

Synthetic Biologics, Inc.
Form 8-K
March 12, 2012

UNITED STATES

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): **March 9, 2012**

Synthetic Biologics, Inc.

(Exact name of registrant as specified in charter)

Nevada

(State or other jurisdiction of incorporation)

01-12584 13-3808303
(Commission File Number) (IRS Employer Identification No.)

3985 Research Park Drive, Suite 200

Ann Arbor, MI 48108

(Address of principal executive offices and zip code)

(734) 332-7800

(Registrant's telephone number including area code)

Adeona Pharmaceuticals, Inc.

(Former Name and Former Address)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12(b) 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))

Item 1.01. Entry into a Material Definitive Agreement

In connection with the change in business focus of Synthetic Biologics, Inc. (the “Company”), on March 8, 2012, the Company entered into a Membership Interest Purchase Agreement and certain related agreements listed below as exhibits, pursuant to which the Company divested all of its interest in Adeona Clinical Laboratory, LLC (the “Lab”) to Hartlab, LLC, an entity controlled by the Lab’s former owner, in consideration for (i) the immediate assignment of the Lab’s outstanding accounts receivable up through the date of closing, plus (ii) Seven Hundred Thousand Dollars (\$700,000) payable pursuant to the terms of a two-year non-recourse promissory note secured by all of the assets of the Lab.

The information contained in this Item 1.01 is qualified in its entirety by the copy of the agreements attached to this Current Report on Form 8-K and incorporated herein by this reference.

Item 2.01. Completion of Acquisition or Disposition of Assets

Reference is made to the information set forth in Item 1.01 above.

Item 9.01. Financial Statements and Exhibits

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed financial statements are required pursuant to Item 9.01(b) of the Current Report on Form 8-K and include adjustments to the Company’s Balance Sheet to reflect the sale of the Lab and to exclude the Lab results from the Company’s Statement of Operations.

The data are presented for informational purposes only and are not intended to represent or be indicative of the results of operations or financial condition of the Company that actually would have been reported had the disposition of the Lab been completed as of the dates presented, and should not be taken as representative of future results of operations or financial condition of the Company. The unaudited pro forma condensed financial information should be read in conjunction with the historical consolidated financial statements and the accompanying notes of the Company.

SYNTHETIC BIOLOGICS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

| | As of December 31, 2010 | | | As of December 31, 2009 | | |
|---|--------------------------------------|-------------|--|--------------------------------------|-------------|--|
| | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics |
| | (In thousands) | | | | | |
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$2,649 | \$ - | \$ 2,649 | \$2,715 | \$ - | \$ 2,715 |
| Accounts receivable, net | 339 | - | 339 | 31 | - | 31 |
| Other current assets | 343 | - | 343 | 9 | - | 9 |
| Total Current Assets | 3,331 | - | 3,331 | 2,755 | - | 2,755 |
| Property and equipment | 511 | (36) | 475 | 1,052 | (47) | 1,005 |
| Goodwill | 178 | (178) | - | 178 | (178) | - |
| Long term note receivable | - | 700 | 700 | - | 700 | 700 |
| Deposits and other assets | 91 | - | 91 | 91 | - | 91 |
| Total Assets | \$4,111 | \$ 486 | \$ 4,597 | \$4,076 | \$ 475 | \$ 4,551 |
| Liabilities and Stockholders' Equity | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$266 | \$ - | \$ 266 | \$401 | \$ - | \$ 401 |
| Accrued liabilities | 210 | - | 210 | 8 | - | 8 |
| Current portion of capital lease | 25 | (25) | - | 17 | (17) | - |
| Total Current Liabilities | 501 | (25) | 476 | 426 | (17) | 409 |
| Long Term Liabilities: | | | | | | |
| Accounts payable | 32 | - | 32 | 93 | - | 93 |
| Capital lease | - | - | - | 13 | (13) | - |
| Total Liabilities | 533 | (25) | 508 | 532 | (30) | 502 |
| Stockholders' Equity | | | | | | |
| Series A, convertible preferred stock, \$0.001 par value; 5,000,000 shares authorized, none issued and outstanding | - | - | - | - | - | - |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding | - | - | - | - | - | - |
| Common stock, \$0.001 par value; 100,000,000 shares authorized, 23,420,189 issued and 23,338,707 outstanding and 21,530,834 issued and 21,449,352 outstanding | 23 | - | 23 | 21 | - | 21 |
| Additional paid-in capital | 47,279 | - | 47,279 | 45,553 | - | 45,553 |
| Accumulated deficit | (43,724) | 511 | (43,213) | (42,013) | 505 | (41,508) |

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| | | | | | | |
|--|---------|--------|---------|---------|--------|---------|
| Subscription receivable | - | - | - | (17) | - | (17) |
| Total Stockholders' Equity | 3,578 | 511 | 4,089 | 3,544 | 505 | 4,049 |
| Total Liabilities and Stockholders' Equity | \$4,111 | \$ 486 | \$4,597 | \$4,076 | \$ 475 | \$4,551 |

SYNTHETIC BIOLOGICS, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED CONDENSED BALANCE SHEET

| | As of September 30, 2011 | | | As of September 30, 2010 | | |
|--|--------------------------------------|---------------|--|--------------------------------------|---------------|--|
| | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics |
| Assets | (In thousands) | | | | | |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$4,609 | \$ - | \$4,609 | \$3,305 | \$ - | \$3,305 |
| Short-term investments | 2,866 | - | 2,866 | - | - | - |
| Accounts receivable, net | 495 | - | 495 | 387 | - | 387 |
| Other current assets | 124 | - | 124 | 9 | - | 9 |
| Total Current Assets | 8,094 | - | 8,094 | 3,701 | - | 3,701 |
| Property and equipment | 371 | (26) | 345 | 710 | (39) | 671 |
| Goodwill | 178 | (178) | - | 178 | (178) | - |
| Long term note receivable | - | 700 | 700 | - | 700 | 700 |
| Deposits and other assets | 32 | - | 32 | 91 | - | 91 |
| Total Assets | \$8,675 | \$ 496 | \$9,171 | \$4,680 | \$ 483 | \$5,163 |
| Liabilities and Stockholders' Equity | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | \$193 | \$ - | \$193 | \$307 | \$ - | \$307 |
| Accrued liabilities | 41 | - | 41 | 8 | - | 8 |
| Current portion of capital lease | - | - | - | 17 | (17) | - |
| Total Current Liabilities | 234 | - | 234 | 332 | (17) | 315 |
| Long Term Liabilities: | | | | | | |
| Accounts payable | 2 | - | 2 | 107 | - | 107 |
| Capital lease | - | - | - | 2 | (2) | - |
| Total Liabilities | 236 | - | 236 | 441 | (19) | 422 |
| Stockholders' Equity | | | | | | |
| Series A, convertible preferred stock, \$0.001 par value; 5,000,000 shares authorized, none issued and outstanding | - | - | - | - | - | - |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding | - | - | - | - | - | - |
| Common stock, \$0.001 par value; 100,000,000 shares authorized, | - | - | - | - | - | - |

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28,209,126 issued and 28,127,644 outstanding
and

| | | | | | | |
|--|----------|--------|-----------|----------|--------|-----------|
| 23,152,068 issued and 23,070,586 outstanding | 28 | - | 28 | 23 | - | 23 |
| Additional paid-in capital | 57,099 | - | 57,099 | 47,070 | - | 47,070 |
| Accumulated deficit | (48,688) | 496 | (48,192) | (42,854) | 502 | (42,352) |
| Subscription receivable | - | - | - | - | - | - |
| Total Stockholders' Equity | 8,439 | 496 | 8,935 | 4,239 | 502 | 4,741 |
| | | | | | | |
| Total Liabilities and Stockholders' Equity | \$8,675 | \$ 496 | \$9,171 | \$4,680 | \$ 483 | \$5,163 |

SYNTHETIC BIOLOGICS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS

| | For the year ended December 31, 2010 | | | For the year ended December 31, 2009 | | |
|---|---|-----------------|-------------------------------------|--------------------------------------|---------------|-------------------------------------|
| | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics |
| | (In thousands, except per share) | | | | | |
| Revenues: | | | | | | |
| License revenue, net | \$2,125 | \$ - | \$2,125 | \$- | \$ - | \$- |
| Laboratory fees, net | 551 | (551) | - | 103 | (103) | - |
| Grant revenue | 489 | - | 489 | - | - | - |
| Total revenues, net | 3,165 | (551) | 2,614 | 103 | (103) | - |
| Operating Costs and Expenses: | | | | | | |
| General and administrative | 2,701 | (590) | 2,111 | 2,709 | (262) | 2,447 |
| Research and development | 1,580 | - | 1,580 | 949 | - | 949 |
| Costs of laboratory services | 468 | (468) | - | 127 | (127) | - |
| Total Operating Costs and Expenses | 4,749 | (1,058) | 3,691 | 3,785 | (389) | 3,396 |
| Loss from Operations | (1,584) | 507 | (1,077) | (3,682) | 286 | (3,396) |
| Other Income (Expense): | | | | | | |
| Gain on sale of Adeona Clinical Laboratory | - | 511 | 511 | - | 505 | 505 |
| Interest income | - | - | - | 3 | - | 3 |
| Impairment loss on equipment | (121) | - | (121) | - | - | - |
| Other income (expense) | (6) | 10 | 4 | (52) | - | (52) |
| Total Other Expenses, net | (127) | 521 | 394 | (49) | 505 | 456 |
| Net Loss from Continuing Operations | \$(1,711) | \$ 1,028 | \$(683) | \$(3,731) | \$ 791 | \$(2,940) |
| Net Loss from Continuing Operations Per Share - Basic and Dilutive | \$(0.08) | | \$(0.03) | \$(0.18) | | \$(0.14) |
| Weighted average number of shares outstanding during the period - Basic and Dilutive | 22,393,568 | | 22,393,568 | 21,318,906 | | 21,318,906 |

SYNTHETIC BIOLOGICS, INC. AND SUBSIDIARIES**UNAUDITED PRO FORMA CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS**

| | For the nine months ended September 30, 2011 | | | For the nine months ended September 30, 2010 | | |
|--|--|-------------|-------------------------------|--|-------------|-------------------------------|
| | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics | Historical Synthetic Biologics | Disposition | Pro Forma Synthetic Biologics |
| License revenue, net | \$- | \$ - | \$- | \$2,125 | \$ - | \$2,125 |
| Laboratory fees, net | 972 | (972) | - | 420 | (420) | - |
| Total revenues, net | 972 | (972) | - | 2,545 | (420) | 2,125 |
| Operating Costs and Expenses: | | | | | | |
| General and administrative | 2,649 | (311) | 2,338 | 2,000 | (223) | 1,777 |
| Research and development | 801 | - | 801 | 963 | - | 963 |
| Costs of laboratory services | 806 | (806) | - | 430 | (430) | - |
| Total Operating Costs and Expenses | 4,256 | (1,117) | 3,139 | 3,393 | (653) | 2,740 |
| Loss from Operations | (3,284) | 145 | (3,139) | (848) | 233 | (615) |
| Other Income (Expense): | | | | | | |
| Warrant expense | (1,492) | - | (1,492) | - | - | - |
| Change in fair value of stock warrants | (242) | - | (242) | - | - | - |
| Gain on sale of Adeona Clinical Laboratory | - | 496 | 496 | - | 502 | 502 |
| Interest income | 7 | - | 7 | - | - | - |
| Impairment loss on equipment | - | - | - | - | - | - |
| Impairment loss on goodwill | - | - | - | - | - | - |
| Other income (expense) | 47 | - | 47 | 7 | 3 | 10 |
| Total Other Expenses, net | (1,680) | 496 | (1,184) | 7 | 505 | 512 |
| Net Loss from Continuing Operations | \$(4,964) | \$ 641 | \$(4,323) | \$(841) | \$ 738 | \$(103) |
| Net Loss from Continuing Operations Per Share - Basic and Dilutive | \$(0.18) | | \$(0.16) | \$(0.04) | | \$(0.00) |
| Weighted average number of shares outstanding during the period - Basic and Dilutive | 27,075,730 | | 27,075,730 | 22,095,349 | | 22,095,349 |

(d)Exhibits

The following exhibits are being filed as part of this Report.

Exhibit

Number Description

- | | |
|------|---|
| 10.1 | Membership Interest Purchase Agreement by and among Synthetic Biologics, Inc., Hartlab LLC, and Adeona Clinical Laboratory, LLC, dated as of March 7, 2012. |
| 10.2 | Pledge and Security Agreement between Synthetic Biologics, Inc. and Hartlab, LLC dated as of March 7, 2012. |
| 10.3 | Non-Recourse Promissory Note between Synthetic Biologics, Inc. and Hartlab, LLC dated as of March 7, 2012 |

SIGNATURES

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.

Dated March 12, 2012 SYNTHETIC
BIOLOGICS, INC.
(Registrant)

By: /s/ Jeffrey Riley
Name: Jeffrey Riley
Title: Chairman,
President and Chief
Executive Officer

EXHIBIT INDEX

Exhibit

Number Description

- | | |
|------|--|
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