

Ceres, Inc.
Form 10-Q
July 11, 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 May 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: 001-35421

Ceres, Inc.

(Exact name of Registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of

33-0727287
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

1535 Rancho Conejo Boulevard

Thousand Oaks, CA 91320

(Address of principal executive offices)

Telephone: (805) 376-6500

(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 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

Under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, Ceres, Inc. qualifies as an emerging growth company, as defined under the JOBS Act.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$0.01 par value per share

Outstanding at July 8, 2013
24,908,874

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Table of Contents**PART I: FINANCIAL INFORMATION****Item 1. Financial Statements.****CERES, INC. AND SUBSIDIARY****Condensed Consolidated Balance Sheets****(In thousands, except share amounts)****(Unaudited)**

	May 31, 2013	August 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,821	\$ 21,069
Marketable securities	18,554	33,565
Prepaid expenses	1,027	1,050
Accounts receivable	848	765
Inventories	352	841
Other current assets	232	278
Total current assets	39,834	57,568
Property and equipment, net	4,915	5,756
Marketable securities		5,720
Other assets	108	203
Total assets	\$ 44,857	\$ 69,247
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,899	\$ 5,476
Other current liabilities	26	732
Current portion of long-term debt	84	134
Total current liabilities	5,009	6,342
Other non-current liabilities	97	88
Long-term debt, net of current portion	130	256
Total liabilities	5,236	6,686
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid in capital, \$0.01 par value; 490,000,000 shares authorized; 24,800,624 shares issued and outstanding at May 31, 2013; 24,549,029 shares issued and outstanding at August 31, 2012	307,448	304,917
Accumulated other comprehensive loss	(572)	(283)
Accumulated deficit	(267,255)	(242,073)
Total stockholders' equity	39,621	62,561

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Total liabilities and stockholders' equity	\$ 44,857	\$ 69,247
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See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**CERES, INC. AND SUBSIDIARY****Condensed Consolidated Statements of Operations****(In thousands, except share and per share amounts)****(Unaudited)**

	Three months ended May 31,		Nine months ended May 31,	
	2013	2012	2013	2012
Revenues:				
Product sales	\$ 389	\$ 42	\$ 462	\$ 429
Collaborative research and government grants	966	1,106	3,884	3,778
Total revenues	1,355	1,148	4,346	4,207
Cost and operating expenses:				
Cost of product sales	2,134	627	5,114	1,876
Research and development	4,074	5,255	12,784	15,522
Selling, general and administrative	4,464	3,344	11,700	8,962
Total cost and operating expenses	10,672	9,226	29,598	26,360
Loss from operations	(9,317)	(8,078)	(25,252)	(22,153)
Interest expense	(34)	(341)	(35)	(559)
Interest income	28	3	106	9
Other income (expense)				(84)
Loss before income taxes	(9,323)	(8,416)	(25,181)	(22,787)
Income tax benefit (expense)			(1)	(1)
Net loss	\$ (9,323)	\$ (8,416)	\$ (25,182)	\$ (22,788)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.38)	\$ (0.34)	\$ (1.02)	\$ (2.33)
Weighted average outstanding common shares used for net loss per share attributable to common stockholders:				
Basic and diluted	24,801,705	24,423,042	24,765,664	9,787,652

See accompanying notes to the unaudited condensed consolidated financial statements.

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CERES, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Comprehensive Loss

(In thousands)

(Unaudited)

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2013	2012	2013	2012
Net loss	\$ (9,323)	\$ (8,416)	\$ (25,182)	\$ (22,788)
Other comprehensive income (loss)				
Foreign currency translation adjustments	152	(69)	(288)	(121)
Net unrealized gains on marketable securities	(6)		(1)	
Total comprehensive loss	\$ (9,177)	\$ (8,485)	\$ (25,471)	\$ (22,909)

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**CERES, INC. AND SUBSIDIARY****Condensed Consolidated Statements of Cash Flows****(In thousands)****(Unaudited)**

	Nine months ended May 31,	
	2013	2012
Cash flows from operating activities:		
Net loss	\$ (25,182)	\$ (22,788)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of common and preferred stock warrants and convertible notes		84
Net loss on disposal of assets	166	55
Impairment of assets		100
Depreciation	1,464	1,584
Accretion (amortization) of premium/discount on marketable securities	503	
Non-cash interest income	(607)	
Stock compensation	2,461	1,283
Other	14	
Changes in operating assets and liabilities:		
Prepaid expenses	23	(371)
Accounts receivable	(73)	713
Inventories	295	
Other assets	53	2,775
Accounts payables and accrued expenses	(604)	(1,687)
Other liabilities	(696)	(163)
Net cash used in operating activities	(22,183)	(18,415)
Cash flows from investing activities:		
Purchases of property and equipment	(660)	(834)
Proceeds from insurance		1,000
Change in restricted cash and investments		3,000
Purchases of marketable securities	(1,545)	
Maturities of marketable securities	22,379	
Net cash provided by investing activities	20,174	3,166
Cash flows from financing activities:		
Repayment of debt	(286)	(6,854)
Proceeds from issuance of debt		