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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1998
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

ANTIVIRALS INC.
(Exact name of registrant as specified in its charter)

Oregon	93-07972223
(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 __X__ No _____

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

Common stock without par value	11,189,841
(Class)	(Outstanding at August 3, 1998)

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Transitional Small Business Disclosure Format (check one): Yes___ No X_

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ANTIVIRALS INC.
FORM 10-QSB
INDEX

	June 30, 1998	December 31, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,195,011	$ 17,638,936
Other current assets	1,256,654	19,042
Total Current Assets	14,451,665	17,657,978
Property and Equipment, net of accumulated depreciation and amortization of $2,324,746 and $2,262,755	395,048	438,820
Patent Costs, net of accumulated amortization of $251,773 and $218,773	612,162	553,063
Deferred Acquisition Costs	345,760	102,506
Other Assets	29,847	29,847
Total Assets	$ 15,834,482	$ 18,782,214
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 366,475	$ 219,083
Accrued liabilities	67,617	245,369
Total Current Liabilities	434,092	464,452
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; 11,168,841 and 11,125,617 issued and outstanding	1,117	1,113
Additional paid-in capital	34,525,068	34,358,122
Deficit accumulated during the development stage	(19,125,795)	(16,041,473)
Total Shareholders' Equity	15,400,390	18,317,762
Total Liabilities and Shareholders' Equity	$ 15,834,482	$ 18,782,214

	Three months ended June 30, 1998	1997	Six months ended June 30, 1998	1997	July 22, 1980 (Inception) to June 30, 1998
Revenues, from grants and research contracts	$ 6,153	$ 3,754	$ 11,803	$ 3,754	$ 715,645
Operating expenses:					
Research and development	1,304,174	921,930	2,598,439	1,373,653	14,347,185
General and administrative	504,985	410,112	811,950	580,140	6,643,746
	1,809,159	1,332,042	3,410,389	1,953,793	20,990,931
Other Income:					
Interest income, net	143,543	62,893	314,264	91,948	1,052,741
Realized gain on sale of short-term investments	-	-	-	-	96,750
	143,543	62,893	314,264	91,948	1,149,491
Net loss	$(1,659,463)	$(1,265,395)	$(3,084,322)	$(1,858,091)	$(19,125,795)
Net loss per share - basic and diluted	$ (0.15)	$ (0.13)	$ (0.28)	$ (0.20)	
Weighted average number of common shares outstanding for computing basic and diluted earnings per share	11,166,536	9,387,998	11,157,240	9,085,566	

	Six months ended June 30, 1998	1997	For the Period July 22, 1980 (Inception) to June 30, 1998
Cash flows from operating activities:			
Net loss	$ (3,084,322)	$ (1,858,091)	$ (19,125,795)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Depreciation and amortization	107,040	265,032	2,624,147
Realized gain on sale of short-term investments - available for sale	-	-	(96,750)
Compensation expense on issuance of common stock and partnership units	-	-	182,392
Compensation expense on issuance of options and warrants to purchase common stock or partnership units	-	98,802	562,353
Conversion of interest accrued to common stock	-	-	7,860
(Increase) decrease in:			
Other current assets	(1,237,612)	(763)	(1,256,654)
Other assets	-	-	(29,847)
Net increase (decrease) in accounts payable and accrued liabilities	(30,360)	562,544	434,092
Net cash used in operating activities	(4,245,254)	(932,476)	(16,698,202)
Cash flows from investing activities:			
Proceeds from sale or redemption of short-term investments	-	30,000	247,750
Purchase of property and equipment	(30,268)	(75,489)	(2,767,422)
Patent costs	(92,099)	(105,840)	(863,935)
Deferred acquisition costs	(243,254)	-	(345,760)
Net cash used in investing activities	(365,621)	(151,329)	(3,729,367)
Cash flows from financing activities:			
Proceeds from sale of common stock, warrants, and partnership units, net of offering costs, and exercise of options	166,950	15,628,469	34,008,017
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	166,950	15,628,469	33,622,580
Increase (decrease) in cash and cash equivalents	(4,443,925)	14,544,664	13,195,011
Cash and cash equivalents:			
Beginning of period	17,638,936	3,011,229	-
End of period	$ 13,195,011	$ 17,555,893	$ 13,195,011

ANTIVIRALS INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The financial information included herein for the three and six-month periods ended June 30, 1998 and 1997 and the financial information as of June 30, 1998 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, 1997 is derived from AntiVirals 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

Beginning December 31, 1997, basic earnings per share (EPS) and diluted EPS are computed using the methods prescribed by Statement of Financial Accounting Standard No. 128, EARNINGS PER SHARE (SFAS 128). 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. Prior period amounts have been restated to conform with the presentation requirements of SFAS 128. 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. This restatement to conform with the presentation requirements of SFAS 128 resulted in no change to previously reported numbers.

Three Months Ended June 30,	1998	1997
Net loss	$(1,659,463)	$(1,265,395)
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	11,166,536	9,387,998
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	11,166,536	9,387,998
Net loss per share - basic and diluted	$(0.15)	$(0.13)

Six Months Ended June 30,	1998	1997
Net loss	$(3,084,322)	$(1,858,091)
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	11,157,240	9,085,566
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	11,157,240	9,085,566
Net loss per share - basic and diluted	$(0.28)	$(0.20)

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

Three Months Ended June 30,	1998	1997
Warrants and stock options	4,583,607	4,325,028

Six Months Ended June 30,	1998	1997
Warrants and stock options	4,583,607	4,325,028

NOTE 3. OTHER CURRENT ASSETS

The balance in other current assets consists primarily of advances to ImmunoTherapy Corporation in anticipation of completing the acquisition thereof.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

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 June 30, 1998, the Company's accumulated deficit was $19,125,795.

RESULTS OF OPERATIONS

Operating expenses increased to $1,809,159 in the second quarter of 1998 from $1,332,042 in the second quarter of 1997 and to $3,410,389 for the six months ended June 30, 1998 from $1,953,793 for the comparable period of 1997 due to increases in research and development staffing and increased expenses associated with outside collaborations and pre-clinical testing of the Company's technologies. Additionally, increased general and administrative costs were incurred to support the research expansion, and to broaden the Company's investor and public relations efforts due to its change in status to a public company in mid-1997. Net interest income increased to $143,543 in the second quarter of 1998 from $62,893 in the second quarter of 1997 and to $314,264 for the six months ended June 30, 1998 from $91,948 for the comparable period in 1997 due to earnings on increased cash balances, which consisted of proceeds from the initial public offering.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents were $13,195,011 at June 30, 1998, compared with $17,638,936 at December 31, 1997. The decrease of $4,443,925 was primarily due to increases in research and development staffing and increased expenses associated with outside collaborations and pre-clinical testing of the Company's technologies. Additionally, increased general and administrative costs were incurred to support the research expansion, to broaden the Company's investor and public relations efforts due to its change in status to a public company in mid-1997, and to advance funding to ImmunoTherapy Corporation as part of the Company's acquisition thereof.

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 twelve months will be satisfied by existing cash resources.

YEAR 2000

The Year 2000 issue results from computer programs that do not differentiate between the year 1900 and the year 2000 because they were written using two digits rather than four to define the applicable year; accordingly, computer systems that have time-sensitive calculations may not properly recognize the year 2000. The Company has conducted an initial review of its computer systems, devices, applications and manufacturing equipment (collectively, "Computer Systems") to identify those areas that could be affected by Year 2000 noncompliance. Additionally, the Company has appointed a program manager for Year 2000 compliance and is presently assessing in detail the affected Computer Systems and is reviewing the need to develop plans to address the required modifications. The Company presently intends to utilize internal and external resources to identify, correct or reprogram and test its Computer Systems for Year 2000 compliance. The total cost associated with Year 2000 compliance is not anticipated to be material to the Company's financial position or results of operation in any given year. The Company has not communicated with many of its suppliers, service providers, distributors, wholesalers and other entities with which it has a business relationship (collectively, "Third Party Businesses") regarding compliance with Year 2000 requirements, although the Company does intend to communicate with key Third Party Businesses. In addition, the Company has not determined the impact, if any, on its operations if Third Party Businesses fail to comply with Year 2000 requirements. The Company accordingly cannot predict the extent of any such impact.

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 June 30, 1998.

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: August 3, 1998

ANTIVIRALS INC.

By: /s/ DENIS R. BURGER, Ph.D.
Denis R. Burger, Ph.D.
President, Chief Executive Officer
and Director
(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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JUN-30-1998
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