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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE EXCHANGE ACT
For the transition period from _____ to _____

Commission file number 0-22613

AVI BIOPHARMA, INC.
(Exact name of registrant as specified in its charter)

Oregon 93-0797222
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One SW Columbia Street, Suite 1105, Portland, Oregon 97258
(Address of principal executive offices) (Zip Code)

Issuer's telephone number, including area code: 503-227-0554

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock with \$.0001 par value 13,351,206
(Class) (Outstanding at November 1, 1999)

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Transitional Small Business Disclosure Format (check one): Yes No

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AVI BIOPHARMA, INC.

FORM 10-QSB

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AVI BIOPHARMA, INC.
(A Development Stage Company)
BALANCE SHEETS

	September 30, 1999	December 31, 1998
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,444,140	\$ 8,510,020
Other current assets	31,242	509,428
	-----	-----
Total Current Assets	2,475,382	9,019,448
Property and Equipment, net of accumulated depreciation and amortization of \$2,483,737 and \$2,386,310	438,212	411,828
Patent Costs, net of accumulated amortization of \$420,810 and \$305,310	813,111	730,960
Other Assets	29,847	29,847
	-----	-----
Total Assets	\$ 3,756,552	\$ 10,192,083
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 433,929	\$ 891,928
Accrued liabilities	243,664	294,471
	-----	-----
Total Current Liabilities	677,593	1,186,399
Shareholders' Equity:		
Preferred Stock, \$.0001 par value, 2,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$.0001 par value, 50,000,000 shares authorized; 13,351,206 and 13,346,166 issued and outstanding	1,335	1,335
Additional paid-in capital	51,794,785	51,779,785
Deficit accumulated during the development stage	(48,717,161)	(42,775,436)
	-----	-----
Total Shareholders' Equity	3,078,959	9,005,684
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 3,756,552	\$ 10,192,083
	-----	-----

The accompanying notes are an integral part of these balance sheets.

AVI BIOPHARMA, INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	Three months ended September 30, 1999	September 30, 1998	Nine months ended September 30, 1999	September 30, 1998	July 22, 1980 (Inception) to September 30, 1999
Revenues, from grants and research contracts	\$ 3,558	\$ 4,977	\$ 7,783	\$ 16,780	\$ 831,976
Operating expenses:					
Research and development	1,739,728	1,549,133	4,709,856	4,147,572	22,765,462
General and administrative	504,607	366,637	1,341,099	1,178,587	8,794,276
Acquired in-process research and development	-	19,476,091	61,337	19,476,091	19,534,491
	2,244,335	21,391,861	6,112,292	24,802,250	51,094,229
Other Income:					
Interest income, net	35,696	128,927	162,784	443,191	1,448,342
Realized gain on sale of short-term investments	-	-	-	-	96,750
	35,696	128,927	162,784	443,191	1,545,092
Net loss	\$ (2,205,081)	\$ (21,257,957)	\$ (5,941,725)	\$ (24,342,279)	\$ (48,717,161)
Net loss per share - basic and diluted	\$ (0.17)	\$ (1.84)	\$ (0.45)	\$ (2.16)	
Weighted average number of common shares outstanding for computing basic and diluted earnings per share	13,351,206	11,539,885	13,350,597	11,286,190	

The accompanying notes are an integral part of these statements.

AVI BIOPHARMA, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		For the Period
	1999	1998	July 22, 1980 (Inception) to September 30, 1999
Cash flows from operating activities:			
Net loss	\$ (5,941,725)	\$ (24,342,279)	\$ (48,717,161)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Depreciation and amortization	222,802	157,140	2,963,095
Realized gain on sale of short-term investments - available for sale	-	-	(96,750)
Compensation expense on issuance of common stock and partnership units	-	-	251,992
Compensation expense on issuance of options and warrants to purchase common stock or partnership units	-	-	562,353
Conversion of interest accrued to common stock	-	-	7,860
Acquired in-process research and development	61,337	19,476,091	19,534,491
(Increase) decrease in:			
Other current assets	478,186	(506,105)	(31,242)
Other assets	-	-	(29,847)
Net increase (decrease) in accounts payable and accrued liabilities	(508,806)	704,408	677,593
Net cash used in operating activities	(5,688,206)	(4,510,745)	(24,877,616)
Cash flows from investing activities:			
Proceeds from sale or redemption of short-term investments	-	-	247,750
Purchase of property and equipment	(133,686)	(56,318)	(2,980,497)
Patent costs	(197,651)	(201,540)	(1,233,921)
Acquisition costs	(61,337)	(2,126,535)	(2,367,079)
Net cash used in investing activities	(392,674)	(2,384,393)	(6,333,747)
Cash flows from financing activities:			
Proceeds from sale of common stock, warrants, and partnership units, net of offering costs, and exercise of options	15,000	184,873	34,040,940
Buyback of common stock pursuant to rescission offering	-	-	(288,795)
Withdrawal of partnership net assets	-	-	(176,642)
Issuance of convertible debt	-	-	80,000
Net cash provided by financing activities	15,000	184,873	33,655,503
Increase (decrease) in cash and cash equivalents	(6,065,880)	(6,710,265)	2,444,140
Cash and cash equivalents:			
Beginning of period	8,510,020	17,638,936	-
End of period	\$ 2,444,140	\$ 10,928,671	\$ 2,444,140

The accompanying notes are an integral part of these statements.

AVI BIOPHARMA, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The financial information included herein for the three and nine-month periods ended September 30, 1999 and 1998 and the financial information as of September 30, 1999 is unaudited; however, such information reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The financial information as of December 31, 1998 is derived from AVI BioPharma, Inc.'s (the Company's) Form 10-KSB. The interim financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-KSB. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

NOTE 2. EARNINGS PER SHARE

Basic EPS is calculated using the weighted average number of common shares outstanding for the period and diluted EPS is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding. Given that the Company is in a loss position, there is no difference between basic EPS and diluted EPS since the common stock equivalents would be antidilutive.

Three Months September 30,	1999	1998
Net loss	\$ (2,205,081)	\$ (21,257,957)
Weighted average number of shares of common stock and common stock equivalents outstanding:		
Weighted average number of common shares outstanding for computing basic earnings per share	13,351,206	11,539,885
Dilutive effect of warrants and stock options after application of the treasury stock method	*	*
Weighted average number of common shares outstanding for computing diluted earnings per share	13,351,206	11,539,885
Net loss per share - basic and diluted	\$ (0.17)	\$ (1.84)

Nine Months Ended September 30,	1999	1998
Net loss	\$ (5,941,725)	\$ (24,342,279)
Weighted average number of shares of common stock and common stock equivalents outstanding:		
Weighted average number of common shares outstanding for computing basic earnings per share	13,350,597	11,286,190
Dilutive effect of warrants and stock options after application of the treasury stock method	*	*
Weighted average number of common shares outstanding for computing diluted earnings per share	13,350,597	11,286,190
Net loss per share - basic and diluted	\$ (0.45)	\$ (2.16)

* The following common stock equivalents are excluded from earnings per share calculation as their effect would have been antidilutive:

Three Months Ended September 30,	1999	1998
Warrants and stock options	7,077,082	7,024,233
Nine Months Ended September 30,	1999	1998
Warrants and stock options	7,077,082	7,024,233

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION

The Financial Statements and Notes thereto should be read in conjunction with the following discussion. The discussion in this Form 10-QSB contains certain forward-looking statements that involve risks and uncertainties, including, but not limited to, the results of research and development efforts, the results of pre-clinical and clinical testing, the effect of regulation by FDA and other agencies, the impact of competitive products, product development, commercialization and technological difficulties, and other risks detailed in the Company's Securities and Exchange Commission filings.

OVERVIEW

From its inception in July 1980, the Company has devoted its resources primarily to fund its research and development efforts. The Company has been unprofitable since inception and, other than limited interest and grant revenue, has had no material revenues from the sale of products or other sources, and does not expect material revenues for at least the next 12 months. The Company expects to continue to incur losses for the foreseeable future as it expands its research and development efforts. As of September 30, 1999, the Company's accumulated deficit was \$48,717,161.

RESULTS OF OPERATIONS

Operating expenses decreased to \$2,244,335 in the third quarter of 1999 from \$21,391,861 in the third quarter of 1998 and to \$6,112,292 for the nine months ended September 30, 1999 from \$24,802,250 for the comparable period of 1998 principally due in each case to a one-time charge of \$19,476,091 for acquired in-process research and development reflecting the acquisition of ImmunoTherapy Corporation in September 1998 and increases in research and development staffing and increased expenses associated with outside collaborations and pre-clinical testing of the Company's technologies. Net interest income decreased to \$35,696 in the third quarter of 1999 from \$128,927 in the third quarter of 1998 and to \$162,784 for the nine months ended September 30, 1999 from \$443,191 for the comparable period in 1998 due to earnings on decreased cash balances, which consisted of proceeds from the initial public offering.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents were \$2,444,140 at September 30, 1999, compared with \$8,510,020 at December 31, 1998. The decrease of \$6,065,880 was primarily due to increases in research and development staffing and increased expenses associated with clinical programs, outside collaborations, and pre-clinical testing of the Company's technologies.

The Company's future expenditures and capital requirements will depend on numerous factors, including without limitation, the progress of its research and development programs, the progress of its pre-clinical and clinical trials, the time and costs involved in obtaining regulatory approvals, the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, competing technological and market developments, the ability of the Company to establish collaborative arrangements and the terms of any such arrangements, and the costs associated with commercialization of its products. The Company's cash requirements are expected to continue to increase significantly each year as it expands its activities and operations. There can be no assurance, however, that the Company will ever be able to generate product revenues or achieve or sustain profitability.

The Company expects that its cash requirements over the next several months will be satisfied by existing cash resources. The Company is continuing its efforts to raise capital to fund future operations.

SUBSEQUENT EVENT

In November 1999, the Company received a commitment for \$5,000,000 in funding.

YEAR 2000

The Year 2000 issue results from computer programs operating incorrectly when the calendar year changes to January 1, 2000. Computer programs that have date-sensitive software may recognize a two-digit date using "00" as calendar year 1900 rather than the year 2000. This could result in system failure or miscalculations and could cause disruptions of operations, including, among other things, a temporary inability to engage in normal business activities.

The Company has evaluated its technology and data, including imbedded non-informational

technology, used in the creation and development of its products and services and in its internal operations and has identified no significant Year 2000 issues. The core business systems are compliant, or a migration path to a compliant version will be in place by the year 2000. The Company has not incurred material costs and believes that future costs associated with addressing the Year 2000 issue will have an immaterial effect on the Company's financial results.

Although the Company has inquired of certain of its significant vendors as to the status of their Year 2000 compliance initiatives, no binding assurances have been received. The Company believes that parts and services used in normal operations can be obtained from multiple sources and therefore is not overly reliant on any single vendor. Failure of telephone service providers or other monopolistic utilities could have a significant detrimental effect on the Company's operations. There can be no assurances that such third parties will successfully address their own Year 2000 issues over which the Company has no control.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The exhibit filed as a part of this report is listed below and this list constitutes the exhibit index.

Exhibit No.

- - - - -

27 Financial Data Schedule

(b) Reports on Form 8-K

The Company did not file any Reports on Form 8-K during the quarter ended September 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 1, 1999

AVI BIOPHARMA, INC.

By: /s/ DENIS R. BURGER, PH.D.

Denis R. Burger, Ph.D.
President, Chief Executive Officer
and Chairman (of the Board of Directors)
(Principal Executive Officer)

By: /s/ ALAN P. TIMMINS

Alan P. Timmins
Chief Operating Officer,
Chief Financial Officer and Director
(Principal Financial and Accounting Officer)

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