

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of The Securities  
Exchange Act of 1934.

For the quarterly period ended June 30, 1996  
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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 #0-14732

ADVANCED MAGNETICS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of organization)

04-2742593  
(IRS Employer Incorporation or Identification No.)

725 Concord Avenue  
Cambridge, MA 02138  
(Address of principal executive offices)

Registrant's telephone number, including area code: (617) 354-3929

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 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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At August 8, 1996, 6,762,182 shares of registrant's common stock (par value,  
\$.01) were outstanding.

ADVANCED MAGNETICS, INC.

FORM 10-Q

QUARTER ENDED JUNE 30, 1996

PART I. FINANCIAL INFORMATION

Item 1 -- Financial Statements

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ADVANCED MAGNETICS, INC.

BALANCE SHEET  
JUNE 30, 1996 AND SEPTEMBER 30, 1995  
(Unaudited)

ASSETS -----	June 30, ----- 1996 -----	September 30, ----- 1995 -----
Current assets:		
Cash and cash equivalents .....	\$12,366,865	\$ 1,066,419
Marketable securities (Note B) .....	24,128,253	36,561,263
Accounts receivable .....	442,506	5,884,542
Recoverable income taxes .....	90,117	90,117
Inventories .....	103,232	55,567
Prepaid expenses .....	136,628	99,342
	-----	-----
Total current assets .....	37,267,601	43,757,250
	-----	-----
Property, plant and equipment:		
Land .....	360,000	360,000
Building .....	4,320,766	4,320,766
Laboratory equipment .....	7,240,183	6,886,813
Furniture and fixtures .....	550,828	516,418
	12,471,777	12,083,997
	-----	-----
Less--accumulated depreciation and amortization .....	5,932,161	5,143,097
	-----	-----
Net property, plant and equipment .....	6,539,616	6,940,900
	-----	-----
Other assets .....	195,857	145,072
	-----	-----
Total assets .....	\$44,003,074	\$50,843,222
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable .....	\$ 437,730	\$ 407,998
Accrued expenses .....	505,358	1,214,152
Income taxes payable .....	130,000	150,000
	-----	-----
Total current liabilities .....	1,073,088	1,772,150
	-----	-----
Stockholders' equity:		
Preferred stock, par value \$.01		

per share, authorized 2,000,000 shares; none issued .....	--	--
Common stock, par value \$.01 per share, authorized 15,000,000 shares; issued and outstanding 6,771,882 shares at June 30, 1996 and 6,753,413 shares at September 30, 1995 .....	67,719	67,534
Additional paid-in capital .....	45,182,673	45,093,972
Retained earnings (deficit) .....	(4,189,483)	3,036,517
Unrealized gains on market value of securities (Note B) .....	1,869,077	873,049
Total stockholders' equity .....	42,929,986	49,071,072
Total liabilities and stockholders' equity .....	\$44,003,074	\$50,843,222

The accompanying notes are an integral part of the financial statements.

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ADVANCED MAGNETICS, INC.

STATEMENT OF OPERATIONS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
JUNE 30, 1996 AND 1995  
(Unaudited)

	Three-Month Period Ended June 30,		Nine-Month Period Ended June 30,	
	1996	1995	1996	1995
Revenues:				
License fees .....	\$ --	\$ --	\$ --	\$5,000,000
Royalties .....	(25,000)	38,366	125,000	38,366
Product sales .....	--	1,276,172	12,762	2,120,457
Interest, dividends and net gains and losses on sales of securities	470,373	575,172	1,310,539	1,695,827
Total revenues .....	445,373	1,889,710	1,448,301	8,854,650
Cost and expenses:				
Cost of product sales .....	--	256,333	2,550	425,187
Research and development expenses	2,559,241	2,578,498	7,236,546	6,158,014
Credit for purchase of in-process research and development .....	--	--	--	(380,000)
Selling, general and administrative expenses .....	749,235	511,506	1,435,206	1,299,926
Total costs and expenses .....	3,308,476	3,346,337	8,674,302	7,503,127
Income (loss) before provision for income taxes .....	(2,863,103)	(1,456,627)	(7,226,001)	1,351,523
Income tax provision (benefit) .....	--	(178,500)	--	196,500
Income (loss) before cumulative effect of accounting change .....	(2,863,103)	(1,278,127)	(7,226,001)	1,155,023
Cumulative effect of accounting change .....	--	--	--	117,540
Net income (loss) .....	\$ (2,863,103)	\$ (1,278,127)	\$ (7,226,001)	\$ 1,272,563
Net income (loss) per share before cumulative effect of accounting change .....	\$ (0.42)	\$ (0.19)	\$ (1.07)	\$ 0.17
Cumulative effect of accounting				

change .....	-----	-----	-----	-----
	--	--	--	0.02
Income (loss) per share .....	\$ (0.42)	\$ (0.19)	\$ (1.07)	\$ 0.19
	-----	-----	-----	-----
Weighted average number of common and common equivalent shares ....	6,768,705	6,731,245	6,762,983	6,851,389
	-----	-----	-----	-----

The accompanying notes are an integral part of the financial statements.

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ADVANCED MAGNETICS, INC.

STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIODS ENDED  
JUNE 30, 1996 AND 1995  
(Unaudited)  
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	Nine-Month Periods Ended June 30,	
	1996	1995
	-----	-----
Cash flows from operating activities:		
Cash received from customers .....	\$ 1,300,212	\$ 5,961,705
Cash paid to suppliers and employees .....	(8,253,418)	(6,984,616)
Dividends and interest received .....	1,501,027	1,255,921
Income taxes paid .....	(20,000)	(250,000)
Income tax refund .....	--	--
Net realized gains (losses) on sales of securities .	(31,996)	(2,428)
	-----	-----
Net cash provided by (used in) operating activities	(5,504,175)	(19,418)
	-----	-----
Cash flows from investing activities:		
Proceeds from sales of securities .....	8,779,668	750,000
Proceeds from U.S. Treasury Notes maturing .....	9,796,348	2,987,638
Purchase of securities .....	(1,421,716)	(5,644,725)
Capital expenditures .....	(387,780)	(1,358,889)
(Increase) in other assets .....	(50,785)	(48,526)
	-----	-----
Net cash provided by (used in) investing activities	16,715,735	(3,314,502)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuances of common stock .....	273,754	349,045
Purchase of treasury stock .....	(184,868)	--
	-----	-----
Net cash provided by financing activities .....	88,886	349,045
	-----	-----
Net increase (decrease) in cash and cash equivalents	11,300,446	(2,984,875)
Cash and cash equivalents at beginning of the period	1,066,419	6,462,193
	-----	-----

Cash and cash equivalents at end of the period .....	\$12,366,865	\$ 3,477,318
	=====	=====

The accompanying notes are an integral part of the financial statements.

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ADVANCED MAGNETICS, INC.

RECONCILIATION OF NET INCOME  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES  
FOR THE NINE-MONTH PERIODS ENDED  
JUNE 30, 1996 AND 1995  
(Unaudited)  
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	Nine-Month Periods Ended June 30,	
	1996	1995
	----	----
Net income (Loss) .....	\$ (7,226,001)	\$ 1,272,563
	-----	-----
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Cumulative effect of accounting change .....	--	(117,540)
Credit for purchase of in-process research and development .	--	(380,000)
Depreciation and amortization .....	789,064	755,946
Accretion of U.S. Treasury Notes Discount .....	(23,321)	(40,070)
Decrease (increase) in accounts receivable .....	1,344,263	(1,599,383)
(Increase) decrease in prepaid expenses .....	(37,286)	(225,535)
(Decrease) increase in accounts payable and accrued expenses	(283,229)	368,101
(Decrease) in income taxes payable .....	(20,000)	--
(Increase) in recoverable income taxes .....	--	(53,500)
(Increase) in inventories .....	(47,665)	--
	-----	-----
Total adjustments .....	1,721,826	(1,291,981)
	-----	-----
Net cash provided by (used in) operating activities .....	\$ (5,504,175)	\$ (19,418)
	=====	=====

The accompanying notes are an integral part of the financial statements.

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ADVANCED MAGNETICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1996

A. SUMMARY OF ACCOUNTING POLICIES.

BUSINESS  
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Founded in November 1981, Advanced Magnetics, Inc., a Delaware Corporation (the "Company"), is a biopharmaceutical company engaged in the development and manufacture of compounds utilizing the Company's core proprietary colloidal superparamagnetic particle technology and core polysaccharide technology for magnetic resonance imaging ("MRI") and for polysaccharide directed, receptor-mediated drug delivery systems. The initial products developed by the Company are diagnostic imaging agents for use in conjunction with MRI to aid in the diagnosis of cancer and other diseases. In therapeutics, the Company is developing antiviral products for the treatment of hepatitis B.

The balance sheet of the Company as of June 30, 1996 and the statement of operations and cash flows for the quarter then ended are unaudited and in the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been recorded. Such adjustments consisted only of normal recurring items.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The year-end balance sheet data was derived from audited financial statements, but does not include disclosures required by generally accepted accounting principles. It is suggested that these interim financial statements be read in conjunction with the Company's most recent Form 10-K and Annual Report as of September 30, 1995.

B. MARKETABLE SECURITIES.

The cost and market value of the Company's marketable securities portfolio are as follows:

	June 30, 1996		September 30, 1995	
	Cost	Fair Value	Cost	Fair Value
U. S. government securities				
Due in one year or less	--	--	\$ 9,501,365	\$ 9,476,430
Due after one through five years	\$14,894,092	\$14,742,075	14,869,406	14,737,500
Corporate debt				
Due after five through ten years	1,408,294	1,709,550	1,980,040	2,002,500
Preferred stock	3,933,661	4,131,633	6,116,668	5,740,023
Common stock	2,023,129	3,544,995	3,220,735	4,604,810
	<u>\$22,259,176</u>	<u>\$24,128,253</u>	<u>\$35,688,214</u>	<u>\$36,561,263</u>
	=====	=====	=====	=====

C. INCOME TAX

There was no income tax provision for the nine-month period ended June

30, 1996 due to an operating loss for the period. The provision for income taxes for the nine-month period ended June 30, 1995 was at a rate of 14.5% of operating income.

D. LEGAL PROCEEDINGS

The Company and certain of its officers were sued in an action in the United States District Court for the District of Massachusetts on September 3, 1992. The plaintiff, a former consultant to the Company, claims that he was incorrectly omitted as an inventor or joint inventor on certain of the Company's patents and on pending applications, and seeks injunctive relief and unspecified monetary damages. The plaintiff filed a related case in the Superior Court of the Commonwealth of Massachusetts. The Superior Court has dismissed most of the claims on summary judgment. While the final outcome of these actions cannot be determined, the Company believes that the plaintiff's claims are without merit and intends to defend the actions vigorously.

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ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

Since its inception in November 1981, the Company has focused its efforts on developing its core superparamagnetic iron oxide particle technology. In recent years, the Company's efforts have been focused primarily on the development of MRI contrast agents and, to a lesser extent, on the development of a drug delivery platform that targets therapeutics to the liver. The Company has funded its operations with cash from license fees, royalties, sales of its products, the proceeds of financings, income earned on invested cash and fees from contract research performed for third parties. The Company's long-term viability and growth will depend on the successful commercialization of products resulting from its research activities. Among other things, successful commercialization of the Company's products will require obtaining necessary governmental approvals in a timely manner, attracting and retaining key employees and responding to technological changes in the marketplace.

The Company's operating results may continue to vary significantly from quarter to quarter or from year to year depending on a number of factors, including: (i) the timing of payments from corporate partners; (ii) the introduction of new products; (iii) the timing and size of orders from customers; (iv) the general level of acceptance of the Company's products; and (v) increases or decreases in, and timing of research and development, clinical trials and other expenses. Revenue or profits in any period will not necessarily be indicative of results in subsequent periods and there can be no assurance that the Company will achieve consistent profitability or that revenue growth will occur in the future.

A substantial portion of the Company's expenses consists of research and development expenses. The Company expects its research and development expenses to increase as it funds additional clinical trials and associated toxicology and pharmacology studies and devotes resources to developing additional contrast agents and hepatic drug product candidates.

The discussion in this Item 2 contains some forward looking statements which involve certain risks and uncertainties, including statements related to expenditures on research and development, liquidity and capital resources and capital expenditures. The Company's actual results may differ significantly from those stated in any forward-looking statements. Factors that may cause such differences include, but are not limited to, those relating to the timing and results of U. S. Food and Drug Administration ("FDA") action, delays in arrangements with clinical investigators, uncertainties relating to results of

clinical trials and product development and other risks identified from time to time in the Company's other filings with the Securities and Exchange Commission.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED JUNE 30, 1996 AS COMPARED TO THE  
-----  
QUARTER ENDED JUNE 30, 1995.  
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REVENUES  
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Total revenues for the third fiscal quarter ended June 30, 1996 were \$445,373 compared to \$1,889,710 for the third fiscal quarter ended June 30, 1995. The Company's revenues historically consist primarily of license fees, royalties on products sold by licensees, direct sales of products and investment income. The decrease in revenues in the third quarter ended June 30, 1996 compared to the third fiscal quarter ended June 30, 1995 resulted primarily from the lack of license fees and product sales and a reduction in interest and dividend income earned on investments.

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The Company accounts for royalty revenue based on estimated product sales by licensees for the applicable time period. There were no royalties for the third fiscal quarter ended June 30, 1996, since there were no product sales by licensees for this quarter. In addition, the company adjusted royalty revenue for this period by \$25,000 to reflect an overestimate of product sales in previous periods. Royalties for the third fiscal quarter ended June 30, 1995 were \$38,366.

There were no product sales for the third fiscal quarter ended June 30, 1996 compared to \$1,276,172 for the third fiscal quarter ended June 30, 1995. The initial product launch in Europe of the Company's liver contrast agent, Feridex I.V. marketed in Europe under the name Endorem(R) (ferumoxide), began in January 1995. All of the Company's product sales for the third fiscal quarter ended June 30, 1995 related to Endorem. Although the distributors are presently marketing and selling the Company's product, they have a sufficient level of inventory from product sales in previous periods to satisfy their current customer needs.

Interest, dividends and gains and losses on sales of securities resulted in revenues of \$470,373 for the third fiscal quarter ended June 30, 1996 compared to \$575,172 for the third fiscal quarter ended June 30, 1995. Interest income of \$377,867 for the third fiscal quarter ended June 30, 1996 was \$54,750 less than the third fiscal quarter ended June 30, 1995 primarily due to lower interest rates earned on investments. Dividend income of \$82,530 for the third fiscal quarter ended June 30, 1996 was \$60,025 less than the third fiscal quarter ended June 30, 1995. There was a net gain on sales of securities of \$9,976 for the third fiscal quarter ended June 30, 1996. There were no sales of securities in the third fiscal quarter ended June 30, 1995.

COSTS AND EXPENSES

Research and development expenses for the third fiscal quarter ended June 30, 1996 were \$2,559,241 compared to \$2,578,498 for the third fiscal quarter ended June 30, 1995. Selling, general and administrative expenses were \$749,235 for the third fiscal quarter ended June 30, 1996 compared to \$511,506 for the third fiscal quarter ended June 30, 1995. The increase of \$237,729 was primarily related to the write-off of expenses associated with a proposed, but later terminated, public offering of the Company's common stock.

The Company incurred no costs of product sold for the third fiscal quarter ended June 30, 1996 compared to \$256,333 for the third fiscal quarter



ended June 30, 1995.

#### INCOME TAXES

There was no provision for income taxes for the third fiscal quarter ended June 30, 1996 due to an operating loss. There was an income tax benefit of \$178,500 for the third fiscal quarter ended June 30, 1995 due to the reduction in the income tax provision for the nine-month period ended June 30, 1995.

#### EARNINGS

For the reasons stated above, there was a net loss of \$2,863,103 or \$(0.42) per share for the third fiscal quarter ended June 30, 1996 compared to a net loss of \$1,278,127 or \$(0.19) per share for the third fiscal quarter ended June 30, 1995.

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#### RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JUNE 30, 1996 AS COMPARED TO THE ----- NINE MONTHS ENDED JUNE 30, 1995 -----

#### REVENUES -----

Total revenues for the nine-month period ended June 30, 1996 were \$1,448,301 compared to \$8,854,650 for the nine-month period ended June 30, 1995.

There were no license fee revenues for the nine-month period ended June 30, 1996 compared to \$5,000,000 for the nine-month period ended June 30, 1995. The company received a non-refundable \$5,000,000 license fee on February 1, 1995 from Berlex Laboratories, Inc. ("Berlex") under an agreement granting Berlex a product license and exclusive marketing rights to the Company's Feridex I.V. MRI contrast agent in the United States and Canada.

Royalties for the nine-month period ended June 30, 1996 were \$125,000 relating to product sales in Europe by Guerbet S.A. of the Company's Feridex I.V., marketed in Europe under the name Endorem(R) (ferumoxide) and GastroMARK MRI contrast agents. Royalties for the nine-month period ended June 30, 1995 were \$38,366.

Product sales for the nine-month period ended June 30, 1996 were \$12,762 compared to \$2,120,457 for the nine-month period ended June 30, 1995 which were primarily for the initial product launch in Europe of Endorem (ferumoxide), the Company's liver imaging agent. Although the distributors are presently marketing and selling the Company's product, they have a sufficient level of inventory from product sales in previous periods to satisfy their current customer needs.

Interest, dividends and gains and losses on sales of securities resulted in revenues of \$1,310,539 for the nine-month period ended June 30, 1996 compared to \$1,695,827 for the nine-month period ended June 30, 1995. Interest income for the nine-month period ended June 30, 1996 was \$1,062,572 compared to \$1,244,947 for the nine-month period ended June 30, 1995. The decrease was primarily due to the maturing of United States Treasury Notes and lower interest rates earned on money market accounts in 1996. Dividend income for the nine-month period ended June 30, 1996 was \$173,345 less than the nine-month period ended June 30, 1995 primarily due to a reduction in funds invested in dividend paying preferred stocks. There was a net loss on sales of securities of \$31,996 for the nine-month period ended June 30, 1996 compared to a net loss of \$2,428 for the nine-month period ended June 30, 1995.

#### COSTS AND EXPENSES

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The cost of product sales for the nine-month period ended June 30, 1996 was \$2,550 compared to \$425,187 for the nine-month period ended June 30, 1995. The cost of product sales for the nine-month period ended June 30, 1995 related primarily to the sale in Europe of Endorem, the Company's liver imaging agent. The cost of product sales for both nine-month periods was 20% of product sales. Research and development expenses for the nine-month period ended June 30, 1996 increased 25% to \$7,236,546 from \$6,158,014 for the nine-month period ended June 30, 1995. The increase was primarily a result of costs associated with Phase III human clinical trials for the Company's Combidex(TM) contrast agent for use in imaging lymph nodes, liver, spleen and blood vessels and pre-clinical development of the Company's antiviral therapeutics. The nine-month period ended June 30, 1995 reflected a \$380,000 credit for the reversal of the purchase of in-process research and development expenses that were expensed in the fiscal year ended September 30, 1994 as part of the Company's Combidex transaction with Squibb Diagnostics, a Division of Bristol-Myers Squibb Co. The Company was relieved of its obligation to pay Bristol-Myers, and Bristol-Myers was relieved of its obligation to deliver Combidex to the Company for clinical trials. Selling general and administrative expenses increased 10% to \$1,435,206 for the nine-month period ended June 30, 1996 from \$1,299,926 for the nine-month period ended June 30, 1995. The increase was primarily due to expenses associated with a proposed public offering of the Company's common stock.

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#### OTHER

The Company adopted Statement of Financial Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", in the nine-month period ended June 30, 1995. As a result, the Company recorded a cumulative effect for the accounting change of \$117,540. Income before the cumulative effect was \$1,155,023.

#### INCOME TAXES

There was no income tax provision for the nine-month period ended June 30, 1996 due to an operating loss. The income tax provision for the nine-month period ended June 30, 1995 was \$196,500. The tax rate was lower than the 34% statutory rate as a result of tax benefit of temporary differences and dividend income exclusions.

#### EARNINGS

For the reasons stated above, there was a net loss for the nine-month period ended June 30, 1996 of \$7,226,001 or \$(1.07) per share compared to net income of \$1,272,563 or \$0.19 per share for the nine-month period ended June 30, 1995.

#### LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1996, the Company's cash and cash equivalents totaled \$12,366,865, representing an increase of \$11,300,446 from cash and cash equivalents at September 30, 1995. In addition, the Company had marketable securities of \$24,128,253 at June 30, 1996 as compared to \$36,561,263 at June 30, 1995. Net cash used in operating activities was \$5,504,175 in the nine-month period ended June 30, 1996 compared to net cash used in operating activities of \$19,418 in the nine-month period ended June 30, 1995. Cash provided by investing activities was \$16,715,735 for the nine-month period ended June 30, 1996 compared to \$3,314,502 used in investing activities in the nine-month period ended June 30, 1995. Cash provided by investing activities in the nine-month period ended June 30, 1996 included the proceeds of \$8,779,668 from the sale of marketable securities and the proceeds of \$9,796,348 from maturing United States

Treasury Notes. Offsetting these proceeds was the purchase of marketable securities of \$1,421,716 in the nine-month period ended June 30, 1996. Cash used in investing activities in the nine-month period ended June 30, 1995 included the purchase of marketable securities of \$5,644,725. Cash provided by financing activities in the nine-month period ended June 30, 1996 was \$88,886 compared to \$349,045 for the nine-month period ended June 30, 1995. Cash provided by financing activities in the fiscal nine-month period ended June 30, 1996 and 1995 included \$273,754 and \$349,045 respectively from the issuance of common stock. In May 1996, the Board of Directors authorized the purchase of up to 250,000 shares of the Company's common stock on the open market at prevailing market prices. The Company purchased 10,000 shares for \$184,868 in the third fiscal quarter ended June 30, 1996.

Capital expenditures in the nine-month period ended June 30, 1996 were \$387,780 compared to \$1,358,889 in the nine-month period ended June 30, 1995. Capital expenditures in the nine-month period ended June 30, 1995 included an upgrade to the Company's magnetic resonance imaging equipment and furnishings and equipment associated with the establishment of the Clinical Development Group in the Company's Princeton, New Jersey office. The Company has no current commitment for any significant expenditures on property, plant and equipment. The Company expects that expenditures for research and development for the remainder of fiscal 1996 will continue to increase due to human clinical trials for the Company's development stage contrast agents and antiviral hepatitis therapeutics.

Management believes that funds for future needs can be generated from existing cash balances, cash generated from investing activities and cash generated from operations. In addition, the Company will consider from time to time various financing alternatives and may seek to raise additional capital through equity or debt financing or to enter into corporate partnering arrangements. There can be no assurance, however, that such funding will be available on terms acceptable to the Company, if at all.

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## PART II. OTHER INFORMATION

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 27.1 Financial Data Schedule.

The Company did not file any current reports on Form 8-K during the quarter ended June 30, 1996.

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## 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.

ADVANCED MAGNETICS, INC.

Date August 8, 1996  
-----

By /s/ Jerome Goldstein  
-----

Jerome Goldstein, President,  
Treasurer and Chairman of the Board  
of Directors

Date August 8, 1996  
-----

By /s/ James A. Matheson  
-----

James A. Matheson, Vice President  
and Principal Accounting Officer

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