
Deferred grants (Note 9)	3,634,552	3,711,356
Short-term portion of long-term debt (Note 8)		183,177
Total current liabilities	10,777,569	9,752,130
Long-term debt (Note 8)	2,931,564	2,416,616
Other long-term liabilities	48,750	37,500
Total liabilities	13,757,883	12,206,246
Commitments and contingencies (Note 10)		
Shareholders' equity		
Share capital		
Common stock:		
\$0.01 par value per share; 17,500,000 authorized, 10,412,815 and 10,349,815 issued and outstanding at March 31, 2013 and December 31, 2012, respectively	104,128	103,498
Additional paid-in capital	116,057,582	113,780,846
Warrants	3,074,957	3,074,957

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Deficit accumulated during the development stage	(91,326,449)	(81,826,192)
Accumulated other comprehensive income (loss)	(756,094)	(94,969)
Total BioAmber Inc. shareholders' equity	27,154,124	35,038,140
Non-controlling interest	2,688,365	2,759,435
Total shareholders' equity	29,842,489	37,797,575
Total liabilities and equity	43,600,372	50,003,821

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

Table of Contents**BIOAMBER INC.**

(a development stage company)

Consolidated Statements of Shareholders' Equity

for the period from June 30, 2009 to March 31, 2013

(in U.S. dollars, except for shares data)

(unaudited)

	Common stock Shares	Par value \$	Additional paid-in capital \$	Warrants Shares	Warrants Value \$	Deficit accumulated during the development stage \$	Accumulated other comprehensive income (loss) \$	Non- controlling interest \$	Total Shareholders equity \$
Balance, June 30, 2010	3,764,950	37,650	15,482,334	1,477,245	2,296,865	(9,843,122)	(650,944)	261,836	7,584,619
Expired warrants (Note 11)			7,879	(7,350)	(7,879)				
Issuance of common stock pursuant to the acquisition of Bioamber S.A.S.	1,107,540	11,075	7,333,149						7,344,224
Stock-based compensation (Note 11)			635,284						635,284
Net loss						(2,010,861)		(101,923)	(2,112,784)
Foreign currency translation							403,302		403,302
Balance, December 31, 2010	4,872,490	48,725	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13,854,645
Balance, December 31, 2010	4,872,490	48,725	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13,854,645
Issuance of common stock pursuant to private placement, net of issuance costs of \$231,374 (Note 11)	3,887,485	38,875	40,730,500						40,769,375
Issuance of common stock pursuant to private placement, net of	702,135	7,021	19,962,566						19,969,587

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issuance costs of \$31,230 (Note 11)									
Issuance of common stock pursuant to conversion of unsecured convertible notes, net of costs of \$8,626 (Note 11)	379,155	3,792	3,986,475						3,990,267
Issuance of warrants pursuant to a private placement (Note 11)				94,745	810,448				810,448
Release of common stock to Sinoven owners (Note 2)	70,000	700	1,228,400						1,229,100
Warrants exercised	45,500	455	97,164	(45,500)	(9,902)				87,717
Warrants expired			14,254	(59,850)	(14,254)				
Stock options exercised (Note 11)	7,000	70	7,434						7,504
Stock-based compensation (Note 11)			3,905,478						3,905,478
Net loss					(30,621,159)		(231,244)		(30,852,403)
Acquisition of non-controlling interest (Note 2)			2,984,550				3,950		2,988,500
Contribution by non-controlling interest							2,912,628		2,912,628
Foreign currency translation					(257,615)				(257,615)
Balance, December 31, 2011	9,963,765	99,638	96,375,467	1,459,290	3,075,278	(42,475,142)	(505,257)	2,845,247	59,415,231

The accompanying notes are integral part of the consolidated financial statements.

Table of Contents**BIOAMBER INC.**

(a development stage company)

Consolidated Statements of Shareholders' Equity

for the period from June 30, 2009 to March 31, 2013

(in U.S. dollars, except for shares data)

(unaudited)

	Common stock		Series A Participating Convertible Preferred shares		Additional paid-in capital	Warrants		Deficit accumulated during the development stage	Accumulated other comprehensive loss	Non- controlling interest	Total Shareholders equity
	Shares	Par value \$	Shares	Par value \$		Shares	Value \$				
Balance, June 30, 2009	408,100	4,081	1,177,925	11,779	3,691,382	1,522,465	2,118,563	(1,850,906)	(4,120)		3,970,779
Issuance of shares of common stock pursuant to the conversion of warrants (Note 11)	696,500	6,965			3,992,935						3,999,900
Issuance of shares of common stock pursuant to private placement, net of issuance costs of \$589,854 (Note 11)	1,393,070	13,931			7,396,417						7,410,348
Issuance of warrants pursuant to private placement (Note 11)					(244,373)	66,185	244,373				
Conversion of preferred shares to shares of common stock pursuant to private placement (Note 11)	1,177,925	11,779	(1,177,925)	(11,779)							
	82,355	824			156,445	(82,355)	(54,302)				102,967

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Warrants exercised				
Warrants expired			11,769	(29,050)
Stock options exercised (Note 11)	7,000	70	7,434	7,504
Acquisition of Sinoven Biopolymers Inc (Note 2)				339,142
Stock-based compensation (Note 11)			470,325	