

ADVENTRX PHARMACEUTICALS INC

Form 10-K/A

August 24, 2007

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A
Amendment No. 2**

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

For the fiscal year ended December 31, 2006

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 No. 001-32157

ADVENTRX PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of incorporation or
organization)*

84-1318182

(I.R.S. Employer Identification No.)

6725 Mesa Ridge Road, Suite 100 San Diego CA

(Address of principal executive offices)

92121

(Zip Code)

(858) 552-0866

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Name of each exchange on which registered:

Common Stock, par value \$0.001 per share

The American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes No

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 periods 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2006 was approximately \$ 189,214,000, based upon the closing price on the American Stock Exchange reported for such date. Shares of common stock held by each officer and director and by each person who is known to own 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates of the Company. This determination of affiliate status is not necessarily a conclusive determination for other purposes. 89,676,739 shares of the registrant's common stock were issued and outstanding as of March 12, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

Not applicable.

Table of Contents

EXPLANATORY NOTE

This amendment (Amendment No. 2) to the Annual Report on Form 10-K for the year ended December 31, 2006 of ADVENTRX Pharmaceuticals, Inc. (the Company), which was filed on March 15, 2007 (the Annual Report), is being filed for the sole purpose of amending Item 15 of Part IV of the Annual Report. Pursuant to Securities and Exchange Commission staff comments, the report of the independent registered public accounting firm (the Report) has been amended to exclude any reference to the report of the Company s other auditors and the Company s consolidated statements of operations, stockholders equity (deficit) and cash flows for the period from June 12, 1996 (date of inception) to December 31, 2001. The financial statements of the Company and subsidiaries (a development stage enterprise) to which the Report relates are not being amended or restated and appear in this Amendment No. 2 solely to comply with Rule 12b-15 under the Securities Exchange Act of 1934. Except for the changes to the Report described above, this Amendment No. 2 does not amend or update the Annual Report in any respect and, accordingly, this Amendment No. 2 should be read in conjunction with filings we have made with the Securities and Exchange Commission subsequent to March 15, 2007, the date of the original filing of the Annual Report.

Table of Contents

	Page
<u>PART</u>	
<u>IV</u>	
<u>Item 15. Exhibits, Financial Statements and Schedules</u>	1
<u>SIGNATURES</u>	6
<u>EXHIBIT INDEX</u>	
<u>EXHIBIT 23.1</u>	
<u>EXHIBIT 31.1</u>	
<u>EXHIBIT 31.2</u>	
<u>EXHIBIT 32.1</u>	

Table of Contents

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents Filed. The following documents are filed as part of this report:

(1) Financial Statements. The following report of J.H. Cohn LLP and financial statements:
Report of J.H. Cohn LLP, Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2006 and 2005

Consolidated Statements of Operations for the years ended December 31, 2006, 2005 and 2004 and from inception through December 31, 2006

Consolidated Statements of Stockholders Equity (Deficit) from inception through December 31, 2006

Consolidated Statements of Cash Flows for the years ended December 31, 2006, 2005 and 2004 and from inception through December 31, 2006

(2) Financial Statement Schedules. See subsection (c) below.

(3) Exhibits. See subsection (b) below.

(b) Exhibits.

Exhibit	Description
2.1 (1)	Agreement and Plan of Merger, dated April 7, 2006, among the registrant, Speed Acquisition, Inc., SD Pharmaceuticals, Inc. and certain individuals named therein (including exhibits thereto)
3.1 (2)	Amended and Restated Certificate of Incorporation of the registrant
3.2 (3)	Amended and Restated Bylaws of the registrant (formerly known as Biokeys Pharmaceuticals, Inc.)
4.1(4)	Form of Registration Rights Agreement entered into in October and November 2001 (including the original schedule of holders)
4.2 (5)	\$2.50 Warrant to Purchase Common Stock issued on April 12, 2002 to Emisphere Technologies, Inc.
4.3 (4)	Form of \$0.60 Warrant to Purchase Common Stock issued May 28, 2003 (including the original schedule of holders)
4.4 (4)	Form of \$1.25 Warrant to Purchase Common Stock issued between October 15, 2003 and December 29, 2003 (including the original schedule of holders)
4.5 (4)	Common Stock and Warrant Purchase Agreement, dated as of April 5, 2004, among the registrant and the Investors (as defined therein)
4.6 (4)	Registration Rights Agreement, dated April 5, 2004, among the registrant and the Investors (as defined therein)
4.7 (4)	Form of \$2.00 A-1 Warrant to Purchase Common Stock issued April 8, 2004 (including the original schedule of holders)

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

- 4.8 (4) Form of \$2.50 A-2 Warrant to Purchase Common Stock issued April 8, 2004 (including the original schedule of holders)
- 4.9 (6) Common Stock and Warrant Purchase Agreement, dated April 8, 2004, between the registrant and CD Investment Partners, Ltd.
- 4.10 (6) Registration Rights Agreement, dated April 8, 2004, between the registrant and CD Investment Partners, Ltd.
- 4.11 (6) \$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to CD Investment Partners, Ltd.
- 4.12 (6) \$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to Burnham Hill Partners
- 4.13 (6) \$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to Ernest Pernet

Table of Contents

Exhibit	Description
4.14 (6)	\$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to W.R. Hambrecht + Co., LLC
4.15 (7)	Common Stock and Warrant Purchase Agreement, dated April 19, 2004, between the registrant and Franklin M. Berger
4.16 (8)	Registration Rights Agreement, dated April 19, 2004, between the registrant and Franklin M. Berger
4.17 (9)	\$2.00 A-1 Warrant to Purchase Common Stock issued on April 19, 2004 to Franklin M. Berger
4.18 (8)	Securities Purchase Agreement, dated July 21, 2005, among the registrant and the Purchasers (as defined therein)
4.19 (8)	Rights Agreement, dated July 27, 2005, among the registrant, the Icahn Purchasers and Viking (each as defined therein)
4.20 (9)	First Amendment to Rights Agreement, dated September 22, 2006, among the registrant and the Icahn Purchasers (as defined therein)
4.21 (8)	Form of \$2.26 Common Stock Warrant issued on July 27, 2005 (including the original schedule of holders)
4.22 (8)	Form of \$2.26 Common Stock Warrant issued on July 27, 2005 (including the original schedule of holders)
4.23 (10)	\$0.50 Warrant (WC-291) to Purchase Common Stock transferred on June 15, 2005 to S. Neborsky and R Neborsky TTEE Robert J. Neborsky MD Inc Comb Retirement Trust
4.24 (11)	\$0.50 Warrant (WC-292) to Purchase Common Stock transferred on June 15, 2005 to S. Neborsky and R Neborsky TTEE Robert J. Neborsky MD Inc Comb Retirement Trust
4.25 (11)	\$2.50 Warrant to Purchase Common Stock issued on October 22, 2004 to Thomas J. DePetrillo
10.1# (10)	2005 Equity Incentive Plan
10.2# (12)	Form of Stock Option Agreement under the 2005 Equity Incentive Plan
10.3# (2)	Form of Restricted Share Award Agreement under the 2005 Equity Incentive Plan
10.4# (12)	2005 Employee Stock Purchase Plan
10.5# (12)	Form of Subscription Agreement under the 2005 Employee Stock Purchase Plan
10.6* (13)	Option and License Agreement, dated January 23, 1998, between the registrant and the University of Southern California

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

- 10.7 (3) First Amendment to License Agreement, dated August 16, 2000, between the registrant and the University of Southern California
- 10.8* (13) Option and License Agreement, dated August 17, 2000, between the registrant and the University of Southern California

Table of Contents

Exhibit	Description
10.9* (14)	Amendment to Option and License Agreement, dated April 21, 2003, between the registrant and the University of Southern California
10.10* (2)	Agreement, effective as of May 1, 2005, between the registrant and Pharm-Olam International Ltd.
10.11 (2)	Amendment dated July 19, 2005 to the Agreement between the registrant and Pharm-Olam International Ltd.
10.12 (15)	License Agreement, dated October 20, 2006, between the registrant, through its wholly-owned subsidiary SD Pharmaceuticals, Inc., and Theragenex, LLC
10.13 (10)	License Agreement, dated December 10, 2005, between SD Pharmaceuticals, Latitude Pharmaceuticals and Andrew Chen
10.14 (16)	Standard Multi-Tenant Office Lease Gross, dated June 3, 2004, between the registrant and George V. Casey & Ellen M. Casey, Trustees of the Casey Family Trust dated June 22, 1998
10.15 (2)	First Amendment to the Standard Multi-Tenant Office Lease Gross, dated June 3, 2004 between the registrant and George V. & Ellen M. Casey, Trustees of the Casey Family Trust dated June 22, 1998
10.16# (17)	Offer letter, dated March 5, 2003, to Joan M. Robbins
10.17# (18)	Offer letter, dated November 15, 2004, to Brian M. Culley
10.18# (18)	Offer letter, dated November 17, 2004, to Carrie Carlander
10.19# (19)	Severance Agreement and Release of All Claims, dated September 7, 2006, with Carrie Carlander
10.20# (19)	Consulting Agreement, dated September 7, 2006, with Carrie Carlander
10.21# (19)	Offer letter, dated September 7, 2006, to James A. Merritt
10.22# (19)	Form of Stock Option Agreement between the registrant and James A. Merritt (included in Exhibit 10.21)
10.23# (20)	Offer letter, dated December 13, 2006, to Gregory P. Hanson
10.24# (20)	Stock Option Agreement, effective December 20, 2006, between the registrant and Gregory P. Hanson
10.25 (21)	Form of Director and Officer Indemnification Agreement
10.26# (22)	Director compensation policy
10.27 (23)	Placement Agency Agreement, dated November 2, 2006, among the registrant, ThinkEquity Partners LLC and Fortis Securities LLC

14.1 (24)	Code of Business Conduct and Ethics
21.1 (10)	List of Subsidiaries
23.1	Consent of J.H. Cohn LLP, Independent Registered Public Accounting Firm
31.1	Certification of chief executive officer pursuant to Rule 13a-14(a)/15d-14(a)

Table of Contents

Exhibit	Description
31.2	Certification of chief financial officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1±	Certification of chief executive officer and chief financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates that confidential treatment has been requested or granted to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

Indicates management contract or compensatory plan

± These certifications are being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the registrant, whether made

before or after
the date hereof,
regardless of
any general
incorporation
language in
such filing.

- (1) Filed with the registrant's Amendment No. 1 to Current Report on Form 8-K/A on May 1, 2006
- (2) Filed with the registrant's Annual Report on Form 10-K on March 16, 2006
- (3) Filed with the registrant's Registration Statement on Form 10SB on October 2, 2001
- (4) Filed with the registrant's Registration Statement on Form S-3 on June 30, 2004
- (5) Filed with the registrant's Amendment No. 1 to Quarterly Report on Form 10-Q/A on October 30, 2006
- (6) Filed with the registrant's Current Report on Form 8-K/A

on April 13,
2004

- (7) Filed with the registrant's Quarterly Report on Form 10-QSB on May 12, 2005
- (8) Filed with the registrant's Quarterly Report on Form 10-Q on August 12, 2005
- (9) Filed with the registrant's Current Report on Form 8-K on September 22, 2006
- (10) Filed with the registrant's Annual Report on Form 10-K on March 15, 2007
- (11) Filed with the registrant's Registration Statement on Form S-3 on August 26, 2005
- (12) Filed with the registrant's Registration Statement on Form S-8 on July 13, 2005
- (13) Filed with the registrant's Registration Statement on Form 10-SB/A on January 14,

2002

- (14) Filed with the registrant's Quarterly Report on Form 10-QSB on August 14, 2003
- (15) Filed with the registrant's Current Report on Form 8-K on October 23, 2006
- (16) Filed with the registrant's Quarterly Report on Form 10-QSB on August 10, 2004
- (17) Filed with the registrant's Annual Report on Form 10-KSB on April 16, 2003
- (18) Filed with the registrant's Annual Report on Form 10-KSB on March 31, 2005
- (19) Filed with the registrant's Current Report on Form 8-K on September 8, 2006
- (20) Filed with the registrant's Current Report on Form 8-K on December 20, 2006

- (21) Filed with the registrant's Current Report on Form 8-K on October 23, 2006
- (22) Filed with the registrant's Current Report on Form 8-K on June 23, 2006
- (23) Filed with the registrant's Current Report on Form 8-K on November 3, 2006
- (24) Filed with the registrant's Current Report on Form 8-K on January 23, 2007
- (c) Financial Statement Schedules. All Schedules are omitted because they are not applicable, the amounts involved are not significant or the required information is shown in the financial statements or notes thereto.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVENTRX Pharmaceuticals, Inc.

By: /s/ Evan M. Levine
 Evan M. Levine
 Chief Executive Officer

Date: August 24, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Evan M. Levine Evan M. Levine	Chief Executive Officer (Principal Executive Officer)	August 24, 2007
/s/ Gregory P. Hanson Gregory P. Hanson	Chief Financial Officer, Senior Vice President, Finance, and Treasurer (Principal Financial and Accounting Officer)	August 24, 2007
*	Chairman of the Board	
M. Ross Johnson *	Director	
Mark Bagnall *	Director	
Alexander J. Denner *	Director	
Michael M. Goldberg *	Director	
Jack Lief *	Director	
Mark J. Pykett		

* By: /s/ Evan M. Levine

August 24,
2007

Evan M. Levine
Attorney-in-Fact

Table of Contents

Index to Consolidated Financial Statements

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
Financial Statements:	
<u>Consolidated Balance Sheets</u>	F-3
<u>Consolidated Statements of Operations</u>	F-4
<u>Consolidated Statements of Stockholders' Equity (Deficit)</u>	F-5 - F-9
<u>Consolidated Statements of Cash Flows</u>	F-10 - F-11
<u>Notes to Consolidated Financial Statements</u>	F-12 - F-32
Financial Statement Schedules:	
Financial statement schedules have been omitted for the reason that the required information is presented in financial statements or notes thereto, the amounts involved are not significant or the schedules are not applicable	

F-1

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

ADVENTRX Pharmaceuticals, Inc.

We have audited the accompanying consolidated balance sheets of ADVENTRX Pharmaceuticals, Inc. and Subsidiaries (a development stage enterprise) as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2006 and for the period from January 1, 2002 to December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of ADVENTRX Pharmaceuticals, Inc. and Subsidiaries (a development stage enterprise) as of December 31, 2006 and 2005, and the results of operations and their cash flows for each of the years in the three-year period ended December 31, 2006 and for the period from January 1, 2002 to December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of ADVENTRX Pharmaceuticals, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2007 expressed an unqualified opinion on management's assessment of internal control over financial reporting and an unqualified opinion of the effectiveness of internal control over financial reporting.

/s/ J.H. Cohn LLP

San Diego, California

February 23, 2007

F-2

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Consolidated Balance Sheets

	December 31,	
	2006	2005
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 25,974,041	\$ 14,634,618
Short-term investments	25,771,406	7,958,458
Interest receivable	80,338	10,214
Prepaid expenses	511,327	255,802
 Total current assets	 52,337,112	 22,859,092
Property and equipment, net	402,968	407,544
Other assets	58,305	355,137
 Total assets	 \$ 52,798,385	 \$ 23,621,773
 <i>Liabilities and Stockholders Equity (Deficit)</i>		
Current liabilities:		
Accounts payable	\$ 480,402	\$ 593,228
Accrued liabilities	1,675,226	930,274
Accrued compensation and payroll taxes	292,896	173,398
Warrant liability	30,356,439	29,696,411
 Total current liabilities	 32,804,963	 31,393,311
Long-term liabilities	35,674	57,078
 Total liabilities	 32,840,637	 31,450,389
Commitments and contingencies		
Temporary equity:		
Common stock subject to continuing registration, \$0.001 par value; 10,810,809 shares issued and outstanding		
Stockholders' equity (deficit):		
Common stock, \$0.001 par value; 200,000,000 shares authorized; 78,865,930 and 56,529,388 shares issued and outstanding at December 31, 2006 and 2005, respectively	89,678	67,364
Additional paid-in capital	109,166,773	52,105,329
Deficit accumulated during the development stage	(89,296,613)	(59,964,840)
Accumulated other comprehensive loss	(2,090)	(1,722)
Treasury stock, 23,165 shares at December 31, 2005, at cost		(34,747)
 Total stockholders' equity (deficit)	 19,957,748	 (7,828,616)
 Total liabilities and stockholders' equity (deficit)	 \$ 52,798,385	 \$ 23,621,773

See accompanying notes to consolidated financial statements.

F-3

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Consolidated Statements of Operations

	<i>Years Ended December 31,</i>			<i>Inception (June 12, 1996) through December 31, 2006</i>
	<i>2006</i>	<i>2005</i>	<i>2004</i>	
Net sales	\$	\$	\$	\$ 174,830
Cost of goods sold				51,094
Gross margin				123,736
Grant revenue				129,733
Total revenue				253,469
Operating expenses:				
Research and development	12,001,212	8,682,498	2,744,328	28,157,964
In-process research and development	10,422,130			10,422,130
Selling, general and administrative	7,236,437	4,901,002	4,018,453	24,570,736
Depreciation and amortization	176,688	115,545	41,309	10,432,249
Impairment loss write-off of goodwill				5,702,130
Equity in loss of investee				178,936
Total operating expenses	29,836,467	13,699,045	6,804,090	79,464,145
Loss from operations	(29,836,467)	(13,699,045)	(6,804,090)	(79,210,676)
Interest income	1,164,722	496,059	103,042	1,863,059
Loss on fair value of warrants	(660,028)	(11,579,660)		(12,239,688)
Interest expense				(179,090)
Loss before income taxes	(29,331,773)	(24,782,646)	(6,701,048)	(89,766,395)
Provision for income taxes				
Loss before cumulative effect of change in accounting principle	(29,331,773)	(24,782,646)	(6,701,048)	(89,766,395)
Cumulative effect of change in accounting principle				(25,821)
Net loss	(29,331,773)	(24,782,646)	(6,701,048)	(89,792,216)
Preferred stock dividends				(621,240)
Net loss applicable to common stock	\$ (29,331,773)	\$ (24,782,646)	\$ (6,701,048)	\$ (90,413,456)

Loss per common share basic and diluted	\$	(0.40)	\$	(0.41)	\$	(0.13)
Weighted average shares outstanding basic and diluted		73,988,206		59,828,357		50,720,180

See accompanying notes to consolidated financial statements.

F-4

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Consolidated Statements of Stockholders Equity (Deficit)
Inception (June 12, 1996) through December 31, 2006

	Cumulative convertible preferred stock, series A			Cumulative convertible preferred stock, series B		Cumulative convertible preferred stock, series C		Common stock		Additional paid-in capital		Development stage		Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	comprehensive loss	development stage	Treasury stock, at cost	equity (deficit)	Comprehensive loss	
Balances at June 12, 1996 (date of incorporation)		\$		\$		\$		\$	\$		\$	\$	\$	\$	
Sale of common stock without par value					503	5		5						10	
Change in par value of common stock						(4)		4							
Issuance of common stock and net liabilities assumed in acquisition					1,716,132	1,716		3,224			(18,094)			(13,154)	
Issuance of common stock					2,010,111	2,010		456			(2,466)				
Net loss											(259,476)			(259,476)	\$ (259,476)
Balances at December 31, 1996					3,726,746	3,727		3,689			(280,036)			(272,620)	\$ (259,476)
Sale of common stock, net of offering costs of \$9,976					1,004,554	1,004		1,789,975						1,790,979	
Issuance of common stock in acquisition					375,891	376		887,874			(45,003)			888,250	(45,003)

Minority interest deficiency at acquisition charged to the Company							
Net loss				(1,979,400)	(1,979,400)	\$ (1,979,400)	
Balances at December 31, 1997	5,107,191	5,107	2,681,538	(2,304,439)	382,206	\$ (1,979,400)	
Rescission of acquisition	(375,891)	(376)	(887,874)	561,166	(327,084)		
Issuance of common stock at conversion of notes payable	450,264	451	363,549		364,000		
Expense related to stock warrants issued			260,000		260,000		
Net loss				(1,204,380)	(1,204,380)	\$ (1,204,380)	
Balances at December 31, 1998	5,181,564	5,182	2,417,213	(2,947,653)	(525,258)	\$ (1,204,380)	
Sale of common stock	678,412	678	134,322		135,000		
Expense related to stock warrants issued			212,000		212,000		
Net loss				(1,055,485)	(1,055,485)	\$ (1,055,485)	
Balances at December 31, 1999	5,859,976	5,860	2,763,535	(4,003,138)	(1,233,743)	\$ (1,055,485)	
Sale of preferred stock, net of offering costs of \$76,500	3,200	32	3,123,468		3,123,500		

See accompanying notes to consolidated financial statements.

F-5

Table of Contents

	Cumulative convertible preferred stock, series A	Cumulative convertible preferred stock, series B	Cumulative convertible preferred stock, series C	Common stock		Deficit Accumulated			Total		
				Shares	Amount	Additional paid in capital	other comprehensive loss	during the development stage		Treasury stock, at cost	stockholders equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount					
Issuance of common stock at conversion of notes and interest payable				412,487	412	492,085				492,497	
Issuance of common stock at conversion of notes payable				70,354	70	83,930				84,000	
Issuance of common stock to settle obligations				495,111	496	1,201,664				1,202,160	
Issuance of common stock for acquisition				6,999,990	7,000	9,325,769				9,332,769	
Issuance of warrants for acquisition						4,767,664				4,767,664	
Stock issued for acquisition costs				150,000	150	487,350				487,500	
Expense related to stock warrants issued						140,000				140,000	
Dividends payable on preferred stock						(85,000)				(85,000)	
Cashless exercise of warrants				599,066	599	(599)					
Net loss								(3,701,084)		(3,701,084)	\$ (3,701,084)
	3,200	32		14,586,984	14,587	22,299,866		(7,704,222)		14,610,263	\$ (3,701,084)

Balances at December 31, 2000								
Dividends payable on preferred stock						(256,000)		(256,000)
Repurchase of warrants						(55,279)		(55,279)
Sale of warrants						47,741		47,741
Cashless exercise of warrants		218,493	219		(219)			
Issuance of common stock to pay preferred dividends		93,421	93		212,907			213,000
Detachable warrants issued with notes payable					450,000			450,000
Issuance of warrants to pay operating expenses					167,138			167,138
Issuance of common stock to pay operating expenses		106,293	106		387,165			387,271
Issuance of preferred stock to pay operating expenses	137	1			136,499			136,500
Net loss						(16,339,120)	(16,339,120)	\$(16,399,120)
Balances at December 31, 2001	3,337	33	15,005,191	15,005	23,389,818	(24,043,342)	(638,486)	\$(16,399,120)
Dividends payable on preferred stock						(242,400)		(242,400)
Repurchase of warrants			240,000	240	117,613			117,853

Sale of warrants			
Cashless exercise of warrants	100,201	100	(100)
See accompanying notes to consolidated financial statements.			
		F-6	

Table of Contents

	Cumulative convertible preferred stock, series A		Cumulative convertible preferred stock, series B		Cumulative convertible preferred stock, series C		Common stock		Deficit Accumulated			Total	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	comprehensive loss	development stage	Treasury stock, at cost	equity (deficit)
							344,573	345	168,477				168,822
			200,000	2,000						298,000			300,000
					70,109	701				700,392			701,093
	(3,000)	(30)					1,800,000	1,800	(1,770)				
										335,440			335,440
										163,109			163,109
							6,292	6	12,263				12,269
	136	1								6,000			6,001
										329,296			329,296
											(2,105,727)		(2,105,727) \$(
	473	4	200,000	2,000	70,109	701	17,496,257	17,496	25,276,138		(26,149,069)		(852,730) \$(

at 31,									
						(37,840)			(37,840)
n of									
stock f stock rest	(70,109)	(701)	14,021,860	14,022		(13,321)			
			165,830	165		53,326			53,491
stock er of osts			6,640,737	6,676		2,590,656			2,597,332
stock er of osts of			3,701,733	3,668		3,989,181			3,992,849
f stock			235,291	235		49,486			49,721
			230,000	230		206,569			206,799
f o ing						156,735			156,735
f ons ees						286,033			286,033
							(2,332,077)		(2,332,077) \$(
at 31,	473	4	200,000	2,000	42,491,708	42,492	32,556,963	(28,481,146)	4,120,313 \$(

See accompanying notes to consolidated financial statements.

F-7

Table of Contents

	Cumulative convertible preferred stock, series A		Cumulative convertible preferred stock, series B		Cumulative convertible preferred stock, series C		Common stock		Deficit Accumulated			Treasury stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional paid-in capital	other comprehensive loss	during the development stage	stock, at cost	
Payable on									72,800				
Cumulative preferred	(473)	(4)				236,500	236		(232)				
Preferred stock			(200,000)	(2,000)		200,000	200		1,800				
Warrants						464,573	465		(465)				
						23,832	23		27,330				
Settlement of a claim									86,375				
0.50 per share						10,417,624	10,419		15,616,031				
Offering costs									(1,366,774)				
Employee stock									524,922				
									34,747			(34,747)	
											(6,701,048)		
004						53,834,237	53,835		47,553,497			(35,182,194)	(34,747)
												(24,782,646)	
Balance available for											(1,722)		
In conjunction with													
Warrants						10,810,809	10,811		(10,811)				
						149,613	149		(149)				
						2,258,703	2,259		3,071,179				
						185,000	185		144,815				
Employee stock									994,874				
Non-employee									93,549				
Due to vendor						125,000	125		258,375				
005						67,363,362	67,364		52,105,329	(1,722)	(59,964,840)	(34,747)	

See accompanying notes to consolidated financial statements.

F-8

Table of Contents

				Accumulated			Deficit		Total		
	Cumulative convertible preferred stock, series A	Cumulative convertible preferred stock, series B	Cumulative convertible preferred stock, series C	Common stock Shares	Common stock Amount	Additional paid-in capital	other comprehensive loss	development stage (29,331,773)	Treasury stock, at cost	equity (deficit)	Comprehensive loss
Change in value of shares available for sale							(368)			(368)	
Exercise of warrants				420,161	420	(420)					
Issuance of shares, net of offering costs				5,103,746	5,104	7,686,486				7,691,590	
Acquisition of pharmaceuticals				2,099,990	2,100	10,161,852				10,163,952	
Issuance of common stock at \$2.75 per share, net of offering costs				14,545,000	14,545	37,055,666				37,070,211	
Exercise of stock purchase agreement				60,145	60	196,614				196,674	
Exercise of stock purchase agreement				92,500	93	125,658				125,751	
Exercise of restricted stock to employees				15,000	15	68,635				68,650	
Exercise of stock purchase agreement						1,697,452				1,697,452	
Exercise of stock purchase agreement						104,225				104,225	
Exercise of stock purchase agreement				(23,165)	(23)	(34,724)			34,747		
Balance at December 31,	\$	\$	\$	89,676,739	\$89,678	\$109,166,773	\$(2,090)	\$(89,296,613)	\$	\$19,957,748	\$(29,331,773)

See accompanying notes to consolidated financial statements.

F-9

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Consolidated Statements of Cash Flows

	Years ended December 31,			Inception (June 12, 1996) through December 31, 2006
	2006	2005	2004	
Cash flows from operating activities:				
Net loss	\$ (29,331,773)	\$ (24,782,646)	\$ (6,701,048)	\$ (89,792,216)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	176,688	115,545	41,309	9,982,249
Loss on fair value of warrant liability	660,028	11,579,660		12,239,688
Amortization of debt discount				450,000
Forgiveness of employee receivable				30,036
Impairment loss write-off of goodwill				5,702,130
Expenses paid by issuance of warrants			86,375	573,357
Expenses paid by issuance of preferred stock				142,501
Expenses paid by issuance of common stock	343,658	101,833		1,263,039
Expenses related to stock warrants issued				612,000
Expenses related to employee stock options issued	1,697,452	994,874	524,922	3,832,577
Expenses related to options issued to non-employees	104,225	93,549		197,774
Equity in loss of investee				178,936
In-process research and development	10,422,130			10,422,130
Write-off of license agreement				152,866
Write-off assets available for sale		108,000		108,000
Cumulative effect of change in accounting principle				25,821
Accretion of discount on investments in securities	(242,681)	(111,960)		(354,641)
Changes in assets and liabilities, net of effect of acquisitions:				
Increase in prepaid and other assets	(107,151)	(281,266)	(255,101)	(819,006)
Increase in accounts payable and accrued liabilities	525,284	478,504	1,128,153	2,625,231
Increase (decrease) in long-term liabilities	(21,404)	57,078		35,674
Net cash used in operating activities	(15,773,544)	(11,646,829)	(5,175,390)	(42,391,854)
Cash flows from investing activities:				
Purchase of certificate of deposit				(1,016,330)

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

Maturity of certificate of deposit				1,016,330
Purchases of property and equipment	(172,112)	(237,785)	(305,773)	(838,139)
Purchases of short-term investments	(32,600,411)	(13,123,220)		(45,723,631)
Proceeds from sales and maturities of short-term investments	15,029,776	5,275,000		20,304,776
Cash paid for acquisitions, net of cash acquired	(31,838)			32,395
Payment on obligation under license agreement				(106,250)
Issuance of note receivable related party				(35,000)
Payments on note receivable				405,993
Advance to investee				(90,475)
Cash transferred in rescission of acquisition				(19,475)
Cash received in rescission of acquisition				230,000
Net cash used in investing activities	(17,774,585)	(8,086,005)	(305,773)	(25,839,806)
Cash flows from financing activities:				
Proceeds from sale of common stock	39,998,749	19,999,997	15,626,450	84,151,342
Proceeds from exercise of stock options	125,751	145,000		270,751
Proceeds from sale or exercise of warrants	7,897,866	3,073,438	27,353	11,382,894
Proceeds from sale of preferred stock				4,200,993
Repurchase of warrants				(55,279)
Payments for financing and offering costs	(3,134,814)	(1,883,246)	(1,366,774)	(6,483,809)
	F-10			

Table of Contents

	Years ended December 31,			Inception (June 12, 1996) through December 31, 2006
	2006	2005	2004	
Payments on notes payable and long-term debt				(605,909)
Proceeds from issuance of notes payable and detachable warrants				1,344,718
Net cash provided by financing activities	44,887,552	21,335,189	14,287,029	94,205,701
Net increase in cash and cash equivalents	11,339,423	1,602,355	8,805,866	25,974,041
Cash and cash equivalents at beginning of period	14,634,618	13,032,263	4,226,397	
Cash and cash equivalents at end of period	\$ 25,974,041	\$ 14,634,618	\$ 13,032,263	\$ 25,974,041

See accompanying notes to consolidated financial statements.

F-11

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements
December 31, 2006

(1) Description of Business

ADVENTRX Pharmaceuticals, Inc., a Delaware corporation (ADVENTRX, we or the Company), is a biopharmaceutical research and development company focused on commercializing proprietary product candidates for the treatment of cancer and infectious diseases. Our business is in the development stage; we have not yet marketed any products or generated any significant revenue. Through our license agreements with the University of Southern California (USC) and our acquisition of SD Pharmaceuticals, Inc. (SDP), we have rights to product candidates in varying stages of development.

In October 2000, we merged our wholly-owned subsidiary, Biokeys Acquisition Corp., with and into Biokeys, Inc. and changed our name to Biokeys Pharmaceuticals, Inc. In May 2003, we merged Biokeys Inc., our wholly-owned subsidiary, with and into us and changed our name to ADVENTRX Pharmaceuticals, Inc. The merger had no effect on our financial statements. In July 2004, we formed a wholly-owned subsidiary, ADVENTRX (Europe) Ltd., in the United Kingdom primarily to facilitate conducting clinical trials in the European Union. In April 2006, we acquired all of the outstanding capital stock of SDP through a merger with our newly created wholly-owned subsidiary, Speed Acquisition, Inc. (the Merger Sub) and changed the name of the Merger Sub to SD Pharmaceuticals, Inc.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, SDP and ADVENTRX (Europe) Ltd. All intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U. S. requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Purchase Price Allocation

The allocation of purchase price for an acquisition requires extensive use of accounting estimates and judgments in allocating the purchase price to the identifiable tangible and intangible assets acquired, including in-process research and development, and liabilities assumed based on their respective fair values. In 2006, we completed the acquisition of SDP. See Note 3, *Acquisition of SDP*, for a detailed discussion.

Cash Equivalents

Cash equivalents consist of highly liquid investments with original maturities of three months or less at the date of purchase.

Short-term Investments

We account for and report our investments in accordance with Statement of Financial Accounting Standards (FAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Investments are comprised of marketable securities consisting primarily of certificates of deposit, federal, state and municipal government obligations and corporate bonds. Short-term investments are marketable securities with maturities of less than one year from the balance sheet date. All marketable securities are held in our name and primarily under the custodianship of two major financial institutions. Our policy is to protect the principal value of our investment portfolio and minimize principal risk.

F-12

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

Our marketable securities are classified as available-for-sale and stated at fair value, with net unrealized gains or losses recorded as a component of accumulated other comprehensive income (loss). The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity with all amortization and accretion included in interest income. Realized gains and losses on available-for-sale securities are included in other income (loss). The cost of securities sold is based on the specific identification method. Interest on securities classified as available-for-sale is included in interest income. Marketable securities are evaluated periodically for impairment. If it is determined that a decline of any investment is other than temporary, then the investment basis would be written down to fair value and the write-down would be included in earnings as a loss.

Concentrations

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash, cash equivalents and investment securities. Our cash and cash equivalents are in excess of the Federal Deposit Insurance Corporation limit at year end. We invest our excess cash primarily in marketable debt securities of corporations, financial institutions and government agencies with strong credit ratings. We have adopted an investment policy that includes guidelines related to diversification and maturities to maintain safety and liquidity.

During 2006 and 2005, approximately 16% and 20%, respectively, of our total vendor payments were made to a contract research organization that is assisting us in our clinical trial administration and data management. If we were to lose this vendor, we could experience delays in continuing our clinical trial efforts which would result in increased costs as well as delays in obtaining FDA approvals.

Fair Value of Financial Instruments

At December 31, 2006 and 2005, our financial instruments included cash and cash equivalents, short-term investments, accounts payable, accrued expenses, accrued compensation and payroll taxes and warrant liability. The carrying amounts of cash and cash equivalents, accounts payable, accrued expenses and accrued compensation and payroll taxes approximate fair value due to the short-term maturities of these instruments. Our short-term investments in securities are carried at fair value based on quoted market prices. Warrant liability is carried at fair value of the underlying shares.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. The costs of improvements that extend the lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Impairment of Long-lived Assets

Long-lived assets with finite lives are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If the review indicates that intangibles or long-lived assets are not recoverable (i.e. carrying amount is less than the future projected undiscounted cash flows), their carrying amount would be reduced to fair value. Since inception through December 31, 2006, we recognized an impairment loss of the value of goodwill in the amount of \$5.7 million, which was recorded in the year ended December 31, 2001.

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

Revenue Recognition

We recognize revenue in accordance with the Securities and Exchange Commission's (SEC) Staff Accounting Bulletin Topic 13, *Revenue Recognition* (Topic 13) and Emerging Issues Task Force Issue (EITF) No. 00-21, *Revenue Arrangements with Multiple Deliverables*. Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed and determinable; and (4) collectibility is reasonably assured.

Revenue from licensing agreements is recognized based on the performance requirements of the agreement. Revenue is deferred for fees received before earned. Nonrefundable upfront fees that are not contingent on any future performance by us are recognized as revenue when revenue recognition criteria are met and the license term commences. Nonrefundable upfront fees, where we have an ongoing involvement or performance obligations, are recorded as deferred revenue and recognized as revenue over the life of the contract, the period of the performance obligation or the development period, whichever is appropriate in light of the circumstances.

Payments related to substantive, performance-based milestones in a collaborative agreement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements when they represent the culmination of the earnings process. Royalty revenue from licensed products will be recognized when earned in accordance with the terms of the license agreements.

Recognition of Expenses in Research Contracts

Pursuant to management's assessment of the services that have been performed on clinical trials and other contracts, we recognize expenses as the services are provided. Such management assessments generally consist of, but are not limited to, an evaluation by the project manager of the work that has been completed during the period, measurement of progress prepared internally and/or provided by the third-party service provider, analysis of data that justifies the progress, and finally, management's judgment. Several of our contracts extend across multiple reporting periods, including our largest contract, representing a \$9.0 million clinical trial contract as of December 31, 2006. A 3% variance in our estimate of the work completed in our largest contract could increase or decrease our operating expenses by approximately \$270,000.

Research and Development Costs

All research and development costs are expensed as incurred, including Company-sponsored research and development and costs of technology rights under license agreements that have no alternative future use when incurred.

License fees. Payments made in connection with in-licensed technology or product candidates are expensed as incurred when there is uncertainty in receiving future economic benefits from the licensed technology or product candidates. We consider the future economic benefits from the licensed technology or product candidates to be uncertain until such licensed technology or product candidates are approved by the FDA or when other significant risk factors are abated. For expense accounting purposes, management has determined future economic benefits for all of our licensed technology or product candidates to be uncertain.

Purchased In-Process Research and Development

In accordance with FAS No. 141, *Business Combinations*, we immediately charge the costs associated with purchased in-process research and development (IPR&D) to statement of operations upon acquisition. These amounts represent an estimate of the fair value of purchased IPR&D for projects that, as of the acquisition date, had not yet reached technological feasibility, had no alternative future use and had uncertainty in receiving future economic benefits from the purchased IPR&D. We determine the future economic benefits from the purchased IPR&D to be uncertain until such technology is approved by the FDA or when other significant risk factors are abated. We incurred significant IPR&D expense related to the SDP acquisition.

Accounting for Share-Based Compensation

Effective January 1, 2006, we adopted the provisions of revised FAS No. 123, *Share-Based Payment* (FAS 123R), including the provisions of Staff Accounting Bulletin No. 107 (SAB 107). Under FAS 123R, share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is

F-14

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

recognized as expense over the employee's requisite service period. We have no awards with market or performance conditions. We adopted the provisions of FAS 123R using the modified prospective transition method. Accordingly, prior periods have not been revised for comparative purposes.

On November 10, 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 123(R)-3, *Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards*. We have elected to adopt the alternative transition method provided in FAS 123R. The alternative transition method includes a simplified method to establish the beginning balance of the additional paid-in capital pool (APIC pool) related to the tax effects of employee share-based compensation, which is available to absorb tax deficiencies recognized subsequent to the adoption of FAS 123R.

The valuation provisions of FAS 123R apply to new awards and to awards that are outstanding on the effective date, January 1, 2006, which are subsequently modified or cancelled. Prior to 2006, we accounted for share-based compensation under the recognition and measurement principles of FAS No. 123, *Accounting for Stock-Based Compensation* (FAS 123). Estimated compensation expense for awards outstanding at January 1, 2006 is recognized over the remaining service period using the compensation cost calculated for recognition purposes under FAS 123.

Share-based compensation expense recognized in our consolidated statement of operations for the year ended December 31, 2006 included compensation expense for share-based payment awards granted prior to, but not yet vested as of, December 31, 2005 based on the grant date fair value estimated in accordance with the recognition provisions of FAS 123 and share-based payment awards granted subsequent to December 31, 2005 based on the grant date fair value estimated in accordance with FAS 123R. For share awards granted during the year ended December 31, 2006, expenses are amortized under the straight-line method. For share awards granted prior to 2006, expenses are amortized under the straight-line method prescribed by FAS 123. As share-based compensation expense recognized in the consolidated statement of operations for the year ended December 31, 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. FAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the years ended December 31, 2005 and 2004, we accounted for forfeitures as they occurred in accordance with the recognition provisions of FAS 123.

We account for share-based compensation awards granted to non-employees in accordance with EITF No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* (EITF 96-18). Under EITF 96-18, we determine the fair value of the share-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either of (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached or (2) the date at which the counterparty's performance is complete.

Registration Payment Arrangement

We account for contingent obligations in a registration payment arrangement in accordance with EITF Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled in a Company's Own Stock* (EITF 00-19), and the SEC's December 2005 interpretation. In connection with a sale of shares of our common stock in July 2005, we entered into a registration payment arrangement which requires us to use our best

efforts to (a) file a registration statement with the SEC, (b) have it declared effective by the end of a certain period and (c) maintain effectiveness of the registration statement for a certain period of time. See Note 7, *Warrant Liability*, for a detailed discussion. In the event we fail to meet the registration requirements, the arrangement requires us to make payments to the purchasers until the registration payment obligations no longer exist.

F-15

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

Because the arrangement requires payments to be settled in cash, we recorded the fair value of the arrangement as a liability, with an offsetting reduction to additional paid-in capital as of the closing date of the sale. At the end of each reporting period, the value of the arrangement will be re-measured based on the fair market value of the underlying shares, and changes to the liability and related gain or loss will be made appropriately. In addition, the shares issued that are subject to the registration payment arrangement are reported as temporary equity. The liability and temporary equity will be reclassified to equity when the registration payment obligations no longer exist.

In December 2006, the FASB issued FASB Staff Position on No. EITF 00-19-2, *Accounting for Registration Payment Arrangements* (FSP EITF 00-19-2). FSP EITF 00-19-2 provides that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with FAS No. 5, *Accounting for Contingencies*, which defines that loss contingencies should be recognized as liabilities if they are probable and reasonably estimable. The guidance in FSP EITF 00-19-2 is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to the date of issuance of FSP EITF 00-19-2. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to the issuance of FSP EITF 00-19-2, this guidance shall be effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years.

Effective January 1, 2007, we will apply new guidance under FSP EITF 00-19-2 to account for this registration payment arrangement. We are in the process of evaluating the impact of FSP EITF 00-19-2 on our consolidated financial position and results of operations.

Patent Costs

Legal costs in connection with approved patents and patent applications are expensed as incurred and classified as selling, general and administrative expense in our consolidated statement of operations.

Income Taxes

We account for income taxes and the related accounts under the liability method. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments and unrealized gains and losses on marketable securities. We present an accumulated other comprehensive loss in our consolidated statements of stockholders' equity (deficit) and comprehensive loss.

Computation of Net Loss per Common Share

We calculate basic and diluted net loss per share in accordance with the FAS No. 128, *Earnings Per Share*. Basic net loss per share was calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share was calculated by dividing the net loss by the weighted-average number of common stock equivalents outstanding during the period. For purposes of this calculation, options and warrants are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive. We have excluded the following options

F-16

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

and warrants from the calculation of diluted net loss per common share for 2006, 2005 and 2004 because their effect is anti-dilutive:

	2006	2005	2004
Warrants	13,458,549	19,629,933	11,154,964
Options	3,767,103	2,457,000	1,625,000
	17,225,652	22,086,933	12,779,964

Supplemental Cash Flow Information

	Years ended December 31,			Inception (June 12, 1996) through December 31, 2006
	2006	2005	2004	
Supplemental disclosures of cash flow information:				
Interest paid	\$	\$	\$	\$ 179,090
Income taxes paid				
Supplemental disclosures of non-cash investing and financing activities:				
Issuance of warrants, common stock and preferred stock for:				
Conversion of notes payable and accrued interest	\$	\$	\$	\$ 1,213,988
Prepaid services to consultants		258,500		1,482,781
Conversion of preferred stock			2,004	2,705
Acquisitions	10,163,952			24,781,555
Payment of dividends				213,000
Financial advisor services in conjunction with private placement			1,137,456	1,137,456
Acquisition of treasury stock in settlement of a claim			34,747	34,747
Cancellation of treasury stock	(34,747)			(34,747)
Assumptions of liabilities in acquisitions	226,340			1,235,907
Acquisition of license agreement for long-term debt				161,180
Cashless exercise of warrants	420	150	465	4,312
Dividends accrued				621,040
Trade asset converted to available for sale asset			108,000	108,000
Dividends extinguished			72,800	408,240
Trade payable converted to note payable				83,948

Issuance of warrants for return of common stock			50,852
Detachable warrants issued with notes payable			450,000
Unrealized loss on short-term investments	368	1,722	2,090

New Accounting Pronouncements

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* an interpretation of FAS No. 109 (FIN 48), which clarifies the accounting for uncertainty in income taxes. Currently, the accounting for uncertainty in income taxes is subject to significant and varied interpretations that have resulted in diverse and inconsistent accounting practices and measurements. Addressing such diversity, FIN 48 prescribes a consistent recognition threshold and measurement attribute, as well as clear criteria for subsequently recognizing, derecognizing and measuring changes in such tax positions for financial statement

F-17

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
 (A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

purposes. FIN 48 also requires expanded disclosure with respect to the uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006. We have not yet determined the impact of FIN 48 on our consolidated financial position, results of operations, cash flows or financial statement disclosures.

In September 2006, FASB issued FAS No. 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. We do not expect the adoption of FAS 157 will have a material impact on our consolidated results of operations or financial position.

In September 2006, the SEC issued SAB No. 108 (SAB 108). Due to diversity in practice among registrants, SAB 108 expresses SEC staff views regarding the process by which misstatements in financial statements are evaluated for purposes of determining whether financial statement restatement is necessary. SAB 108 is effective for fiscal years ending after November 15, 2006. We do not believe SAB 108 will have a material impact on our consolidated results from operations or financial position.

In December 2006, the FASB issued FSP EITF 00-19-2, *Accounting for Registration Payment Arrangements*. See Note 2, *Summary of Significant Accounting Policies – Registration Payment Arrangement*, for a detailed discussion.

(3) Acquisition of SDP

On April 26, 2006, we completed the acquisition of all of the outstanding capital stock of SDP, a Delaware corporation, a privately-held drug development company, for a total purchase price of \$10,195,790. We accounted for the acquisition as a purchase of net assets and not as a business combination since SDP had no revenue-producing operations, no employee base or self-sustaining operations, among other things, at the acquisition date. We acquired SDP's rights to certain oncology and infectious disease product candidates (the SDP Product Candidates), including rights to a product candidate that we licensed from SDP in October 2005. The results of operations of SDP have been included in the consolidated financial statements since the date of acquisition.

The aggregate purchase price of \$10,195,790 consisted of 2,099,990 shares of common stock valued at \$10,163,952 and transaction costs of \$31,838. The value of the common shares issued was determined based on the average market price of our common shares over the two-day period before and after the terms of the acquisition were agreed to and announced.

We determined that the assets acquired consisted principally of incomplete in-process research and development assets and that these assets had no alternative future uses in their current state. The estimated fair values of assets acquired and liabilities assumed are as follows:

Intangible assets – In-process research and development	\$ 10,422,130
Accounts payable, net of cash acquired	(226,340)
	\$ 10,195,790

The estimated fair value of the in-process research and development was determined based on the use of a discounted cash flow model using an income approach for the acquired SDP Product Candidates. Estimated

revenues were adjusted to take into account the stage of completion and the risks surrounding the successful development and commercialization. The estimated after-tax cash flows were then discounted to a present value using a discount rate of 14%. Solely for the purpose of estimating the fair value of SDP Product Candidates, we assumed that we would incur future research and development costs of approximately \$7.75 million from the date of acquisition through and including the year when commercialization is expected to occur.

F-18

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

The major risks and uncertainties associated with the timely and successful completion of the acquired in-process projects consist of the ability to confirm the safety and efficacy of the product candidates based on the data from clinical trials and obtaining necessary regulatory approvals. No assurance can be given that the underlying assumptions used to forecast the cash flows or the timely and successful completion of the product candidates will materialize, as estimated. For these reasons, among others, actual results may vary significantly from the estimated results.

The following unaudited financial information presents the pro forma results of operations and gives effect to the SDP acquisition as if the acquisition was consummated at the beginning of 2005. This information is presented for informational purposes only, and is not intended to be indicative of any expected results of operations for future periods, or the results of operations that actually would have been realized if the acquisition had in fact occurred as of the beginning of 2005.

	2006 (1)	2005
Pro forma net revenues	\$	\$
Pro forma net loss before cumulative effect of change in accounting principle (2)	\$(29,390,573)	\$(35,381,176)
Pro forma net loss (2)	\$(29,390,573)	\$(35,381,176)
Pro forma loss per basic and diluted share:		
Loss before cumulative effect of change in accounting principle	\$ (0.39)	\$ (0.57)
Net loss	\$ (0.39)	\$ (0.57)
Shares used for basic and diluted computation (3)	76,088,196	61,928,347

(1) SDP's results of operations for the period from January 1, 2006 through acquisition date are not available; therefore, the amounts are estimated using 2005 actual results on a pro rata basis.

(2) Includes a non-recurring charge of \$10,422,130 in each year for purchased in-process research and development costs as if the transaction occurred on the first day of

each year presented.

- (3) Includes 2,099,990 shares of our common stock issued as part of consideration for the acquisition.

(4) Short-term investments

The following table summarizes our investments in securities, all of which are classified as available for sale:

	Cost	2006 Gross Unrealized Gains (Losses)	Fair Value
Government debt securities	\$ 4,079,400	\$ 1,104	\$ 4,080,504
Commercial paper	16,800,966	(1,906)	16,799,060
Corporate bonds	4,893,130	(1,288)	4,891,842
	\$ 25,773,496	\$ (2,090)	\$ 25,771,406

	Cost	2005 Gross Unrealized Gains (Losses)	Fair Value
Government debt securities	\$ 1,443,845	\$ 165	\$ 1,444,010
Commercial paper	6,215,397	(1,690)	6,213,707
Corporate bonds	300,938	(197)	300,741
	\$ 7,960,180	\$ (1,722)	\$ 7,958,458

F-19

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

(5) Property and Equipment

Property and equipment at December 31, 2006 and 2005 were as follows:

	Useful lives	2006	2005
Office furniture, computer and lab equipment	3 - 5 years	\$ 651,012	\$ 513,222
Computer software	3 years	98,881	64,559
		749,893	577,781
Less accumulated depreciation and amortization		(346,925)	(170,237)
		\$ 402,968	\$ 407,544

Depreciation and amortization expense was \$176,688, \$115,545 and \$41,309 for the years ended December 31, 2006, 2005 and 2004, respectively.

(6) Income Taxes

Due to our net loss position for the years ended December 31, 2006, 2005 and 2004, and as we have recorded a full valuation allowance against deferred tax assets, there was no provision or benefit for income taxes recorded. There were no components of current or deferred federal, state or foreign tax provisions for the years ended December 31, 2006, 2005 and 2004.

The income tax provision is different from that which would be obtained by applying the statutory Federal income tax rate (34%) to income before income tax expense. The items causing this difference for the period are as follows:

	2006	2005	2004
Income tax benefit at federal statutory rate	\$ 9,973,000	\$ 4,489,000	\$ 2,278,000
State tax on continuing operations	(2,000)	(1,000)	(1,000)
In-process research and development (SDP acquisition)	(3,544,000)		
Other	(593,000)	373,000	(19,000)
Change in federal valuation allowance	(5,834,000)	(4,861,000)	(2,146,000)
Stock options previously expensed			(112,000)
	\$	\$	\$

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities at December 31, 2006 and 2005 are as follows:

	December 31,	
	2006	2005
Deferred tax assets:		
Accrued expenses	\$ 115,453	\$ 47,028
Stock options expense under FAS 123	1,636,685	772,919
Net operating loss carryforwards	16,693,749	11,068,149
Income tax credit carryforwards	720,067	844,509
Property, plant and equipment	20,295	5,628
Intangibles	811,597	600,162
Other	577	577
Total deferred tax assets	19,998,423	13,338,972
Less: valuation allowance	(19,998,423)	(13,338,972)
Total deferred tax assets, net of valuation allowance	\$	\$

F-20

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

We have established a valuation allowance against our deferred tax asset due to the uncertainty surrounding the realization of such assets. Management periodically evaluates the recoverability of the deferred tax asset. At such time as it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be reduced. We have recorded a valuation allowance of \$19,998,000 as of December 31, 2006 to reflect the estimated amount of deferred taxes that may not be realized. We increased the valuation allowance by \$6,659,000 for the year ended December 31, 2006. The valuation allowance includes approximately \$116,000 related to stock option deductions, the benefit of which may eventually be credited to equity.

At December 31, 2006, we had federal and California tax loss carryforwards of approximately \$45,360,000 and \$21,567,000, respectively. The federal and California net operating loss carryforwards begin to expire in 2011 and 2013 respectively, if unused. At December 31, 2006, we had federal and state tax credit carryforwards of approximately \$482,000 and \$361,000, respectively. The federal credits will begin to expire in 2024.

The utilization of net operating loss carryforwards and tax credit carryforwards is dependent on our future profitability. Furthermore, the Internal Revenue Code imposes a substantial restriction on the utilization of net operating loss and tax credit carryforwards in the event of an ownership change of more than 50% during any three-year period. As a result of the change in ownership provisions, utilization of net operating loss and tax credit carryforwards may be subject to an annual limitation in future periods. As a result of an annual limitation, a portion of these carryforwards may expire before ultimately becoming available to reduce future taxable income or income tax. The extent of such limitations, if any, is not known.

(7) Warrant Liability

On July 21, 2005 (the Closing Date), we entered into a Securities Purchase Agreement with certain accredited institutional investors (the Purchasers) for the sale of 10,810,809 shares of our common stock (the Shares) at a purchase price of \$1.85 per share for aggregate gross proceeds of \$19,999,997. In connection with this financing, we issued the Purchasers seven-year warrants to purchase 10,810,809 shares of our common stock (the Warrant Shares) at an exercise price of \$2.26 per share. We received net proceeds of \$18,313,751, after deducting commissions and offering fees and expenses, which included cash payments of \$1,403,000 to placement agents and \$283,246 in legal and accounting fees.

Pursuant to the terms of the Securities Purchase Agreement, if (i) a registration statement covering (A) all of the Shares and the Warrant Shares and (B) any other shares of common stock issued or issuable in respect to the Shares and the Warrant Shares because of stock splits, stock dividends, reclassifications, recapitalizations or similar events (together, the Registrable Shares) required to be covered thereby and required to be filed by us is (A) not filed with the SEC on or before 45 days after the closing date (a Filing Failure) or (B) if such registration statement is not declared effective by the SEC on or before (1) 90 days after the closing date (an Effectiveness Failure) or (ii) on any day after the effective date of the registration statement sales of all the Registrable Shares required to be included on such registration statement cannot be made (other than as permitted during a suspension pursuant to this agreement) pursuant to such registration statement (including, without limitation, because of a failure to keep such Registration Statement effective, to disclose such information as is necessary for sales to be made pursuant to such Registration Statement or to register sufficient shares of Shares) (a

Maintenance Failure), then, we will be obligated, without limiting any other remedies of any Purchaser, to pay as liquidated damages (the Liquidated Damages) for such failure and not as a penalty to any Purchaser an amount in cash determined in accordance with the formula set forth below:

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

For each 30-day period that a Filing Failure, Effectiveness Failure or Maintenance Failure remains uncured, we will pay an amount equal to the purchase price paid to us for all Shares then held by such Purchaser multiplied by 1% for the first 30-day period or any portion thereof and increasing by an additional 1% with regard to each additional 30-day period until such Filing Failure, Effectiveness Failure or Maintenance Failure is cured.

For any partial 30-day period in which a Filing Failure, Effectiveness Failure or Maintenance Failure exists but is cured prior to the end of the 30-day period, we will pay the Purchasers a pro rata portion of

F-21

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

the amount which would be due if the failure continued for the entire 30-day period. For example, if the purchase price paid for all Shares then held by a Purchaser is \$5,000,000, then, (a) at the end of the 30th day, the Liquidated Damages would be 1% or \$50,000, (b) at the end of the 60th day, the Liquidated Damages for the first 30-day period would have been 1% or \$50,000 and for the second 30-day period would be 2% or \$100,000, and (c) at the end of the 105th day, the Liquidated Damages for the first 30-day period would have been 1% or \$50,000, for the second 30-day period 2% or \$100,000, for the third 30-day period 3% or \$150,000, and for the final 15-day period, 4% applied pro rata to such 15 days, or \$100,000.

There is no cap to the amount of Liquidated Damages that we may be obligated to pay. Payments to be made pursuant to this Securities Purchase Agreement will be due and payable to the Purchasers at the end of each calendar month during which Liquidated Damages will have accrued. No Liquidated Damages will be due or payable to a Purchaser in any event if as of the date of the Filing Failure, Effectiveness Failure or Maintenance Failure such Purchaser could sell all of the Registrable Shares such Purchaser then holds without registration by reason of Rule 144(k) of the Securities Act.

The registration statement was filed and declared effective by the SEC on September 2, 2005, which was within the allowed time. As of December 31, 2006, we have not yet been required to pay any Liquidated Damages in connection with the filing or effectiveness of the registration.

At the Closing Date, the Shares and amount of proceeds that are subject to Liquidated Damages payments were reclassified to temporary equity on our consolidated balance sheet, because Liquidated Damages, if any, are required to be settled in cash. In addition, we recorded a liability for the registration payment arrangement based on the fair value of the warrants at the Closing Date, with an offsetting reduction to temporary equity. The liability is included in warrant liability on our consolidated balance sheet. The fair value of the warrants was estimated to be \$19,439,185 at the Closing Date. The difference of \$1,125,434 between the fair value of the warrants of \$19,439,185 and the net proceeds from the offering was classified as loss on fair value of warrants in our consolidated statement of operations.

The fair value of the warrants is re-measured at each reporting date and any changes in fair value are reported as gain (loss) on fair value of warrants in the period of the change in our consolidated statement of operations. At December 31, 2006 and 2005, the fair value was estimated to be \$30,356,439 and \$29,696,411, respectively, with increases in fair values due to the increases in the market value of our common stock. In the years ended December 31, 2006 and 2005, we recorded \$660,028 and \$11,579,660, respectively, in loss on fair value of warrants in our consolidated statements of operations.

The fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following assumptions at December 31, 2006 and 2005: no dividends; risk-free (10-year U.S. Treasury yield) interest rate of 4.7% and 4.4%, respectively; the contractual life of seven years and volatility of 139% and 90%, respectively.

(8) Capital Stock

Preferred Stock

In November 2005, at a special meeting of our stockholders, the stockholders approved a proposal to increase the number of shares of common stock we are authorized to issue to 200,000,000 shares. The number of authorized shares of preferred stock remains unchanged at 1,000,000 shares. The Series A, Series B and Series C preferred stock were eliminated, and we are no longer authorized to issue any such series of preferred stock as previously

designated. We have no present plans to issue any new shares or designate any series of preferred stock.

F-22

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

Common Stock

2006. In April 2006, we issued 2,099,990 shares of common stock at \$4.84 per share for a fair value of \$10,163,952 to acquire SDP. See Note 3, *Acquisition of SDP*, for a detailed discussion.

In September 2006, we ended an employment relationship with our former chief financial officer who also served as treasurer, vice president, finance and secretary. In connection with the separation from us, a severance agreement was entered into wherein the former chief financial officer's outstanding vested and unvested options were cancelled upon the separation and we issued 60,145 shares of common stock with a fair value of \$196,674 and paid employment taxes totaling \$109,434. The entire severance amount of \$306,108 was charged to selling, general and administrative expense for the year ended December 31, 2006.

In November 2006, we issued and sold to certain accredited institutional investors 14,545,000 shares of common stock in a registered direct offering at a price of \$2.75 per share, for aggregate offering proceeds of approximately \$40.0 million and net offering proceeds of approximately \$37.1 million, after deducting commissions and offering fees and expenses. The offering was made pursuant to our shelf registration statement on Form S-3, filed with the SEC on May 1, 2006.

During 2006, we issued an aggregate of 420,161 shares of our common stock upon the cashless exercises of warrants to purchase an aggregate of 527,528 shares of common stock at the weighted average exercise price of \$0.57 per share.

Also during 2006, we issued an aggregate of 5,196,246 shares of our common stock in connection with the exercises of stock purchase warrants (5,103,746 shares at a weighted average price of \$1.55 per share for cash in the aggregate amount of \$7,691,590, net of \$206,274 in commissions) and employee stock options (92,500 shares at a weighted average price of \$1.36 per share for cash in the aggregate amount of approximately \$125,751). We also issued 15,000 shares of restricted stock to our consultants for services performed with a fair value of \$68,650.

2005. In April 2005, we issued 25,000 shares of common stock as partial payment for services rendered by a consulting firm. Those shares were recognized at fair market value as of the date of obligation and resulted in compensation expense of \$23,500 in the year ended December 31, 2005, when the services were performed.

In July 2005, we issued 100,000 shares of common stock, with a fair market value at the date of issuance of \$235,000, pursuant to a consulting agreement entered into in January 2005. The compensation cost related to those shares is recognized over the three-year service period at an annual amortization of \$78,333.

In July 2005, we issued and sold to certain accredited institutional investors 10,810,809 shares of common stock at \$1.85 per share, for aggregate gross proceeds of \$19,999,997 and net proceeds of \$18,313,751, after deducting commissions and offering costs. In connection with this transaction, we issued warrants to purchase 10,810,809 shares of common stock at an exercise price of \$2.26 per share. See Note 7, *Warrant Liability*, for a detailed discussion.

During 2005, we issued an aggregate of 149,613 shares of our common stock upon the cashless exercises of warrants to purchase an aggregate of 252,049 shares of common stock at the weighted average exercise price of \$1.18 per share.

Also during 2005, we issued an aggregate of 2,443,703 shares of our common stock in connection with the exercises of stock purchase warrants (2,258,703 shares at a weighted average price of \$1.37 per share for cash in the aggregate amount of \$3,073,439) and employee stock options (185,000 shares at a weighted average price of \$0.78 per share for cash in the aggregate amount of \$145,000).

2004. In March 2004, 473 shares of Series A cumulative convertible preferred stock, representing all of the Series A cumulative convertible preferred stock then outstanding, were converted into 236,500 shares of

F-23

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
 (A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

common stock. In conjunction with the conversion, dividends payable of \$72,800 at December 31, 2003, were extinguished.

In March 2004, 200,000 shares of Series B convertible preferred stock, representing all of the Series B convertible preferred stock then outstanding, were converted into 200,000 shares of common stock.

In April 2004, we sold 10,417,624 shares of common stock at \$1.50 per share and issued warrants to purchase 3,125,272 shares of common stock at \$2.00 and warrants to purchase 2,083,518 shares of common stock at \$2.50 per share in a private placement for aggregate gross proceeds of \$15,626,450 in cash. In connection with the private placement, we paid cash commissions of \$900,452 and other related expenses of \$466,322 and issued warrants to purchase 632,547 shares of common stock at \$2.00 per share to two placement agents, having a fair market value of \$890,963 on the date of issuance.

During 2004, we issued an aggregate of 464,573 shares of our common stock upon the cashless exercises of warrants to purchase 502,528 and 110,000 shares of common stock at the exercise prices of \$0.49 and \$0.50 per share, respectively.

Also during 2004, we issued an aggregate of 23,832 shares of our common stock in connection with the exercises of stock purchase warrants at a weighted average price of \$1.15 per share for cash in the aggregate amount of approximately \$27,353.

(9) Warrants

In July 2005, we issued warrants to purchase 10,810,809 shares of common stock at an exercise price of \$2.26 per share in connection with the sale of 10,810,809 shares of common stock in July 2005.

In October 2004, we issued a warrant to purchase 300,000 shares of common stock at an exercise price of \$2.50 in settlement of a claim. The warrant had a value of \$86,375 on the date of issuance.

In April 2004, we issued to the investors warrants to purchase 3,125,272 shares of common stock at \$2.00 and warrants to purchase 2,083,518 shares of common stock at \$2.50 per share in connection with the April 2004 private placement. We engaged W.R. Hambrecht + Co., LLC for financial advisory and investment banking services related to the April 2004 private placement, and in connection with that engagement, issued a warrant to purchase 175,000 shares of common stock at \$2.00 per share, having a fair market value of \$246,493 on the date of issuance.

At December 31, 2006, outstanding warrants to purchase shares of common stock are as follows:

Warrants	Exercise Price	Expiration Date
50,000	\$ 2.50	Apr-07
35,000	\$ 2.50	Oct-07
1,872,693	\$ 1.98	Apr-09
117,000	\$ 2.38	Apr-09
573,047	\$ 1.98	Jun-09
10,810,809	\$ 2.26	Jul-12

13,458,549

(10) Equity Incentive Plans

At December 31, 2006, we had the 2005 Equity Incentive Plan (the 2005 Plan) and the 2005 Employee Stock Purchase Plan (the Purchase Plan), which are described below. The share-based compensation expense from

F-24

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

all share-based awards that has been charged to our consolidated statements of operations in the years ended December 31, 2006, 2005 and 2004 was comprised of the following:

	Years Ended December 31,		
	2006	2005	2004
Selling, general and administrative expense	\$ 1,635,369	\$ 572,263	\$ 445,755
Research and development expense	509,966	594,493	79,167
Share-based compensation expense before taxes	2,145,335	1,166,756	524,922
Related income tax benefits			
Share-based compensation expense	\$ 2,145,335	\$ 1,166,756	\$ 524,922
Net share-based compensation expense per common share basic and diluted	\$ 0.03	\$ 0.02	\$ 0.01
Share-based compensation expense from:			
Stock options	\$ 1,801,677	\$ 1,088,423	\$ 524,922
Share grant	275,008	78,333	
Restricted stock awards	68,650		
	\$ 2,145,335	\$ 1,166,756	\$ 524,922

Since we accounted for employee share-based awards using the recognition method under the provisions of FAS 123 prior to 2006, the adoption of FAS 123R did not have a material impact on our consolidated results of operations. Since we have a net operating loss carry-forward as of December 31, 2006, no excess tax benefits for the tax deductions related to share-based awards were recognized in the consolidated statement of operations. Additionally, no incremental tax benefits were recognized from stock options exercised in the year ended December 31, 2006 that would have resulted in a reclassification to reduce net cash provided by operating activities with an offsetting increase in net cash provided by financing activities.

2005 Equity Incentive Plan

The 2005 Plan, which is stockholder-approved, is intended to encourage ownership of shares of common stock by our directors, officers, employees, consultants and advisors and to provide additional incentive for them to promote the success of our business through the grant of share-based awards. The 2005 Plan provides for the grant of incentive and non-statutory stock options as well as share appreciation rights, restricted shares, restricted share units, performance units, shares and other share-based awards. Share-based awards are subject to terms and conditions established by the Board of Directors or the Compensation Committee of our Board of Directors. Our policy is to issue new common shares upon the exercise of stock options, conversion of share units or issuance of shares or restricted stock.

The maximum aggregate number of shares of common stock which may be issued pursuant to or subject to the foregoing types of awards granted under the 2005 Plan is 6,673,634 as of December 31, 2006. This maximum

number is subject to an annual automatic increase beginning on January 1, 2006 equal to the lesser of (i) 1% of the number of outstanding shares of common stock on such day, (ii) 750,000 or (iii) such other amount as our board of directors may specify. The 2005 Plan is intended to comply with applicable securities law requirements, permit performance-based awards that qualify for deductibility under Section 162(m) of the Internal Revenue Code and allow for the issuance of incentive stock options. As of December 31, 2006 and 2005, 2,453,886 and 3,258,000 shares of common stock, respectively, remained available for issuance under the 2005 Plan. On January 1, 2007, the number of shares of common stock available for issuance under the 2005 Plan increased by 750,000 shares in accordance with the provisions for annual increases under the 2005 Plan.

Stock options are typically granted with an exercise price equal to the current market price of our common stock at the grant date and have ten-year contractual terms. Option awards generally vest over four years based on

F-25

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

continuous service; however, our equity compensation plan allows for other vesting periods and we have granted employees options where the requisite service period is three years and we grant our directors options where the requisite service period is one year. During the years ended December 31, 2006 and 2005, we granted stock options and issued stock under the 2005 Plan.

During January through April 2004, which was prior to the adoption of the 2005 Plan and prior to listing our common stock on AMEX, we granted employees options to purchase an aggregate of 310,000 shares of common stock at a purchase price of \$1.50 per share. The total value of all the options on the dates of grant was \$395,403.

Subsequent to listing our common stock on AMEX, in the period of May 2004 through August 2004 we granted employees options to purchase an aggregate of 66,000 shares of common stock at purchase prices of \$1.20 to \$1.80 per share. AMEX listing requirements prohibit granting equity without a stockholder vote or an approved stock option plan; therefore, the options were rescinded in February 2005. Accordingly, the financial statement effect of the options granted was reversed in 2004.

In July 2005, we granted 1,625,000 options to employees under the 2005 Plan to replace pre-existing options that were not issued under the 2005 Plan or any other incentive plan approved by our stockholders. In addition in July 2005, we granted 1,103,000 new options to employees and board members under the 2005 Plan.

In December 2005, the exercise prices on 743,000 of the 1,103,000 options were increased to equal the fair market value of common stock on the date of grant in July 2005. In addition, the exercise prices on 730,000 of the pre-existing options were increased to equal the fair market value of common stock on the original grant dates. There was no material impact to the compensation expense as a result of this change. There were 14 employees affected by this change.

We cancelled 413,397, 200,000 and 1,665,000 options in the years ended December 31, 2006, 2005 and 2004, respectively, related to terminated employees, and the shares underlying such options were returned to and are available for re-issuance under the 2005 Plan.

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

A summary of all of our option activity as of December 31, 2006 and of changes in options outstanding under the plans during the year ended December 31, 2006 are as follows:

	Shares	Weighted- average Exercise Price	Weighted- average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2004	2,980,000	\$ 0.38		
Granted	310,000	\$ 1.50		
Exercised		\$		
Canceled/forfeited/expired	(1,665,000)	\$ 0.23		
Options outstanding at December 31, 2004	1,625,000	\$ 0.75		
Granted	1,217,000	\$ 2.34		
Exercised	(185,000)	\$ 0.78		
Canceled/forfeited/expired	(200,000)	\$ 1.41		
Options outstanding at December 31, 2005	2,457,000	\$ 1.45		
Granted	1,816,000	\$ 3.84		
Exercised	(92,500)	\$ 1.36		
Canceled/forfeited/expired	(413,397)	\$ 3.37		
Options outstanding at December 31, 2006	3,767,103	\$ 2.39	6.56	\$3,525,025
Options vested and expected to vest in the future, December 31, 2006	3,343,915	\$ 2.28	6.20	\$3,451,036
Options exercisable at December 31, 2006	1,996,460	\$ 1.46	4.26	\$3,211,778
Options exercisable at December 31, 2005	1,557,503	\$ 1.03		
Options exercisable at December 31, 2004	1,072,502	\$ 1.28		

The weighted-average grant-date fair value of options granted during the years ended December 31, 2006, 2005 and 2004 was \$2.97, \$2.14 and \$1.89, respectively. As of December 31, 2006, there was \$4.2 million of unamortized compensation cost related to unvested stock option awards, which is expected to be recognized over a weighted-average remaining period of approximately two years.

The total intrinsic value of options exercised during the years ended December 31, 2006, 2005 and 2004 was \$153,850, \$395,000 and \$0, respectively, based on the differences in the market prices on the dates of exercise and the option exercise prices. During the years ended December 31, 2006, 2005 and 2004, we received a total of \$125,751, \$145,000 and \$0, respectively, in cash from exercised options under all share-based payment arrangements. No tax benefit was realized for the tax deductions from option exercises of the share-based payment arrangements in the years ended December 31, 2006, 2005 and 2004.

Our determination of fair value is affected by our stock price as well as a number of assumptions that require judgment. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-valuation model. The assumptions used in the Black-Scholes model for option grants during the years ended December 31, 2006, 2005 and 2004 are as follows:

	Years ended December 31,		
	2006	2005	2004
Risk-free interest rate	4.1 - 5.2%	3.7 - 4.3%	2.8 - 4.3%
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	85-142%	90%	81 - 90%
Weighted-average volatility	111%	90%	87%
Expected term (in years)	5-6.1 years	5 years	3 - 5 years

The risk-free interest rate assumption is based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. We have not paid any dividends on common stock

F-27

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

since our inception and do not anticipate paying dividends on our common stock in the foreseeable future. The expected option term is computed using the simplified method as permitted under the provisions of SAB 107. The expected volatility is based on the historical volatility of our common stock and other factors. In 2006, we used an alternative historical volatility based on the daily close price of our common stock, which we determined was a better indicator of volatility than the method used in the prior years. The effect of this change on share-based compensation was immaterial.

In 2005, we granted 114,000 options, respectively, to consultants. No options were granted to consultants in 2006 and 2004. These option grants were valued as of the date at which the consultants' performance is complete using the Black-Scholes pricing model. The assumptions used in the Black-Scholes model for non-employee option grants for the years ended December 31, 2006 and 2005 are as follows:

	2006	2005
Risk-free interest rate	4.7%	4.4%
Dividend yield	0.0%	0.0%
Expected volatility	139%	90%
Contractual term (in years)	3.5 6.1 years	3.5 6.1 years

We recognized \$104,225 and \$93,549 in share-based compensation expense associated with non-employee options in the years ended December 31, 2006 and 2005, respectively.

The following table summarizes information concerning our outstanding and exercisable stock options as of December 31, 2006:

	Options Outstanding			Options Exercisable	
	Number Outstanding at December 31, 2006 in 000 s	Weighted- Average Remaining Contractual Life	Weighted- Average Exercise Price	Number Exercisable at December 31, 2006 in 000 s	Weighted- Average Exercise Price
Range of Exercise Price					
\$0.50 to \$1.64	1,280	2.00	\$ 0.70	1,280	\$ 0.70
\$2.04 to \$2.86	1,461	8.62	\$ 2.51	580	\$ 2.37
\$2.99 to \$4.89	1,026	9.30	\$ 4.34	136	\$ 4.63
	3,767	6.56	\$ 2.39	1,996	\$ 1.46

Restricted Stock Awards. Restricted stock awards are grants that entitle the holder to acquire shares of restricted common stock at no cost. The shares of the restricted stock awards cannot be sold, pledged or otherwise disposed of until the award vests and any unvested shares may be transferred back to us following the awardee's termination of service. During the year ended December 31, 2006, we granted 15,000 shares of restricted stock awards to consultants for services performed. These restricted stock awards vest monthly over twelve months of service. No restricted stock awards were granted in the years ended December 31, 2005 and 2004.

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

A summary of our unvested restricted share awards as of December 31, 2006 and changes during the year then ended are presented below:

	Number of shares	Weighted Average Grant Date Fair Value
Unvested, January 1, 2006		\$
Granted	15,000	\$ 4.58
Vested	(15,000)	\$ 4.58
Forfeited		\$
Unvested, December 31, 2006		\$

F-28

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

The fair value of restricted stock awards granted in the year ended December 31, 2006 was \$68,650. As of December 31, 2006, there are no unrecognized compensation costs related to restricted stock awards.

Stock Grants. Stock grants are grants of shares of our common stock not subject to restrictions or other forfeiture conditions. During the year ended December 31, 2006, we granted an employee 60,145 shares of common stock with a grant-date fair value of \$196,674. During the year ended December 31, 2005, we granted a consultant 100,000 shares of common stock with a fair value of \$235,000. No stock grants were granted under the 2005 Plan in the year ended December 31, 2004. As of December 31, 2006, there was \$78,334 unrecognized compensation cost related to stock grants, which is expected to be recognized in 2007.

Employee Stock Purchase Plan

The Purchase Plan was approved by our stockholders in 2005; however, we have not implemented the Purchase Plan. The Purchase Plan allows all eligible employees to purchase shares of common stock at 85% of the lower of the fair market value on the first or the last day of each offering period. Employees may authorize us to withhold up to 15% of their compensation during any offering period, subject to certain limitations. The maximum aggregate number of shares of common stock which may be issued under the Purchase Plan is 1,673,634 as of December 31, 2006. This maximum number is subject to an annual automatic increase beginning on January 1, 2006 equal to the lesser of (i) 1% of the number of outstanding shares of common stock on such day, (ii) 750,000 or (iii) such other amount as our board of directors may specify. At December 31, 2006, no shares of common stock have been issued under the Purchase Plan. On January 1, 2007, the number of shares of common stock available for issuance under the Purchase Plan increased by 750,000 in accordance with the provisions for annual increases under the Purchase Plan.

(11) License Agreements

USC Agreements

Under an option and license agreement with the University of Southern California (USC) entered into in January 1998 and amended in August 2000, we hold exclusive rights to a number of patents that have issued in the U.S. and Canada covering our CoFactor product candidate and its use in connection with cancer chemotherapy. An additional patent included in the agreement relates to compounds in our organoselenones program that we are currently evaluating for future preclinical and clinical development.

This agreement terminates on the last to expire of the licensed patents, which is expected to occur in March 2014. Upon breach or default under the agreement, the non-breaching party may terminate the agreement by 45 days written notice. USC may terminate the agreement upon 20 days notice if we fail to obtain and maintain the insurance required by the agreement and may terminate the agreement immediately upon notice if we attempt to use, sublicense, transfer or assign our rights or obligations under the agreement in any manner contrary to its terms or in derogation of USC s proprietary rights and upon bankruptcy, reorganization, liquidation or receivership proceedings involving us. We may terminate the agreement at any time by providing USC 30 days written notice.

This agreement provides for the payment to USC of a 3% royalty on net sales by us or a sublicensee of licensed products, as well as a prepaid royalty of \$100,000 within 30 days of approval of an NDA by the FDA for any

product covered by the claims of the licensed patents (which prepaid royalty is deductible from future royalty payments). In addition, we are required to reimburse all reasonable legal expenses incurred by USC in filing, prosecuting and maintaining the licensed patents. No royalties have been paid to date under this agreement.

Under another option and license agreement with USC entered into in August 2000 and amended in April 2003 and January 2007, we hold exclusive rights to a number of patents that have issued in the U.S. and the EU covering methods for the manufacture of our ANX-201 product candidate and of various analogs and derivatives thereof, and the use of ANX-201 in connection with the HIV.

F-29

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

This agreement terminates on the last to expire of the licensed patents, which is expected to occur in November 2020. Upon breach or default under the agreement, the non-breaching party may terminate the agreement by 45 days' written notice. USC may terminate the agreement immediately upon notice if we attempt to use, sublicense, transfer, or assign our rights or obligations under the agreement in any manner contrary to its terms or in derogation of USC's proprietary rights, we fail to obtain and maintain the insurance required by the agreement and upon bankruptcy, reorganization, liquidation or receivership proceedings involving us. In addition, if we fail to achieve the milestones set forth in the agreement, as amended, USC has the option to terminate the agreement but only by providing written notice of termination to us within one (1) month of the applicable milestone deadline. We may terminate the agreement at any time by providing USC 30 days' written notice and reimbursing the reasonable legal expenses incurred by USC for up to one (1) month from the date written notification of termination is sent by us.

This agreement provides for the payment to USC of a 1% royalty on net sales by us of licensed products and milestone payments on each licensed product upon entering Phase I clinical trials (\$75,000), reaching Phase II clinical trials (\$100,000), reaching Phase III clinical trials (\$125,000) and upon receiving market approval from the FDA or other government regulatory agency (\$250,000). In addition, if any licensed product is manufactured and sold under sublicense from us, we will pay USC a royalty based on a percentage of all of the revenue we received from the sublicense (including all earned royalties, prepaid royalties and license fees). Furthermore, we are required to reimburse all reasonable legal expenses incurred by USC in filing, prosecuting and maintaining the licensed patents. No royalties have been paid to date under this agreement.

Theragenex Agreement

In October 2006, we entered into a license agreement with Theragenex, LLC, a life science and technology company. Under the agreement, we granted Theragenex exclusive rights to develop and commercialize chitosan gel in the U.S. in exchange for a licensing fee of \$1.0 million (\$500,000 of which we received in January 2007, with the remainder due in June 2007), a \$1.0 million milestone payment that will be due with 45 days after the launch of each licensed product, and royalties of 15% to 20% on licensed product sales, depending on sales levels. The agreement remains in effect through the later of the latest date on which the last licensed product is covered by a valid claim or 20 years from the date of the first commercial sale of the last licensed product by Theragenex. Either party may terminate the agreement if the other materially breaches or materially defaults in the performance or observance of any of the provisions of the agreement. In addition, either party may, upon notice, terminate the agreement, if the other party admits in writing that it is generally unable to meet its debts when due, or upon the filing of bankruptcy, reorganization, liquidation or receivership proceedings involving such party. Theragenex may terminate the agreement at any time, upon 90 days' written notice, if Theragenex concludes in good faith, based on technical information learned by it following execution of the agreement, that there is no reasonable likelihood of a commercially viable licensed product. For the year ended December 31, 2006, none of the license fee had been paid and no revenue had been recognized under the agreement.

M.D. Anderson

Pursuant to a patent and technology license agreement dated June 14, 1996 between M.D. Anderson and us (the "M.D. Anderson License Agreement"), we acquired a license to seven patents and patent applications related to technology for HIV/AIDS therapy and prevention. Under the M.D. Anderson License Agreement, we were obligated to pay M.D. Anderson for all out-of-pocket expenses incurred in filing, prosecuting, enforcing, and maintaining the licensed patent rights and all future patent-related expenses paid by M.D. Anderson as long as the

M.D. Anderson License Agreement remained in effect. In 2005, we terminated the M.D. Anderson License Agreement.

F-30

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

NIH Agreement

In December 2002, we entered into a worldwide exclusive patent license agreement with the Public Health Service National Institutes of Health (NIH) concerning composition of matter for BlockAide/CR, a product we were previously developing. Under the terms of the agreement, we agreed to pay minimum royalty payments during the first year of the license and minimum annual royalties thereafter or the higher amount based upon a percentage of net sales. In addition, there were benchmark royalties based upon: initiation of Phase I trials, initiation of Phase II trials, initiation of Phase III trials, and upon first approval of a Product License Application for an HIV therapeutic or vaccine in the U.S. and for first approval in Europe. No material amount was paid under this agreement. In 2005, we terminated the NIH agreement.

(12) Commitments***Operating Leases***

We are obligated under operating leases for office space and equipment. In July 2004, we entered into a lease for our current office space in San Diego, California. In June 2005, we leased additional space in the same facility. Based on a straight-line basis, the lease requires a monthly payment of \$20,729. The lease expires in August 2009. Rent expense was \$246,000, \$220,517 and \$118,966 during the years ended December 31, 2006, 2005 and 2004, respectively.

Future rental commitments under all operating leases are as follows:

Year Ending December 31,	
2007	\$ 255,630
2008	259,011
2009	174,698
Total	\$ 689,339

(13) Litigation

In the normal course of business, we may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty. Management is not aware of any pending or threatened lawsuit or proceedings that would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

(14) 401(k) Plan

In January 2005, we adopted a plan intended to qualify as a qualified cash or deferred arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended. Under the provisions of our 401(k) Plan, we are required to make matching contributions in the amount of 100% of salary deferrals up to 3% and 50% of salary deferrals between 3% and 5% of the annual salary of the contributing employee. We incurred total expenses of \$80,393 and \$61,354 in employer matching contributions in 2006 and 2005, respectively.

Table of Contents

ADVENTRX Pharmaceuticals, Inc. and Subsidiaries
(A Development Stage Enterprise)
Notes to Consolidated Financial Statements (continued)
December 31, 2006

(15) Summary of Quarterly Financial Data (unaudited)

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2006 and 2005:

Quarterly statement of operations data	Quarters Ended			
	March 31,	June 30, 2006	September 30,	December 31,
for 2006 (unaudited):	2006	(1)	2006	2006
Loss from operations	\$ (4,256,143)	\$(15,451,711)	\$ (5,328,321)	\$ (4,800,292)
Net income (loss) (2)	\$(21,046,681)	\$ 2,763,714	\$ (4,609,181)	\$ (6,439,625)
Basic net income (loss) per share	\$ (0.31)	\$ 0.04	\$ (0.06)	\$ (0.08)
Diluted net income (loss) per share	\$ (0.31)	\$ 0.03	\$ (0.06)	\$ (0.08)
Basic weighted average number of shares of common stock outstanding	67,976,352	71,214,523	73,435,715	83,092,233
Diluted weighted average number of shares of common stock outstanding	67,976,352	81,797,928	73,435,715	83,092,233

Quarterly statement of operations data	Quarters Ended			
	March 31,	June 30, 2005	September 30,	December 31,
for 2005 (unaudited):	2005	2005	2005	2005
Loss from operations	\$ (2,882,256)	\$ (3,395,151)	\$ (3,641,848)	\$ (3,779,790)
Net loss (2)	\$ (2,844,934)	\$ (3,330,554)	\$ (16,454,867)	\$ (2,152,291)
Basic and diluted net loss per share	\$ (0.05)	\$ (0.06)	\$ (0.26)	\$ (0.03)
Basic and diluted weighted average number of shares of common stock outstanding	53,967,933	54,821,480	63,255,407	67,194,366

(1) Includes a charge of \$10,442,130 for purchased in-process research and development in connection with our acquisition of SDP in the quarter ended June 30, 2006.

(2) Includes gain (loss) on fair value of warrant liability

commencing in
the quarter
ended
September 30,
2005.

F-32

Table of Contents

EXHIBIT INDEX

Exhibit	Description
2.1 (1)	Agreement and Plan of Merger, dated April 7, 2006, among the registrant, Speed Acquisition, Inc., SD Pharmaceuticals, Inc. and certain individuals named therein (including exhibits thereto)
3.1 (2)	Amended and Restated Certificate of Incorporation of the registrant
3.2 (3)	Amended and Restated Bylaws of the registrant (formerly known as Biokeys Pharmaceuticals, Inc.)
4.1(4)	Form of Registration Rights Agreement entered into in October and November 2001 (including the original schedule of holders)
4.2 (5)	\$2.50 Warrant to Purchase Common Stock issued on April 12, 2002 to Emisphere Technologies, Inc.
4.3 (4)	Form of \$0.60 Warrant to Purchase Common Stock issued May 28, 2003 (including the original schedule of holders)
4.4 (4)	Form of \$1.25 Warrant to Purchase Common Stock issued between October 15, 2003 and December 29, 2003 (including the original schedule of holders)
4.5 (4)	Common Stock and Warrant Purchase Agreement, dated as of April 5, 2004, among the registrant and the Investors (as defined therein)
4.6 (4)	Registration Rights Agreement, dated April 5, 2004, among the registrant and the Investors (as defined therein)
4.7 (4)	Form of \$2.00 A-1 Warrant to Purchase Common Stock issued April 8, 2004 (including the original schedule of holders)
4.8 (4)	Form of \$2.50 A-2 Warrant to Purchase Common Stock issued April 8, 2004 (including the original schedule of holders)
4.9 (6)	Common Stock and Warrant Purchase Agreement, dated April 8, 2004, between the registrant and CD Investment Partners, Ltd.
4.10 (6)	Registration Rights Agreement, dated April 8, 2004, between the registrant and CD Investment Partners, Ltd.
4.11 (6)	\$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to CD Investment Partners, Ltd.
4.12 (6)	\$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to Burnham Hill Partners
4.13 (6)	\$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to Ernest Pernet
4.14 (6)	

Edgar Filing: ADVENTRX PHARMACEUTICALS INC - Form 10-K/A

\$2.00 A-1 Warrant to Purchase Common Stock issued on April 8, 2004 to W.R. Hambrecht + Co., LLC

- 4.15 (7) Common Stock and Warrant Purchase Agreement, dated April 19, 2004, between the registrant and Franklin M. Berger
 - 4.16 (8) Registration Rights Agreement, dated April 19, 2004, between the registrant and Franklin M. Berger
 - 4.17 (9) \$2.00 A-1 Warrant to Purchase Common Stock issued on April 19, 2004 to Franklin M. Berger
-

Table of Contents

Exhibit	Description
4.18 (8)	Securities Purchase Agreement, dated July 21, 2005, among the registrant and the Purchasers (as defined therein)
4.19 (8)	Rights Agreement, dated July 27, 2005, among the registrant, the Icahn Purchasers and Viking (each as defined therein)
4.20 (9)	First Amendment to Rights Agreement, dated September 22, 2006, among the registrant and the Icahn Purchasers (as defined therein)
4.21 (8)	Form of \$2.26 Common Stock Warrant issued on July 27, 2005 (including the original schedule of holders)
4.22 (8)	Form of \$2.26 Common Stock Warrant issued on July 27, 2005 (including the original schedule of holders)
4.23 (10)	\$0.50 Warrant (WC-291) to Purchase Common Stock transferred on June 15, 2005 to S. Neborsky and R Neborsky TTEE Robert J. Neborsky MD Inc Comb Retirement Trust
4.24 (11)	\$0.50 Warrant (WC-292) to Purchase Common Stock transferred on June 15, 2005 to S. Neborsky and R Neborsky TTEE Robert J. Neborsky MD Inc Comb Retirement Trust
4.25 (11)	\$2.50 Warrant to Purchase Common Stock issued on October 22, 2004 to Thomas J. DePetrillo
10.1# (10)	2005 Equity Incentive Plan
10.2# (12)	Form of Stock Option Agreement under the 2005 Equity Incentive Plan
10.3# (2)	Form of Restricted Share Award Agreement under the 2005 Equity Incentive Plan
10.4# (12)	2005 Employee Stock Purchase Plan
10.5# (12)	Form of Subscription Agreement under the 2005 Employee Stock Purchase Plan
10.6* (13)	Option and License Agreement, dated January 23, 1998, between the registrant and the University of Southern California
10.7 (3)	First Amendment to License Agreement, dated August 16, 2000, between the registrant and the University of Southern California
10.8* (13)	Option and License Agreement, dated August 17, 2000, between the registrant and the University of Southern California
10.9* (14)	Amendment to Option and License Agreement, dated April 21, 2003, between the registrant and the University of Southern California
10.10* (2)	Agreement, effective as of May 1, 2005, between the registrant and Pharm-Olam International Ltd.

- 10.11 (2) Amendment dated July 19, 2005 to the Agreement between the registrant and Pharm-Olam International Ltd.
 - 10.12 (15) License Agreement, dated October 20, 2006, between the registrant, through its wholly-owned subsidiary SD Pharmaceuticals, Inc., and Theragenex, LLC
 - 10.13 (10) License Agreement, dated December 10, 2005, between SD Pharmaceuticals, Latitude Pharmaceuticals and Andrew Chen
-

Table of Contents

Exhibit	Description
10.14 (16)	Standard Multi-Tenant Office Lease Gross, dated June 3, 2004, between the registrant and George V. Casey & Ellen M. Casey, Trustees of the Casey Family Trust dated June 22, 1998
10.15 (2)	First Amendment to the Standard Multi-Tenant Office Lease Gross, dated June 3, 2004 between the registrant and George V. & Ellen M. Casey, Trustees of the Casey Family Trust dated June 22, 1998
10.16# (17)	Offer letter, dated March 5, 2003, to Joan M. Robbins
10.17# (18)	Offer letter, dated November 15, 2004, to Brian M. Culley
10.18# (18)	Offer letter, dated November 17, 2004, to Carrie Carlander
10.19# (19)	Severance Agreement and Release of All Claims, dated September 7, 2006, with Carrie Carlander
10.20# (19)	Consulting Agreement, dated September 7, 2006, with Carrie Carlander
10.21# (19)	Offer letter, dated September 7, 2006, to James A. Merritt
10.22# (19)	Form of Stock Option Agreement between the registrant and James A. Merritt (included in Exhibit 10.21)
10.23# (20)	Offer letter, dated December 13, 2006, to Gregory P. Hanson
10.24# (20)	Stock Option Agreement, effective December 20, 2006, between the registrant and Gregory P. Hanson
10.25 (21)	Form of Director and Officer Indemnification Agreement
10.26# (22)	Director compensation policy
10.27 (23)	Placement Agency Agreement, dated November 2, 2006, among the registrant, ThinkEquity Partners LLC and Fortis Securities LLC
14.1 (24)	Code of Business Conduct and Ethics
21.1 (10)	List of Subsidiaries
23.1	Consent of J.H. Cohn LLP, Independent Registered Public Accounting Firm
31.1	Certification of chief executive officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification of chief financial officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1±	Certification of chief executive officer and chief financial officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

- * Indicates that confidential treatment has been requested or granted to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

 - # Indicates management contract or compensatory plan

 - ± These certifications are being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
- (1) Filed with the registrant s

Amendment
No. 1 to Current
Report on Form
8-K/A on
May 1, 2006

- (2) Filed with the registrant's Annual Report on Form 10-K on March 16, 2006
 - (3) Filed with the registrant's Registration Statement on Form 10SB on October 2, 2001
-

Table of Contents

- (4) Filed with the registrant's Registration Statement on Form S-3 on June 30, 2004
- (5) Filed with the registrant's Amendment No. 1 to Quarterly Report on Form 10-Q/A on October 30, 2006
- (6) Filed with the registrant's Current Report on Form 8-K/A on April 13, 2004
- (7) Filed with the registrant's Quarterly Report on Form 10-QSB on May 12, 2005
- (8) Filed with the registrant's Quarterly Report on Form 10-Q on August 12, 2005
- (9) Filed with the registrant's Current Report on Form 8-K on September 22, 2006
- (10) Filed with the registrant's Annual Report on Form 10-K

on March 15,
2007

- (11) Filed with the registrant's Registration Statement on Form S-3 on August 26, 2005
- (12) Filed with the registrant's Registration Statement on Form S-8 on July 13, 2005
- (13) Filed with the registrant's Registration Statement on Form 10-SB/A on January 14, 2002
- (14) Filed with the registrant's Quarterly Report on Form 10-QSB on August 14, 2003
- (15) Filed with the registrant's Current Report on Form 8-K on October 23, 2006
- (16) Filed with the registrant's Quarterly Report on Form 10-QSB on August 10, 2004
- (17) Filed with the registrant's Annual Report on Form 10-KSB on

April 16, 2003

- (18) Filed with the registrant's Annual Report on Form 10-KSB on March 31, 2005
- (19) Filed with the registrant's Current Report on Form 8-K on September 8, 2006
- (20) Filed with the registrant's Current Report on Form 8-K on December 20, 2006
- (21) Filed with the registrant's Current Report on Form 8-K on October 23, 2006
- (22) Filed with the registrant's Current Report on Form 8-K on June 23, 2006
- (23) Filed with the registrant's Current Report on Form 8-K on November 3, 2006
- (24) Filed with the registrant's Current Report on Form 8-K on January 23, 2007