

CERUS CORP

FORM 8-K (Current report filing)

Filed 02/24/06 for the Period Ending 02/23/06

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|-------------|---|
| Address | 2550 STANWELL DRIVE CONCORD, CA 94520 |
| Telephone | 9252886000 |
| CIK | 0001020214 |
| Symbol | CERS |
| SIC Code | 3841 - Surgical and Medical Instruments and Apparatus |
| Industry | Biotechnology & Drugs |
| Sector | Healthcare |
| Fiscal Year | 12/31 |

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 23, 2006

CERUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State of jurisdiction)

0-21937
(Commission File No.)

68-0262011
(IRS Employer Identification No.)

2411 Stanwell Drive
Concord, California 94520
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (925) 288-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 23, 2006, Cerus Corporation (the "Company") announced its financial results for its fourth quarter and fiscal year ended December 31, 2005. A copy of the Company's press release, entitled "Cerus Corporation Announces Fourth Quarter and Year-End Financial Results," is furnished pursuant to Item 2.02 as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.**(c) Exhibits**

- 99.1 Press Release, dated February 23, 2006, entitled "Cerus Corporation Announces Fourth Quarter and Year-End Financial Results."

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CERUS CORPORATION

Dated: February 24, 2006

By: /s/ William J. Dawson

William J. Dawson

Vice President, Finance and Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press Release, dated February 23, 2006, entitled "Cerus Corporation Announces Fourth Quarter and Year-End Financial Results." |

**Contact:**

Ruey-Li Hwang
Corporate Communications
Cerus Corporation
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**CERUS CORPORATION ANNOUNCES
FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS**

CONCORD, CA, February 23, 2006 - Cerus Corporation (NASDAQ: CERS) today announced results for the fourth quarter and year-ended December 31, 2005.

Revenues for the fourth quarter of 2005 were \$5.6 million, up from \$3.0 million for the fourth quarter of 2004, primarily due to amounts recognized in the current period from the amortization of past up-front payments from BioOne Corporation and MedImmune, Inc., for which revenue recognition was deferred, as well as from higher funding from the U.S. Armed Forces. Total operating expenses for the fourth quarter of 2005 were \$9.0 million, up from \$7.3 million for the same period in 2004, due primarily to increased preclinical activities associated with our immunotherapy programs.

Net loss for the fourth quarter of 2005 was \$3.9 million, or \$0.17 per share, compared to a net loss of \$5.4 million, or \$0.24 per share, for the fourth quarter of 2004. The lower net loss in the current period reflects both increased third-party funding for research and development programs and a significant reduction in interest expense as a result of a substantial reduction of an outstanding loan from Baxter Capital, offset somewhat by increased operating expenses.

For the twelve months ended December 31, 2005, total revenues were \$24.4 million, compared to \$13.9 million for the same period in 2004. Net income was \$13.1 million, or \$0.55 per diluted share for the twelve months ended December 31, 2005, compared to a net loss of \$31.2 million or \$1.41 per share for that same period in 2004. Net income for the twelve-month period in 2005 includes a one-time gain of \$22.1 million recognized in February 2005 as a result of the loan

settlement. At December 31, 2005, the company had cash, cash equivalents and short-term investments of \$45.8 million.

“We have made important progress over the past year,” said Claes Glassell, president and CEO of Cerus Corporation. “In 2005, we set very ambitious goals and I’m proud to say we’ve accomplished them all. As we move forward in blood safety and immunotherapy, I am confident our team is well positioned to successfully advance both programs.”

Highlights for the year include:

- Restructuring Baxter collaboration and settling loan dispute. This agreement resulted in a \$22.1 million gain to Cerus and an additional \$13.1 million in Baxter funding for commercialization of INTERCEPT platelets and plasma in Europe.
- Entering agreement with BioOne Corporation for commercialization of INTERCEPT Plasma in Japan and other Asian territories. Cerus realized upfront payments of \$5.0 million in cash and \$5.0 million in BioOne equity, plus potential future milestones and payments in excess of \$23.0 million.
- Submitting IND application to FDA for CRS-100, a *Listeria* -based immunotherapeutic designed to treat patients with cancer that has metastasized to the liver. Earlier this month, Cerus received FDA clearance to proceed with its clinical trial and, subject to requisite study site approvals, Cerus plans to initiate Phase I in the first half 2006.
- Submitting CE mark application for European approval of the INTERCEPT Blood System for plasma.
- Announcing decision to re-enter Phase I clinical trials for INTERCEPT red blood cell program. Cerus is targeting enrollment of first subject mid-year.
- Publishing of cover story in *Nature Medicine* describing our proprietary Killed but Metabolically Active, or KBMA, vaccine platform. This platform is designed to combine the potency of live vaccines with the safety of killed vaccines.
- Funding of consortium led by University of New Mexico for work on Tularemia. One of the consortium’s goals is to develop a Tularemia vaccine based on our KBMA platform. Cerus will receive \$2.8 million of research funding over three years.

In addition to the 2005 accomplishments, Cerus announced last week that it gained remaining worldwide commercial rights to the INTERCEPT Blood System for platelets and plasma from Baxter, excluding certain Asian countries in which rights have previously been granted to BioOne Corporation.

QUARTERLY CONFERENCE CALL

The company has scheduled its quarterly conference call for 4:30 p.m. Eastern time today. Interested parties can access a live Internet broadcast at www.cerus.com. For those unable to listen to the live broadcast, the call will be temporarily archived.

ABOUT CERUS

Cerus Corporation is developing novel products for cancer, infectious disease and blood safety based on multiple, innovative technology platforms. The Company is building a pipeline of next generation cancer immunotherapies by combining its proprietary attenuated Listeria vaccine platform with promising disease antigens. These products are designed to stimulate innate and adaptive immune pathways, generating highly specific and highly potent anti-tumor responses. The Company's KBMA vaccine technology has potential broad applications against multiple pathogens. Cerus is developing and marketing the INTERCEPT Blood System, which is designed to enhance the safety of blood components through pathogen inactivation. The Company's strategy is to leverage the broad potential of its technologies and products both on its own and through alliances. Cerus' collaborators include MedImmune and investigators at The Johns Hopkins University for cancer immunotherapy, and BioOne for the INTERCEPT Blood System.

INTERCEPT and INTERCEPT Blood System are trademarks of Cerus Corporation.

Statements in this news release regarding statements concerning potential efficacy and safety of products, potential regulatory approvals, clinical trial activities, product development, contractual payments and equity issuances and commercialization are forward-looking statements that involve risks and uncertainties. Actual results could differ materially from the above forward-looking statements as a result of certain factors, including the risks and uncertainties related to the initiation, timing and results of clinical trials and other development activities, the acceptability of any data by regulatory authorities, actions by regulatory authorities and other government authorities, including the FDA and foreign counterparts, at any stage of the development or marketing process, technological advances in the medical field, additional financing activities, manufacturing, product demand and market acceptance and adoption of any products, competitive conditions, internal and external factors that could impact commercialization and other factors discussed in each company's filings with the Securities and Exchange Commission. The companies do not undertake any obligation to update any forward-looking statements as a result of new information, future events, changed assumptions or otherwise; all forward-looking statements speak only as of the time when made. Actual results or experience could differ materially from the forward-looking statements.

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CERUS CORPORATION

CONDENSED UNAUDITED STATEMENTS OF OPERATIONS

(In thousands except per share information)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|------------|-------------------------------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | |
| Milestones and development funding | \$ 2,878 | \$ 2,226 | \$11,697 | \$ 4,187 |
| Government grant and cooperative agreements | 2,642 | 733 | 12,189 | 9,724 |
| Product revenue | 90 | — | 485 | — |
| Total Revenues | 5,610 | 2,959 | 24,371 | 13,911 |
| Operating expenses | | | | |
| Research and development | 6,578 | 5,073 | 24,134 | 27,651 |
| General and administrative | 2,380 | 2,274 | 9,578 | 10,225 |
| Restructuring | — | — | — | 2,861 |
| Total operating expenses | 8,958 | 7,347 | 33,712 | 40,737 |
| Operating income (loss) | (3,348) | (4,388) | (9,341) | (26,826) |
| Interest income (expense) and other, net | (546) | (964) | 22,405 | (4,327) |
| Net income (loss) | \$ (3,894) | \$ (5,352) | \$13,064 | \$ (31,153) |
| Net income (loss) per share: | | | | |
| Basic | \$ (0.17) | \$ (0.24) | \$ 0.58 | \$ (1.41) |
| Diluted | \$ (0.17) | \$ (0.24) | \$ 0.55 | \$ (1.41) |
| Weighted average common shares outstanding used for basic and diluted income (loss) per share | | | | |
| Basic | 22,430 | 22,211 | 22,350 | 22,143 |
| Diluted | 22,430 | 22,211 | 23,950 | 22,143 |

CERUS CORPORATION

CONDENSED UNAUDITED BALANCE SHEETS

(In thousands except per share information)

| | December 31, 2005 | December 31, 2004 |
|--|----------------------|----------------------|
| Cash, cash equivalents, and short-term investments | \$ 45,805 | \$ 95,334 |
| Accounts receivable and other current assets | 5,200 | 4,537 |
| Furniture and equipment, net | 1,235 | 947 |
| Other assets | 6,420 | 1,260 |
| Total Assets | \$ 58,660 | \$ 102,078 |
| Accounts payable | \$ 2,092 | \$ 1,476 |
| Current loan and interest payable | 4,826 | 34,500 |
| Deferred gain on loan settlement | — | 22,089 |
| Deferred revenues | 11,135 | 13,217 |
| Other current liabilities | 5,264 | 4,807 |
| Long-term note payable | — | 4,500 |
| Other long-term liabilities | 68 | — |
| Total liabilities | \$ 23,385 | \$ 80,589 |
| Stockholders' equity | \$ 35,275 | \$ 21,489 |
| Total liabilities and stockholders' equity | \$ 58,660 | \$ 102,078 |