

ORTHOLOGIC CORP
Form 10-Q
May 14, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 March 31, 2010

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: 0-21214

ORTHOLOGIC CORP.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

86-0585310
(IRS Employer Identification No.)

1275 W. Washington Street, Suite 101, Tempe, Arizona
(Address of principal executive offices)

85281
(Zip Code)

(602) 286-5520
(Registrant's telephone number, including area code)

(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 (§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

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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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

40,775,411 shares of common stock outstanding as of April 30, 2010.

ORTHOLOGIC CORP.
 (dba Capstone Therapeutics)
 (A Development Stage Company)

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PART I – Financial Information

Item 1. Financial Statements

ORTHOLOGIC CORP.
 (dba Capstone Therapeutics)
 (A Development Stage Company)
CONDENSED BALANCE SHEETS
 (in thousands, except share data)

	March 31, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,280	\$ 12,874
Short-term investments	18,559	22,268
Interest, income taxes and other current assets	653	1,660
Total current assets	33,492	36,802
Furniture and equipment, net	331	333
Total assets	\$ 33,823	\$ 37,135
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 382	\$ 719
Accrued compensation	406	549
Accrued clinical and other accrued liabilities	1,175	1,139
Total current liabilities	1,963	2,407
Stockholders' Equity		
Common Stock \$.0005 par value; 100,000,000 shares authorized; 40,775,411 shares issued and outstanding in 2010 and 2009	20	20
Additional paid-in capital	188,726	188,643
Accumulated deficit (\$129,124 at March 31, 2010 and \$126,173 at December 31, 2009, accumulated during development stage period)	(156,886)	(153,935)
Total stockholders' equity	31,860	34,728
Total liabilities and stockholders' equity	\$ 33,823	\$ 37,135

See notes to unaudited condensed financial statements

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ORTHOLOGIC CORP.
 (dba Capstone Therapeutics)
 (A Development Stage Company)
CONDENSED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)
 (Unaudited)

	Three months ended March 31,		As a Development Stage Company August 5, 2004 - March 31, 2010
	2010	2009	
OPERATING EXPENSES			
General and administrative	\$973	\$807	\$ 23,949
Research and development	2,023	3,608	87,510
Purchased in-process research and development	-	-	34,311
Other	-	-	(375)
Total operating expenses	2,996	4,415	145,395
Interest and other income, net	(45)	(267)	(13,416)
Loss from continuing operations before taxes	2,951	4,148	131,979
Income tax benefit	-	-	(1,016)
Loss from continuing operations	2,951	4,148	130,963
Discontinued operations - net gain on sale of the bone device business, net of taxes of \$267	-	-	(2,202)
NET LOSS	\$2,951	\$4,148	\$ 128,761
Per Share Information:			
Net loss, basic and diluted	\$0.07	\$0.10	
Basic and diluted shares outstanding	40,775	40,775	

See notes to unaudited condensed financial statements

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ORTHOLOGIC CORP.
(dba Capstone Therapeutics)
(A Development Stage Company)
CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

Three months ended
March 31,

As a Development
Stage Company
August 5, 2004 -