APEX BIOVENTURES ACQUISITION CORP
Form 10-Q
May 14, 2009

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

FORM 10-Q

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

For the quarterly period ended March 31, 2009.

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 Number: 001-33516

Apex Bioventures Acquisition Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	20-4997725 (I.R.S. Employer Identification No.)

18 Farm Lane
Hillsborough, California 94010
(Address of Principal Executive Offices including Zip Code)

(650) 344-3029
(Registrant's Telephone Number, Including Area Code)

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 x No

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. (Check one):

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-Accelerated Filer ¨ Smaller Reporting Company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes x No ¨

There were 10,781,250 shares of the Registrant's common stock issued and outstanding as of May 2, 2009.

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PART I - FIN ANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Apex Bioventures Acquisition Corporation and Subsidiary
(a development stage company)
Condensed Consolidated Balance Sheets

	March 31, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 6,494	$ 52,844
Investment held in trust	65,611,999	65,584,847
Investment held in trust from underwriter	2,070,000	2,070,000
Refundable income taxes	383,826	392,161
Prepaid expenses	63,051	58,411
Total current assets	68,135,370	68,158,263
Deferred income taxes	257,696	318,691
Total assets	$ 68,393,066	$ 68,476,954
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 142,835	$ 140,854
Advances from stockholders	14,522	18,551
Due to underwriter	-	2,070,000
Deferred interest	-	224,069
Notes payable stockholders	169,999	78,284
Total current liabilities	327,356	2,531,758
Common stock subject to conversion (2,587,499 shares at conversion value)	-	20,208,367
Commitments		
Stockholders' equity		
Preferred stock, $0.0001 par value; 1,000,000 authorized shares; none issued	-	-
Common Stock, $0.0001 par value; 60,000,000 shares authorized; 10,781,250 shares (which includes 2,587,499 shares subject to possible conversion at December 31, 2008) issued and outstanding	1,078	1,078
Additional paid-in capital	67,430,722	45,152,355
Income accumulated during the development stage	633,910	583,396
Total stockholders' equity	68,065,710	45,736,829
Total liabilities and stockholders' equity	$ 68,393,066	$ 68,476,954

See notes to unaudited condensed consolidated financial statements.

Apex Bioventures Acquisition Corporation and Subsidiary
(a development stage company)
Condensed Consolidated Statements of Operations

	Three Months Ended March 31, 2009 (Unaudited)	Three Months Ended March 31, 2008 (Unaudited)	Period from Inception (June 1, 2006) to March 31, 2009 (Unaudited)
Formation and operating costs	$ (146,266)	$ (766,734)	$ (2,004,922)
Interest and other income	251,227	611,133	3,212,034
Income (loss) before provision for income taxes	104,961	(155,601)	1,207,112
(Provision) benefit for income taxes	(54,447)	46,902	(573,202)
Net income (loss)	$ 50,514	$ (108,699)	$ 633,910
Net income (loss) per share - basic and diluted	$ -	$ (0.01)	
Weighted average number of common shares outstanding - basic and diluted	10,781,250	10,781,250	

See notes to unaudited condensed consolidated financial statements.

Apex Bioventures Acquisition Corporation and Subsidiary
(a development stage company)
Condensed Consolidated Statement of Stockholders' Equity (Deficiency)
For the period from June 1, 2006 (Inception) to March 31, 2009

	Common Stock		Additional	Income (Deficit) Accumulated During the	Total Stockholders' Equity
	Shares	Amount	Paid-in Capital	Development Stage	(Deficiency)
Common shares issued on June 27, 2006 at $0.01159 per share	2,156,250	$ 216	$ 24,784	$ -	$ 25,000
Net loss	-	-	-	(52,324)	(52,324)
Balances at December 31, 2006	2,156,250	216	24,784	(52,324)	(27,324)
Sale of private placement warrants	-	-	1,800,000	-	1,800,000
Sale of 8,625,000 units net of underwriters' discount and offering expenses (includes 2,587,499 shares subject to conversion)	8,625,000	862	63,535,838	-	63,536,700
Proceeds subject to forfeiture of 2,587,499 shares	-	-	(20,208,367)	-	(20,208,367)
Sale of underwriter option	-	-	100	-	100
Net income	-	-	-	696,925	696,925
Balances at December 31, 2007	10,781,250	$ 1,078	45,152,355	644,601	45,798,034
Net loss	-	-	-	(61,205)	(61,205)
Balances at December 31, 2008	10,781,250	$ 1,078	$ 45,152,355	$ 583,396	$ 45,736,829
Unaudited:					
Reclassification of proceeds subject to possible conversion	-	-	20,208,367	-	20,208,367
Reclassification of deferred underwriting fee			2,070,000		2,070,000
Net income (January 1, 2009 - March 31, 2009)				50,514	50,514
Balances at March 31, 2009	10,781,250	$ 1,078	$ 67,430,722	$ 633,910	$ 68,065,710

See notes to unaudited condensed consolidated financial statements.

Apex Bioventures Acquisition Corporation and Subsidiary
(a development stage company)
Condensed Consolidated Statement of Cash Flows

	Three Months Ended March 31, 2009 (Unaudited)	2008 (Unaudited)	Period from June 1, 2006 (inception) to March 31, 2009 (Unaudited)
Cash flows from operating activities			
Net income (loss)	$ 50,514	$ (108,699)	$ 633,910
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Deferred income taxes	60,995	(5,446)	(257,696)
Interest earned on trust account	(27,152)	(602,813)	(3,186,998)
Change in operating assets and liabilities:			
Prepaid expenses	(4,640)	19,489	(63,051)
Accounts payable and accrued expenses	1,981	(14,417)	142,835
Income taxes payable (refundable)	8,335	(41,456)	(383,826)
Deferred interest	(224,069)		-
Net cash used in operating activities	(134,036)	(753,342)	(3,114,826)
Cash flows from investing activities			
Disbursements from trust account	-	986,545	2,834,999
Cash held in trust account	-	-	(67,330,000)
Net cash provided by (used in) investing activities	-	986,545	(64,495,001)
Cash flows from financing activities			
Proceeds from public offering	-	-	69,000,000
Proceeds from private placement of warrants	-	-	1,800,000
Proceeds from stockholders loans	91,715	-	394,999
Repayment of stockholders loans	-	-	(225,000)
Proceeds from advances from stockholders	27,068	55,926	366,346
Repayment of advances from stockholders	(31,097)	(50,944)	(351,824)
Proceeds from sale of option to underwriters	-	-	100
Proceeds from the sale of common stock	-	-	25,000
Payment of offering expenses	-	-	(3,393,300)
Cash provided by financing activities	87,686	4,982	67,616,321
Net increase (decrease) in cash and cash equivalents	(46,350)	238,185	6,494
Cash and cash equivalents, beginning of period	52,844	1,060,427	0
Cash and cash equivalents, end of period	$ 6,494	$ 1,298,612	$ 6,494
Supplemental schedule of non cash financing activities:			
Accrual of offering costs	$ -	$ -	$ -
Accrual of deferred underwriting fees	$ -	$ -	$ 2,070,000

See notes to unaudited condensed consolidated financial statements.

Apex Bioventures Acquisition Corporation and Subsidiary
(a development stage company)
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2009

Note 1 – Basis of Presentation

The financial statements at March 31, 2009 and for the periods ended March 31, 2009 and 2008 are unaudited. The condensed financial statements include the accounts of Apex Bioventures Acquisition Corporation ("Apex") and its wholly owned subsidiary, Apex Acquisition Sub, Inc. ("Acquisition Sub") (collectively referred to as the "Company"). All significant intercompany transactions and balances have been eliminated. In the opinion of management, all adjustments (consisting of normal accruals) have been made that are necessary to present fairly the financial position of the Company as of March 31, 2009 and the results of its operations and its cash flows for the three months ended March 31, 2009 and 2008 and for the period from June 1, 2006 (inception) through March 31, 2009. The results for the period ended March 31, 2009 include adjustments related to the Board of Directors approval of the dissolution and liquidation of the Company (see Note 5). Operating results for the interim period presented are not necessarily indicative of the results to be expected for a full year.

The financial statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. Audited financial statements as of and for the year ended December 31, 2008, prepared in accordance with generally accepted accounting principles, are contained in the Company's 2008 annual report on Form 10-K filed with the Securities and Exchange Commission. The December 31, 2008 balance sheet included in this report has been derived from the audited financial statements included in said annual report.

Note 2 – Organization and Business Operations

The Company was incorporated in Delaware on June 1, 2006. The Company was formed to acquire one or more domestic or foreign operating businesses in the healthcare industry through a merger, capital stock exchange, asset acquisition or other similar business combination. The Company has neither engaged in any operations nor generated significant revenue to date. The Company is considered to be in the development stage and is subject to the risks associated with activities of development stage companies.

The registration statement for the Company's initial public offering (the "Public Offering") (as described in Note 4) was declared effective on June 7, 2007. The Company consummated the Public Offering on June 13, 2007 and received net proceeds of approximately $65,300,000, including $1,800,000 of proceeds from the private placement (the "Private Placement") sale of 1,800,000 insider warrants to the Company's stockholders prior to the Public Offering (the "Initial Stockholders"). The warrants sold in the Private Placement are identical to the warrants sold in the Public Offering, except that such warrants are non-redeemable and can be exercised on a cashless basis as long as these persons hold such warrants. In addition, subject to certain limited exceptions, none of the warrants purchased by the Initial Stockholders are transferable or salable until six months after the consummation of a business combination.

The Company's management had broad discretion with respect to the specific application of the net proceeds of the Public Offering, although substantially all of the net proceeds of the Public Offering were intended to be generally applied toward consummating a business combination with (or acquisition of) one or more domestic or foreign operating businesses in the healthcare industry ("Business Combination"). As described in Note 5, the Company will not be able to consummate a business combination. Upon the closing of the Public Offering and Private Placement, $67,330,000, including $2,070,000 of the underwriters' discounts and commissions as described in Note 4, is being held in a trust account (the “Trust Account”) invested in government securities. The Trust Account will be maintained until the earlier of (i) the consummation of the Company's first Business Combination and (ii) liquidation of the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses and other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. The Company’s Initial Stockholders have agreed that they will be liable, on a joint and several basis, to cover claims made by such third parties, but only if, and to the extent, the claims reduce the amounts in the Trust Account available for payment to our public stockholders in the event of a liquidation and the claims are made by a vendor or service provider for services rendered, or products sold, to us or by a prospective acquisition target. However, our Initial Stockholders will not have any personal liability as to any claimed amounts owed to a third party who executed a waiver (including a prospective acquisition target) or the underwriters. However, there can be no assurance that that the Initial Stockholders will be able to satisfy those obligations. The Company has used all or substantially all the remaining net proceeds (not held in the Trust Account), along with $1,600,000 in dividend income net of taxes payable on such dividends, to pay for business, legal and accounting due diligence on prospective acquisitions, negotiations with prospective targets and continuing general and administrative expenses. As of March 31, 2009, there had been $1,600,000 released to the Company from the Trust Account for working capital purposes and $1,235,000 for income taxes.

If an initial Business Combination had been approved and consummated, the Company would have been required to submit such transaction for stockholder approval and stockholders owning 30% or more of the shares sold in the Public Offering (the "Public Stockholders") could have voted against the Business Combination and demanded that the Company convert his or her shares to cash. The per share conversion price will equal the amount in the Trust Account (including dividends, but less amounts reserved or released to us for working capital and net of income taxes payable), calculated as of two business days prior to the consummation of the proposed Business Combination, divided by the number of shares of common stock held by Public Stockholders at the consummation of the Public Offering. Accordingly, Public Stockholders holding 29.99% of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account (subject to distributions for working capital and amounts paid or accrued for taxes) computed without regard to the shares held by Initial Stockholders. Accordingly, a portion of the net proceeds from the Public Offering (29.99% of the amount that was placed in the Trust Fund) had been classified as common stock subject to possible conversion and a portion of interest earned on the Trust Account (29.99% of the excess interest earned on the Trust Account above the $1,600,000 allowable to be released to the Company to fund working capital requirements, net of any income tax obligations) had been classified as deferred interest. Since no acquisition was submitted to stockholders, as described in Note 5, the common stock subject to possible conversion was reclassified to paid-in capital and the deferred interest was recorded as interest income during the period ended March 31, 2009.

Note 3 – Summary of Significant Accounting Policies

New Accounting Pronouncements

The Company does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Net Income (Loss) per Common Share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding for the period. The effect of the 8,625,000 outstanding warrants issued in connection with the initial public offering, the 1,800,000 outstanding warrants issued in connection with the private placement and the 450,000 units included in the underwriters purchase option has not been considered in diluted income (loss) per share calculations since the warrants cannot be exercised until the later of the Company's initial Business Combination or June 7, 2008.

Note 4 – Initial Public Offering & Value of Unit Purchase Option

On June 13, 2007, the Company sold 8,625,000 units (“Units”), including 1,125,000 Units pursuant to the over-allotment option granted to the underwriters, in the Public Offering at a price of $8.00 per Unit. Each Unit consists of one share of the Company's common stock, $0.0001 par value, and one Common Stock Purchase Warrant (“Warrant”). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of $6.00 commencing on the later of the completion of a Business Combination with a target business and one year from the effective date of the registration statement for the Public Offering and expiring four years from such effective date, unless earlier redeemed. The Warrants will be redeemable at a price of $0.01 per Warrant upon 90 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least $11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. In accordance with the warrant agreement relating to the Warrants sold and issued in the Public Offering, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration statement is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants will likely expire unexercised and unredeemed.

In connection with the Public Offering, the Company paid Lazard Capital Markets LLC and Ladenburg Thalmann & Co. Inc., the underwriters of the Public Offering, underwriting discounts and commissions of 7% of the gross proceeds of the Public Offering, of which 3% of the gross proceeds ($2,070,000) are held in the Trust Account and payable only upon the consummation of a Business Combination. The deferred portion of the underwriters discount has been reclassified to stockholders equity during the period ended March 31, 2009 since the Company will not consummate a Business Combination.

Simultaneously with the consummation of the Public Offering, the Initial Stockholders purchased 1,800,000 warrants (“Private Placement Warrants”) at a purchase price of $1.00 per warrant, in a private placement. The proceeds of $1,800,000 were placed in the Trust Account. The Private Placement Warrants are identical to the Warrants underlying the Units sold in the Public Offering except that such Private Placement Warrants are non-redeemable and are exercisable on a cashless basis as long as they are still held by the initial purchasers. The purchasers have agreed that the Private Placement Warrants will not be sold or transferred by them (other than to certain permitted transferees who agree to be similarly bound), until six months after the completion of a Business Combination.

In connection with this Offering, the Company issued an option to the underwriters, for $100, to purchase up to a total of 450,000 Units at $10.00 per Unit. The Units issuable upon exercise of this option are identical to those offered in the Public Offering. The purchase option and its underlying securities have been registered under the registration statement. The option has a useful life of five years.

The sale of the option was accounted for as an equity transaction. Accordingly, there was no net impact on the Company’s financial position or results of operations, except for the recording of the $100 proceeds from the sale. The Company has determined, based upon a Black-Scholes model, that the fair value of the option on the date of sale was approximately $1.35 million, using an expected life of five years, volatility of 43% and a risk free interest rate of 4.75%. Since the Company will not consummate a Business Combination, as described in Note 5, the option will expire worthless.

Note 5 – Liquidation and Dissolution

The Company's Second Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until 18 months from the date of the consummation of the Public Offering, or 24 months from the consummation of the Public Offering if certain extension criteria have been satisfied. If the Company has not completed a Business Combination by such date, its corporate existence will cease and, subject to stockholder approval, it will dissolve and liquidate for the purposes of winding up its affairs. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Fund assets) will be less than the initial public offering per share in the Public Offering (assuming no value is attributed to the Warrants contained in the Units sold in the Public Offering discussed in Note 4).

On March 4, 2009, the Company's Board of Directors determined that the Company would not be able to consummate a business combination on or before June 13, 2009 and, as required by its Second Amended and Restated Certificate of Incorporation, approved the dissolution and liquidation of the Company. In accordance with the Second Amended and Restated Certificate of Incorporation, the Board of Directors must now submit a plan of liquidation to our stockholders for their approval. Accordingly, subject to stockholder approval, the Company will distribute to all of the Company's public stockholders, in proportion to their respective equity interests, an aggregate sum equal to the amount in the Trust Account, inclusive of any interest (net of taxes payable), plus any remaining net assets. The Company's assets currently outside of the Trust Account, even if the Company obtains a tax refund that it intends to apply for, are not expected to exceed the Company's liabilities, including potential liabilities to creditors who waived any claims against the Trust Account but who may assert claims as to any amounts outside the Trust Account, and other contingent or unknown liabilities that may arise. The Company may use any assets outside of the Trust Account, including any tax refunds it may receive, to repay advances made by the Company's initial stockholders and pay costs incurred while the Company was pursuing business combinations, including fees payable to service providers such as accountants, lawyers and other advisors and amounts payable to vendors. Accordingly, it is unlikely that any amounts other than the amounts currently in the Trust Account will be available for distribution to the Company's public stockholders. Upon liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the per share price in the Public Offering (assuming no value is attributed to the Warrants contained in the Units sold in the Public Offering). The Company has set June 2, 2009 as the date of the stockholders meeting to approve the plan of liquidation and dissolution. Stockholders of record as of the close of business on May 15, 2009 will be entitled to vote at the stockholders meeting.

On March 6, 2009, following announcement of our Board of Directors' determination to seek dissolution and liquidation, the NYSE Amex halted trading of our warrants as they are expected to expire worthless.

Note 6 – Related Party Transactions

As of March 31, 2009 and December 31, 2008, advances from stockholders were $14,522 and $18,551, respectively, due to officers and directors for operating costs incurred on behalf of the Company.

As of November 14, 2008, the Company issued promissory notes for approximately $170,000 to our Initial Stockholders, in aggregate of which $78,284 was received as of December 31, 2008 and the remaining proceeds of $91,715 was received as of March 31, 2009 to provide ongoing working capital. These notes accrue interest at a rate of 1.63% and are payable upon the earlier of November 14, 2009, or the Company's liquidation and dissolution.

Note 7 – Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors.

Note 8 – Reserved Common Stock

At March 31, 2009, 11,325,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants and the underwriters' purchase option.

Note 9 – Investment Held in Trust

At March 31, 2009, Investments Held in Trust were invested entirely in an Institutional Class - Treasury Money Market Portfolio managed by Morgan Stanley. The average interest rate on invested funds during the first quarter of 2009 was 0.1%.

The Company adopted SFAS No. 157 on January 1, 2008, delaying, as permitted, application for non-financial assets and non-financial liabilities. SFAS No. 157 establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, and requires that assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: quoted prices (unadjusted) in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2: inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange based derivatives, mutual funds, and fair-value hedges.

Level 3: unobservable inputs for the asset or liability are only used when there is little, if any, market activity for the asset or liability at the measurement date. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

In accordance with SFAS No. 157, the Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are subject to SFAS No. 157 at each reporting period end.

The Investments Held in Trust, as described above, is the only financial instrument that is measured and recorded at fair value on the Company's balance sheet on a recurring basis. These money market securities are considered to be highly liquid and easily tradable investments and are valued using inputs observable in active markets for identical securities and, therefore, are classified as level 1 within the fair value hierarchy.

	Total	Level 1	Level 2	Level 3
Treasury MMF Portfolio held in Trust	$ 67,681,999	$ 67,681,999	-	-

Note 10 - Income Taxes

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" ("FIN 48"), which provides criteria for the recognition, measurement, presentation and disclosure of an uncertain tax position. A tax benefit from an uncertain position may be recognized only if it is "more likely than not" that the position is sustainable based on its technical merits. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 did not have a material effect on the Company's financial condition or results of operations.

Deferred income taxes are provided using the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates as of the date of enactment. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits, if any, will be classified as additional taxes in the statement of operations.

The Company has recorded a valuation allowance against the state deferred tax asset since it cannot determine realizability for tax purposes and therefore cannot conclude that the deferred tax asset is more likely than not recoverable at this time.

The provision (benefit) for income taxes for the three months ended March 31, 2009 and 2008 consists of the following:

	March 31,	
	2009	2008
Current:		
Federal	$ $ (4,138)	$ (41,456)
State	800	-
Total current	(3,338)	(41,456)
Deferred:		
Federal	$ 57,785	(5,446)
	$ $ 54,447	$ $ (46,902)

The tax effect of temporary differences that give rise to the net deferred tax asset at March 31, 2009 is as follows:

Expense deferred for income tax purposes	$ 331,117
Valuation allowance	$ (73,421)
Deferred Income Taxes	$ $ 257,696

Note 11 - Commitment

As of March 31, 2009, the Company had unbilled legal fees of $1,194,383; the Company expects to negotiate a settlement of its unpaid legal fees and expenses out of any remaining available funds after liquidation and distribution.

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ITEM 2. MANAGEME NT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission filings.

The following discussion should be read in conjunction with our unaudited Financial Statements and related Notes thereto included elsewhere in this report.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Overview

We were formed on June 1, 2006 as a blank check company for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more operating businesses in the healthcare industry. We intended to use cash derived from the net proceeds of our initial public offering to effect a business combination. On March 4, 2009, our Board of Directors determined that the Company will not consummate a business combination within the time frame required by our Second Amended and Restated Certificate of Incorporation and accordingly, approved the dissolution and liquidation of the Company, subject to approval by the Company’s stockholders. On March 6, 2009, following announcement of our Board of Directors’ determination to seek dissolution and liquidation, the NYSE Amex halted trading of our warrants as they are expected to expire worthless.

Apex Acquisition Sub, Inc. is a Delaware corporation and a wholly-owned subsidiary of Apex (“Acquisition Sub”). Acquisition Sub was formed for the purpose of effecting a proposed merger transaction and has engaged in no other business activities or operations since its formation.

Results of Operations

The Company's net income of $50,514 for the three months ended March 31, 2009 consisted of formation and operating costs of $146,266 offset by interest and other income of $251,227. During the same three month period, we recorded a provision for income taxes in the amount of $54,447. For the three months ended March 31, 2008, the

Company incurred a net loss of $108,699, consisting of formation and operating costs of $766,734 offset by interest and other income of $611,133 and a benefit for income taxes of $46,902. .

The net income of $633,910 for the period from June 1, 2006 (date of inception) to March 31, 2009 consisted of formation and operating costs of $2,004,922, offset by interest and other income of $3,212,034 and a provision for income taxes of $573,202.

Interest and other income during the first quarter of 2009 included $27,152 in interest income and $224,069 due to the reversal of deferred interest. Operating costs during the three month period ending March 31, 2008 included $380,400 in expenses related to due diligence associated with the terminated merger of Dynogen. In addition, $150,000 of legal expenses, associated with Dynogen, were incurred.

Liquidity and Capital Resources

We have used all or substantially all of the net proceeds of the Public Offering and private placement that occurred immediately prior thereto held outside the trust account and the up to $1,600,000 of dividend income (net of income taxes payable thereon) available to us for working capital to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination.

In November, 2008, the Company issued promissory notes for $170,000 to our Initial Stockholders, of which $78,284 was received as of December 31, 2008, to provide ongoing working capital. The remaining balance of the notes was received during the first quarter of 2009. As of May 4, 2009, the Company amended and restated the promissory notes issued in November 2008. The amended and restated promissory notes provide for an aggregate principal amount of up to $520,000. We believe the funds available to us outside of the Trust Account ($6,494 as of March 31, 2009), and the remaining proceeds from the amended and restated notes by the Initial Stockholders, will be sufficient to allow us to consummate the liquidation and distribution process.

Off-Balance Sheet Arrangements

Options and warrants issued in conjunction with our initial public offering are equity linked derivatives and accordingly represent off-balance sheet arrangements. The options and warrants meet the scope exception in paragraph 11(a) of Statement of Financial Accounting Standards 133 “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”) and are accordingly not accounted for as derivatives for purposes of SFAS 133, but instead are accounted for as equity. See Note 4 to the financial statements for more information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. We are not presently engaged in, and if a suitable business target is not identified by us prior to the prescribed liquidation date of the trust fund we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the trust account are to be invested only in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 or United States treasury bills having a maturity of 180 days or less. Given our limited risk in our exposure to money market funds and treasury bills, we do not view the interest rate risk to be significant.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2009 was made under the supervision and with the participation of our management. Based on that evaluation, our management concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. During the most recently completed fiscal quarter, there has not been any change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Not applicable as the Company is a smaller reporting company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Form of Amended and Restated Promissory Note, dated as of May 4, 2009, issued to each of the Initial Shareholders
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer

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.

APEX BIOVENTURES ACQUISITION CORPORATION

May 14, 2009 By: /s/ Darrell J. Elliott
Darrell J. Elliott
Chief Executive Officer

May 14, 2009 By: /s/ Gary E. Frashier
Gary E. Frashier
Chief Financial Officer