UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): **October 22, 2007**

AVI BioPharma, Inc.
(Exact name of Company as specified in its charter)

Oregon	**0-22613**	**93-0797222**
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

One S.W. Columbia, Suite 1105
Portland, OR 97258
(Address of principal executive offices)

(503) 227-0554
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report.)

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

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 4 - Matters Related to Accountants and Financial Statements

Item 4.02(a) - Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

On October 22, 2007, the Audit Committee and Board of Directors of AVI BioPharma, Inc. concluded that the Company's previously issued financial statements for the fiscal years 2004 through 2006 contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 and the financial statements for the for the periods ended March 31, 2007 and June 30, 2007 contained in its Quarterly Reports on Form 10-Q should be restated. Such prior financial statements should no longer be relied upon. This conclusion came in response to a comment raised by the Securities and Exchange Commission regarding the Company's treatment of warrants issued by the Company in December 2003, January 2004 and January and November, 2005. Previously, the Company had classified these warrants in the shareholders' equity section of the Company's balance sheet. Under the accounting literature, if a financial instrument requires settlement in registered shares, the financial instrument cannot be classified within equity, as the company's ability to maintain an effective registration statement is outside that company's control. The warrants issued by the Company require settlement in registered shares and accordingly should be recorded as a liability at fair value at the date of grant, and marked to market at each reporting period. The Company has discussed the matters disclosed in this Current Report on Form 8-K with the Company's independent registered public accounting firm, KPMG LLP.

The Company has evaluated the financial statement impact in each of the previously filed reporting periods effected, and concluded that the changes are quantitatively material to its previously filed financial statements. The amounts previously recorded in each of the three years ended December 31, 2006 will be adjusted to reduce equity and increase liabilities for the issued warrants, and changes in fair value will be recorded on their own line item. There is no effect on cash flows as a result of this change as the mark to market adjustment would have been reflected as a non-cash charge within the Company's Statements of Operations.

The Company will amend its previously filed Form 10-K for 2006, including quarterly data within that filing, and its Form 10-Q for the first and second quarters of 2007, as soon as practicable. The Company's independent registered accounting firm has not yet completed its audit procedures relating to the restatement, but the Company currently expects the impact to the Statements of Operations to be as follows:

	Year ended December 31,			Quarter ended	
$ in millions	**2004**	**2005**	**2006**	**March 31, 2007**	**June 30, 2007**
Gain (loss) on warrants	2.8	(1.5)	2.4	1.5	0.8

As part of the restatement process, the Company is re-evaluating the effectiveness of the design and operation of its disclosure controls and procedures in accordance with Exchange Act Rules 13a-15 and 15d-15.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated October 24, 2007

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Portland, State of Oregon, on October 24, 2007.

AVI BioPharma, Inc.

By: /s/ ALAN P. TIMMINS

Alan P. Timmins
President and Chief Operating Officer
(Principal Operating Officer)

Exhibit Index

Exhibit	Description
Exhibit 99.1	Press Release dated October 24, 2007

Exhibit 99.1

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AVI BioPharma Announces Intention to Restate Financial Statements

PORTLAND, Ore. (October 24, 2007) – AVI BioPharma, Inc. (NASDAQ: AVII) announced today that it will restate financial statements for the three years ended December 31, 2006, the three months ended March 31, 2007 and the three and six months ended June 30, 2007, contained in its previously filed Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q, respectively. The restatements arise from reclassifying certain warrants issued by the Company in 2003, 2004 and 2005 as liabilities. These warrants were previously classified in equity.

The Company has evaluated the impact to earnings in each of the previously filed reporting periods effected, and concluded that the changes are quantitatively material to its previously filed financial statements. There is no effect on cash flows as a result of this change as the periodic mark to market adjustment for the value of the warrants would have been reflected as a non-cash charge within the Company's Statements of Operations. The Company has discussed this matter with the Company's independent registered public accounting firm, KPMG LLP.

The Company will amend its previously filed Form 10-K for 2006, and its Form 10-Q for the first and second quarters of 2007 as soon as practicable. The Company's independent registered accounting firm has not yet completed its audit procedures relating to the restatement, but the Company currently expects the impact to the Statements of Operations to be as follows:

	Year ended December 31,			Quarter ended	
$ in millions	2004	2005	2006	March 31, 2007	June 30, 2007
Non-cash gain (loss) on warrants	2.8	(1.5)	2.4	1.5	0.8

"We decided to make these changes in response to a question that we received from the SEC," stated K. Michael Forrest, the Company's interim chief executive officer. "The changes are technical in nature and do not affect the Company's overall cash flow, performance or prospects."

About AVI BioPharma

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE antisense drugs and ESPRIT exon skipping technology. AVI's ESPRIT technology is initially being applied to potential treatments for Duchenne muscular dystrophy. AVI's lead NEUGENE compound is designed to target cell proliferation disorders, including cardiovascular restenosis. In addition to targeting specific genes in the body, AVI's antiviral program uses NEUGENE antisense compounds to combat disease by targeting single-stranded RNA viruses, including dengue virus, Ebola virus and H5N1 avian influenza virus. More information about AVI is available on the company's Web site at http://www.avibio.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements that are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties, including, but not limited to, the results of research and development efforts, the results of preclinical and clinical testing, the effect of regulation by the FDA and other agencies, the impact of competitive products, product development, commercialization and technological difficulties, the impact of a restatement of the company's financial statements and other risks detailed in the company's Securities and Exchange Commission filings.

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