

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

FORM 10-Q

(Mark One)

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

For the Quarter Ended June 30, 2005

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 No. 0-23047

SIGA Technologies, Inc.
(Exact name of registrant as specified in its charter)

A Delaware Corporation

IRS Employer No. 13-3864870

420 Lexington Avenue, Suite 408, New York, NY 10170
Telephone Number (212) 672-9100

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 ☐.

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

As of August 11, 2005 the registrant had 24,500,648 shares of common stock
outstanding.

SIGA Technologies, Inc.

Form 10-Q

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SIGA TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2005 (Unaudited)	December 31, 2004
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 689,046	\$ 2,020,938
Accounts receivable	62,730	108,904
Prepaid expenses	104,418	278,547
	-----	-----
Total current assets	856,194	2,408,389
Property, plant and equipment, net	1,042,800	508,015
Goodwill	898,334	898,334
Intangible assets, net	1,481,433	2,114,297
Other assets	234,126	181,725
	-----	-----
Total assets	\$ 4,512,887	\$ 6,110,760
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,110,303	\$ 1,148,277
Accrued expenses and other	301,359	403,072
Note payable to General Electric Capital Corporation	267,986	--
	-----	-----
Total liabilities	2,679,648	1,551,349
Commitments and contingencies	--	--
Stockholders' equity		
Series A convertible preferred stock (\$.0001 par value, 10,000,000 shares authorized, 68,038 issued and outstanding at June 30, 2005 and December 31, 2004)	58,672	58,672
Common stock (\$.0001 par value, 50,000,000 shares authorized, 24,500,648 issued and outstanding at June 30, 2005 and December 31, 2004)	2,450	2,450
Additional paid-in capital	48,691,350	48,679,650
Accumulated deficit	(46,919,233)	(44,181,361)
	-----	-----
Total stockholders' equity	1,833,239	4,559,411
	-----	-----
Total liabilities and stockholders' equity	\$ 4,512,887	\$ 6,110,760
	=====	=====

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
	-----	-----	-----	-----
Revenues				
Research and development	\$ 1,863,995	\$ 298,537	\$ 3,322,560	\$ 459,754
	-----	-----	-----	-----
Operating expenses				
Selling, general and administrative	811,238	1,111,534	1,655,948	2,117,394
Research and development	2,582,752	1,026,450	4,134,391	2,045,991
Patent preparation fees	90,852	54,901	265,890	146,740
Loss on impairment of intangible assets		610,063		610,063
	-----	-----	-----	-----
Total operating expenses	3,484,842	2,802,948	6,056,229	4,920,188
	-----	-----	-----	-----
Operating loss	(1,620,847)	(2,504,411)	(2,733,669)	(4,460,434)
Other income (loss), net	(9,600)	14,776	(4,203)	31,231
	-----	-----	-----	-----
Net loss	\$ (1,630,447)	\$ (2,489,635)	\$ (2,737,872)	\$ (4,429,203)
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic and diluted	24,500,648	23,443,881	24,500,648	23,227,213
	=====	=====	=====	=====
Net loss per share: basic and diluted	\$ (0.07)	\$ (0.11)	\$ (0.11)	\$ (0.19)
	=====	=====	=====	=====

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2005	2004
	-----	-----
Cash flows from operating activities:		
Net loss	\$(2,737,872)	\$(4,429,203)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on impairment of intangible assets	--	610,063
Loss on impairment of investments	15,000	--
Loss on write-off of prepaid expenses	91,083	--
Depreciation	78,793	178,304
Amortization of intangible assets	632,864	278,152
Issuance of stock options to non-employee directors	11,700	--
Changes in assets and liabilities:		
Accounts receivable	46,174	(8,195)
Prepaid expenses	83,046	(19,695)
Other assets	(67,401)	(28,274)
Accounts payable and accrued expenses	860,313	312,386
	-----	-----
Net cash used in operating activities	(986,300)	(3,106,462)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(613,578)	(30,222)
	-----	-----
Net cash used in investing activities	(613,578)	(30,222)
	-----	-----
Cash flows from financing activities:		
Proceeds from note payable to GE Capital	267,986	--
Net proceeds from issuance of common stock	--	6,784,607
Proceeds from exercise of options and warrants	--	19,375
	-----	-----
Net cash provided from financing activities	267,986	6,803,982
	-----	-----
Net increase (decrease) in cash and cash equivalents	(1,331,892)	3,667,298
Cash and cash equivalents at beginning of period	2,020,938	1,440,724
	-----	-----
Cash and cash equivalents at end of period	\$ 689,046	\$ 5,108,022
	=====	=====

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

1. Basis of Presentation

The financial statements of SIGA Technologies, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and the rules of the Securities and Exchange Commission (the "SEC") for quarterly reports on Forms 10-Q and do not include all of the information and footnote disclosures required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2004, included in the 2004 Form 10-K. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair presentation of the results of the interim periods presented have been included. The results of operations for the three and six months ended June 30, 2005 are not necessarily indicative of the results expected for the full year.

The accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has incurred cumulative net losses and expects to incur additional losses to perform further research and development activities. The Company does not have commercial products and has limited capital resources. Management's plans with regard to these matters include continued development of its products as well as seeking additional research support funds and financial arrangements. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient financing on commercially reasonable terms. Management believes that its anticipated cash flows, including receipt of funding from government contracts and grants, are sufficient to support its operations through the second quarter of 2006 and that sufficient cash flows will be available to meet the Company's business objectives. In the event that sufficient funds are not available, the Company will need to postpone or discontinue some or all of its planned operations and projects. Continuance of the Company as a going concern is dependent upon, among other things, the success of the Company's research and development programs and the Company's ability to obtain adequate financing. The financial statements do not include any adjustments relating to the recoverability of the carrying amount of recorded assets and liabilities that might result from the outcome of these uncertainties.

2. Significant Accounting Policies

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include the realization of deferred tax assets, useful lives and impairment of tangible and intangible assets, and the value of options and warrants granted by the Company. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of short term, highly liquid investments, with original maturities of less than three months when purchased and are stated at cost. Interest income is accrued as earned.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the various asset classes. Estimated lives are 5 years for laboratory equipment; 3 years for computer equipment; 7 years for furniture and fixtures; and the shorter of the estimated lives or the life of the lease for leasehold improvements. Maintenance, repairs and minor replacements are charged to expense as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the Balance Sheet and any gain or loss is reflected in the Statement of Operations.

Revenue Recognition

The Company recognizes revenue from contract research and development and research payments in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition, ("SAB 104"). In accordance with SAB 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectibility is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer. The Company recognizes revenue from non-refundable up-front payments, not tied to

achieving a specific performance milestone, over the period which the Company is obligated to perform services or based on the percentage of costs incurred to date, estimated costs to complete and total expected contract revenue. Payments for development activities are recognized as revenue as earned, over the period of effort. Substantive at-risk milestone payments, which are based on achieving a specific performance milestone, are recognized as revenue when the milestone is achieved and the related payment is due, providing there is no future service obligation associated with that milestone. In situations where the Company receives payment in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

For the three month periods ended June 30, 2005 and 2004, revenues from National Institute of Health ("NIH") Small Business Innovation Research ("SBIR") grants approximated 95% and 61%, respectively, of total revenues recognized by the Company. For the six month periods ended June 30, 2005 and 2004, revenues from NIH SBIR grants approximated 94% and 55%, respectively, of total revenues recognized by the Company.

Accounts Receivable

Accounts receivable are recorded net of provisions for doubtful accounts. An allowance for doubtful accounts is based on specific analysis of the receivables. At June 30, 2005 and December 31, 2004 the Company had no allowance for doubtful accounts.

Research and development

Research and development expenses include costs directly attributable to the conduct of research and development programs, including employee related costs, materials, supplies, depreciation on and maintenance of research equipment, the cost of services provided by outside contractors, and facility costs, such as rent, utilities, and general support services. All costs associated with research and development are expensed as incurred. Costs related to the acquisition of technology rights, for which development work is still in process, and that have no alternative future uses, are expensed as incurred.

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The Company performs an annual review in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, to determine if the carrying value of the recorded goodwill is impaired. Goodwill impairment is determined using a two-step approach in accordance with Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value.

Identified Intangible Assets

Acquisition-related intangible assets include acquired technology, customer contracts, grants and covenants not to compete, and are amortized on a straight line basis over periods ranging from 3.5 to 4 years.

In accordance with Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), the Company performs a review of its identified intangible assets to determine if facts and circumstances exist which indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances do exist, the Company assesses the recoverability of identified intangible assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Changes in events or circumstances that may affect long-lived assets include, but are not limited to, cancellations or terminations of research contracts or pending government grants.

Income taxes

Income taxes are accounted for under the asset and liability method prescribed by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

Net loss per common share

The Company computes, presents and discloses earnings per share in accordance with SFAS 128 "Earnings Per Share" ("EPS") which specifies the computation, presentation and disclosure requirements for earnings per share of entities with publicly held common stock or potential common stock. The statement defines two earnings per share calculations, basic and diluted. The objective of basic EPS is to measure the performance of an entity over the reporting period by dividing income (loss) by the weighted average shares outstanding. The objective of diluted EPS is consistent with that of basic EPS, that is to measure the performance of an entity over the reporting period, while giving effect to all dilutive potential common shares that were outstanding during the period. The calculation of diluted EPS is similar to basic EPS except the denominator is increased for the conversion of potential common shares.

The Company incurred losses for the six months ended June 30, 2005 and June 30, 2004 and as a result, certain equity instruments are excluded from the calculation of diluted loss per share. At June 30, 2005 and 2004, 68,038 shares of the Company's Series A convertible preferred stock have been excluded from the computation of diluted loss per share as they are anti-dilutive. At June 30, 2005 and 2004, outstanding options to purchase 9,652,061 and 6,460,811 shares, respectively, of the Company's common stock with exercise prices ranging from \$1.00 to \$5.50 have been excluded from the computation of diluted loss per share as they are anti-dilutive. At June 30, 2005 and 2004, outstanding warrants to purchase 8,469,594 and 8,619,594 shares, respectively, of the Company's common stock, with exercise prices ranging from \$1.00 to \$3.63 have been excluded from the computation of diluted loss per share as they are anti-dilutive.

Fair value of financial instruments

The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments.

Concentration of credit risk

The Company has cash in bank accounts that exceed the Federal Deposit Insurance Corporation insured limits. The Company has not experienced any losses on its cash accounts. No allowance has been provided for potential credit losses because management believes that any such losses would be minimal.

Stock compensation

The Company applies the recognition and measurement principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its stock-based compensation program. Accordingly, employees' and directors' related compensation expense is recognized only to the extent of the intrinsic value of the compensatory options or shares granted.

The following table illustrates the effect on net income (loss) available to common stockholders and earnings (loss) per share as if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by SFAS 148, "Accounting for Stock-Based Compensation - Transaction and Disclosure, an amendment to FASB Statement No. 123."

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net loss, as reported	(\$1,630,447)	(\$2,489,635)	(\$2,737,872)	(\$4,429,203)
Add: Stock-based employee compensation expense recorded under APB No. 25	--	--	--	--
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(240,907)	(169,653)	(452,043)	(267,803)
Pro forma net loss applicable to common shareholders	(\$1,871,354)	(\$2,659,288)	(\$3,189,915)	(\$4,697,006)
Net loss per share:				
Basic and diluted -as reported	\$ (0.07)	\$ (0.11)	\$ (0.11)	\$ (0.19)
Basic and diluted -pro forma	\$ (0.08)	\$ (0.11)	\$ (0.13)	\$ (0.20)

During the three months ended June 30, 2005 the Company granted each of its non-employee directors their annual award of 10,000 options under the Company's Amended and Restated 1996 Incentive and Non-Qualified Option Plan.

The options were granted on June 2, 2005, with an exercise price of \$1.22 per share, the price of the Company's common shares as of the Company's 2005 annual meeting. The difference between the exercise price and the fair market value of the Company's common shares on the date of the grant resulted in non-cash compensation expense of \$11,700. No options were awarded by the Company during the six months ended June 30, 2004.

Segment information

The Company is managed and operated as one business. The entire business is managed by a single management team that reports to the Chief Executive Officer. The Company does not operate separate lines of business or separate business entities with respect to any of its product candidates. Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and only has one reportable segment as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information".

3. Intangible Assets

Amortization expense recorded for the six months ended June 30, 2005 and 2004 was as follows:

	Six Months Ended June 30,	
	2005	2004
	-----	-----
Amortization of acquired grants	\$ 490,673	\$ --
Amortization of customer contract and grants	16,714	72,630
Amortization of covenants not to compete	84,167	95,972
Amortization of acquired technology	41,310	109,550
	-----	-----
	\$ 632,864	\$ 278,152
	=====	=====

4. Stockholders' Equity

At June 30, 2005, the Company's authorized share capital consisted of 60,000,000 shares, of which 50,000,000 are designated common shares and 10,000,000 are designated preferred shares. The Company's Board of Directors is authorized to issue preferred shares in series with rights, privileges and qualifications of each series determined by the Board.

Holders of the Series A Convertible Preferred Stock are entitled to (i) cumulative dividends at an annual rate of 6% payable when and if declared by the Company's board of directors; (ii) in the event of liquidation of the Company, each holder is entitled to receive \$1.4375 per share (subject to certain adjustments) plus all accrued but unpaid dividends; (iii) convert each share of Series A to a number of fully paid and non-assessable shares of common stock as calculated by dividing \$1.4375 by the Series A Conversion Price (shall initially be \$1.4375); and (iv) vote with the holders of other classes of shares on an as-converted basis.

5. Related Parties

During the first six months of 2005, the Company incurred costs of \$238,600 related to work performed by Transtech Pharma, Inc., a related party, and its affiliates in connection with one of the Company's lead product programs. On June 30, 2005, the Company's outstanding payables included \$218,600 payable to the related party and its affiliates.

6. Note Payable

On May 20, 2005, the Company borrowed approximately \$276,000 under a Promissory Note payable to General Electric Capital Corporation. The note is payable in 36 monthly installments of principal and interest of 10.31% per annum. The note is secured by a master security agreement dated as of April 29, 2005 and by specific property listed under the master security agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our financial statements and notes to those statements and other financial information appearing elsewhere in this Quarterly Report. In addition to historical information, the following discussion and other parts of this Quarterly Report contain forward-looking information that involves risks and uncertainties.

Overview

Since our inception in December 1995, we have been principally engaged in the research and development of novel products for the prevention and treatment of serious infectious diseases, including products for use in the defense against biological warfare agents such as Smallpox and Arenaviruses. The effort to develop a drug for Smallpox is being aided by SBIR grants from the NIH totaling approximately \$5.8 million that were awarded in the third quarter of 2004 and a \$1.6 million contract with the U.S. Army which began in January 2003. The Arenavirus program is being supported by SBIR grants from the NIH totaling approximately \$6.3 million that were awarded in the third quarter of 2004.

Our anti-viral programs are designed to prevent or limit the replication of the viral pathogen. Our anti-infectives programs are aimed at the increasingly serious problem of drug resistance. These programs are designed to block the ability of bacteria to attach to human tissue, the first step in the infection process. We are also developing a technology for the mucosal delivery of our vaccines which may allow the vaccines to activate the immune system at the mucus lined surfaces of the body -- the mouth, the nose, the lungs and the gastrointestinal and urogenital tracts -- the sites of entry for most infectious agents.

We do not have commercial biomedical products, and we do not expect to have such products for one to three years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. Our plans with regard to these matters include continued development of our products as well as seeking additional research support funds and financial arrangements. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient financing on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Our biotechnology operations are run out of our research facility in Corvallis, Oregon. We continue to seek to fund a major portion of our ongoing antiviral, antibiotic and vaccine programs through a combination of government contracts and grants and strategic alliances. While we have had success in obtaining strategic alliances, contract and grants, no assurance can be given that we will continue to be successful in obtaining funds from these sources. Until additional relationships are established, we expect to continue to incur significant research and development costs and costs associated with the manufacturing of product for use in clinical trials and pre-clinical testing. It is expected that general and administrative costs, including patent and regulatory costs, necessary to support clinical trials and research and development will continue to be significant in the future.

To date, we have not marketed, or generated revenues from the commercial sale of any products. Our biopharmaceutical product candidates are not expected to be commercially available for one to three years, if at all. Accordingly, we expect to incur operating losses for the foreseeable future. There can be no assurance that we will ever achieve profitable operations.

Critical Accounting Estimates

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our financial statements, which we discuss under the heading "Results of Operations" following this section of our MD&A. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the assessment of recoverability of goodwill, which impacts goodwill impairments; assessment of recoverability of long-lived assets, which primarily impacts operating income when we impair intangible assets. Below, we discuss these policies further, as well as the estimates and judgments involved. We also have other policies that we consider key accounting policies, such as for revenue recognition; however, these policies do not require us to make estimates or judgments that are difficult or subjective.

Revenue Recognition

The Company recognizes revenue from contract research and development and research progress payments in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition, ("SAB 104"). In accordance with SAB 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectibility is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer. The Company recognizes revenue from non-refundable up-front payments, not tied to achieving a specific performance milestone, over the period which the Company is obligated to perform services or based on the percentage of costs incurred to date, estimated costs to complete and total expected contract revenue. Payments for development activities are recognized as revenue is earned, over the period of effort. Substantive at-risk milestone payments, which are based on achieving a specific performance milestone, are recognized as revenue when the milestone is achieved and the related payment is due, providing there is no future service obligation associated with that milestone. In situations where the Company receives payment in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

Goodwill

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The Company performs an annual review in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, to determine if the carrying value of the recorded goodwill is impaired. Goodwill impairment is determined using a two-step approach in accordance with Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. In 2004, the Company operated as one business and one reporting unit. Therefore, the goodwill impairment analysis was performed on the basis of the Company as a whole using the market capitalization of the Company as an estimate of its fair value. The estimated fair values might produce significantly different results if other reasonable assumptions and estimates were to be used.

Identified Intangible Assets

Acquisition-related intangibles include acquired technology, customer contracts, grants and covenants not to compete, and are amortized on a straight line basis over periods ranging from 3.5-4 years.

In accordance with Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), the Company performs a review of its identified intangible assets to determine if facts and circumstances exist which indicate that the useful life is shorter than originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances do exist, the Company assesses the recoverability of identified intangible assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets.

Contractual Obligations, Commercial Commitments and Purchase Obligations

As of June 30, 2005, our purchase obligations are not material. We lease certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having non-cancelable lease terms in excess of one year are as follows:

Year ended December 31,	
2005	\$ 239,700
2006	255,400
2007	261,800
2008	133,200
2009	135,900
2010	22,700

Total	\$ 1,048,700
	=====

Results of Operations

Three months ended June 30, 2005 and June 30, 2004

Revenues from grants and research and development contracts were approximately \$1.9 million for the three months ended June 30, 2005, compared to \$299,000 for the three months ended June 30, 2004. The increase relates to the award of two Phase I and two Phase II SBIR grants by the NIH during the third quarter of 2004. The Phase II grants are for a two year period ending in the third quarter of 2006. The total award for these grants was approximately \$12.1 million. For the three months ended June 30, 2005 we recorded revenues of \$1.7 million from these grants. We also received a one year SBIR grant from the NIH for \$252,000 in August 2004 to support our Strep vaccine program. For the three months ended June 30, 2005 we recorded revenue of \$60,600 from this grant. Revenue from our contract with the U.S. Army approximated \$94,100 for the three month period ending June 30, 2005; compared to \$92,600 for the same period in 2004. During the three months ending June 30, 2004 we recognized revenue of \$182,000 from an SBIR grant that ended in the second quarter of 2004 for our DegP anti infective.

Selling, general and administrative expenses ("SG&A") for the three months ended June 30, 2005 and 2004 approximated \$811,000 and \$1.1 million, respectively. The decline of \$300,000 or 27% is mainly attributed to a decline of \$99,000 in legal fees, a decline of \$112,000 in payroll expenses and a decline of \$106,300 in consulting fees. Higher legal fees during the three months ending June 30, 2004 were due to the review and amendment of our corporate governance policies and procedures to ensure compliance with Sarbanes Oxley and NASDAQ requirements. Legal expenses in the second quarter of 2004 were also incurred in connection with the sale of certain non-core vaccine assets and a legal action that the Company initiated against a former founder. The decline in payroll expenses relates to severance payment of approximately \$270,000 made in May 2004 in connection with the termination of our former Presidents' employment agreement. The decline in payroll expenses for the three months was partially offset by the addition of a Chief Executive Officer and a Vice President of Business Development during the third quarter of 2004. Higher consulting expenses during the three months ended June 30, 2004 were incurred in connection with our efforts to secure certain government contracts.

Research and development expenses were \$2.6 million for the three months ended June 30, 2005; an increase of approximately 152% from the \$1.0 million of expenses incurred for the three months ended June 30, 2004. Approximately \$1.4 million of the increase related to preclinical development work in connection with our lead product programs. Amortization of intangible assets in the amount of \$274,000 and \$87,000 for the three months ended June 30, 2005 and 2004, respectively, represented approximately 12% of the increase.

Patent preparation expenses for the three months ended June 30, 2005 were \$91,000 compared to \$55,000 for the three months ended June 30, 2004. The 60% increase is the result of increased costs arising from the Plexus Vaccine Inc. and ViroPharma Incorporated asset acquisitions.

Loss on impairment of intangible assets of \$610,000 was recorded in the three months ended June 30, 2004. In May 2004, we sold intangible assets from our immunological bioinformatics technology and certain non-core vaccine development assets to a privately-held company, Pecos Labs, Inc. ("Pecos") in exchange for 150,000 shares of Pecos' common stock. In addition, concurrent with the asset transfer, we terminated our employment agreement with our former President and reduced the covenants not to compete with the former President to one year from the date of termination. As a result of that transaction, we performed an impairment review of our intangible assets in accordance with SFAS 144 and recorded an impairment charge of \$610,000. The impairment of intangible assets consists of \$307,000 of impairment related to grants transferred to Pecos and \$303,000 of impairment related to the reduction in the covenants not to compete to one year from the date of terminating the Presidents' employment agreement with us.

All of our product programs are in the early stage of development. At this stage of development, we cannot estimate the potential cost for any program to be completed or the time it will take to complete the project. There is a high risk of non-completion for any program because of the lead time to program completion and uncertainty relating to costs. Net cash inflows from any products developed from these programs is at least one to three years away. However, we could receive additional grants, contracts or technology licenses in the short-term. The potential cash and timing is not known and we cannot be certain if they will ever occur.

The risk of failure to complete any program is high, as each is in the relatively early stage of development. Products for the biological warfare defense market, such as the Smallpox anti-viral, could be available for sale in one to three years. We expect the future research and development cost of this program to increase as the potential products enter animal studies and safety testing. Funds for future development will be partially paid for by NIH SBIR grants, the contract we have with the U.S. Army, additional government funding and from future financing. If we are unable to obtain additional federal grants and contracts or funding in the required amounts, the development timeline for these products would slow or possibly be suspended. Delay or suspension of any of our programs could have an adverse impact on our ability to raise funds in the future, enter into collaborations with corporate partners or obtain additional federal funding from contracts or grants.

Other loss of \$9,600 for the three months ended June 30, 2005 comprised of interest income of approximately \$5,400 and loss on impairment of our investment in Pecos' common stock of \$15,000. Other income of \$14,800 for the same period in 2004 comprised of interest income. The decline in interest income is the result of lower cash balances in the three months ended June 30, 2005 compared to the prior year period.

Six months ended June 30, 2005 and June 30, 2004

Revenues from grants and research and development contracts were approximately \$3.3 million for the six months ended June 30, 2005, compared to \$460,000 for the six months ended June 30, 2004. The increase relates to the award of two Phase I and two Phase II SBIR grants by the NIH during the third quarter of 2004. The Phase II grants are for a two year period ending in the third quarter of 2006. The total award for these grants was approximately \$12.1 million. For the six months ended June 30, 2005 we recorded revenues of \$3.0 million from these grants. We also received a one year SBIR grant from the NIH for \$252,000 in August 2004 to support our Strep vaccine program. For the six months ended June 30, 2005 we recorded revenue of \$127,400 from this grant. Revenue from our contract with the U.S. Army approximated \$188,000 for the six month period ending June 30, 2005; compared to \$181,000 for the same period in 2004. During the six months ending June 30, 2004 we recognized revenue of \$255,000 from an SBIR grant for our DegP anti infective that we completed in the second quarter of 2004.

Selling, general and administrative expenses ("SG&A") for the six months ended June 30, 2005 and 2004 approximated \$1.7 million and \$2.1 million, respectively. The decline of \$461,000 or 22% is mainly attributed to a decline of \$307,000 in legal fees, a decline of \$75,000 in accounting fees and a decline of \$193,000 in consulting fees. Higher legal fees during the six months ending June 30, 2004 were due to the review and amendment of our corporate governance policies and procedures to ensure compliance with Sarbanes Oxley and NASDAQ requirements. Legal expenses in the first six months of 2004 were also incurred in connection with the sale of certain non-core vaccine assets and a legal action that the Company initiated against a former founder. The higher accounting expenses during the six months period ended June 30, 2004 was mainly related to the sale of certain non-core vaccine assets and the review of a potential acquisition. Higher consulting expenses during the six months ended June 30, 2004 were incurred in connection with our efforts to secure certain government contracts.

Research and development expenses were \$4.1 million for the six months ended June 30, 2005; an increase of approximately 102% or \$2.1 from the \$2.0 million of expenses incurred for the six months ended June 30, 2004.

Approximately \$1.8 million of the increase related to preclinical development work in connection with our lead product programs. Amortization of intangible assets in the amount of \$549,000 and \$183,000 for the six months ended June 30, 2005 and 2004, respectively, represented approximately 18% of the increase.

Patent preparation expenses for the six months ended June 30, 2005 were \$265,600 compared to \$146,700 for the six months ended June 30, 2004. The 82% increase is the result of increased costs arising from the Plexus Vaccine Inc. and ViroPharma Incorporated asset acquisitions.

Loss on impairment of intangible assets of \$610,000 was recorded during the six months ended June 30, 2004. In May 2004, we sold intangible assets from our immunological bioinformatics technology and certain non-core vaccine development assets to a privately-held company, Pecos Labs, Inc. ("Pecos") in exchange for 150,000 shares of Pecos' common stock. In addition, concurrent with the asset transfer, we terminated our employment agreement with our former President and reduced the covenants not to compete with the former President to one year from the date of termination. As a result of that transaction, we performed an impairment review of our intangible assets in accordance with SFAS 144 and recorded an impairment charge of \$610,000. The impairment of intangible assets consists of \$307,000 of impairment related to grants transferred to Pecos and \$303,000 of impairment related to the reduction in the covenants not to compete to one year from the date of terminating the former Presidents' employment agreement with us.

All of our product programs are in the early stage of development. At this stage of development, we cannot estimate the potential cost for any program to be completed or the time it will take to complete the project. There is a high risk of non-completion for any program because of the lead time to program completion and uncertainty relating to costs. Net cash inflows from any products developed from these programs is at least one to three years away. However, we could receive additional grants, contracts or technology licenses in the short-term. The potential cash and timing is not known and we cannot be certain if they will ever occur.

The risk of failure to complete any program is high, as each is in the relatively early stage of development. Products for the biological warfare defense market, such as the Smallpox anti-viral, could be available for sale in one to three years. We expect the future research and development cost of this program to increase as the potential products enter animal studies and safety testing. Funds for future development will be partially paid for by NIH SBIR grants, the contract we have with the U.S. Army, additional government funding and from future financing. If we are unable to obtain additional federal grants and contracts or funding in the required amounts, the development timeline for these products would slow or possibly be suspended. Delay or suspension of any of our programs could have an adverse impact on our ability to raise funds in the future, enter into collaborations with corporate partners or obtain additional federal funding from contracts or grants.

Other loss of \$4,200 for the six months ended June 30, 2005 comprised of interest income of approximately \$10,800 and loss on impairment of our investment in Pecos' common stock of \$15,000. Other income of \$31,200 for the same period in 2004 was comprised of interest income. The decline in interest income is the result of lower cash balances in the six months ended June 30, 2005 compared to the prior year period.

Liquidity and Capital Resources

The financial statements of SIGA Technologies have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

As of June 30, 2005 we had approximately \$689,000 in cash and cash equivalents. We believe that these funds and our anticipated cash flows, including receipt of funding from government contracts and grants, will be sufficient to support our operations through the second quarter of 2006.

We have incurred cumulative net losses and expect to incur additional losses to perform further research and development activities. We do not have commercial products and have limited capital resources. Our plans with regard to these matters include continued development of our products as well as seeking additional working capital through a combination of collaborative agreements, strategic alliances, research grants, equity and debt financing. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient financing on commercially reasonable terms.

Our working capital and capital requirements will depend upon numerous factors, including pharmaceutical research and development programs; pre-clinical and clinical testing; timing and cost of obtaining regulatory approvals; levels of resources that we devote to the development of manufacturing and marketing capabilities; technological advances; status of competitors; and our ability to establish collaborative arrangements with other organizations.

Off-Balance Sheet Arrangements

SIGA does not have any off-balance sheet arrangements.

Safe Harbor Statement

This report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements regarding the efficacy of potential products, the timelines for bringing such products to market and the availability of funding sources for continued development of such products. Forward-looking statements are based on management's estimates, assumptions and projections, and are subject to uncertainties, many of which are beyond the control of SIGA. Actual results may differ materially from those anticipated in any forward-looking statement. Factors that may cause such differences include the risks that (a) potential products that appear promising to SIGA or its collaborators cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (b) SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products, (c) SIGA may not be able to obtain anticipated funding for its development projects or other needed funding, (d) SIGA may not be able to secure funding from anticipated government contracts and grants, (e) SIGA may not be able to secure or enforce adequate legal protection, including patent protection, for its products and (f) unanticipated internal control deficiencies or weaknesses or ineffective disclosure controls and procedures. More detailed information about SIGA and risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in this presentation, is set forth in SIGA's filings with the Securities and Exchange Commission, including SIGA's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and in other documents that SIGA has filed with the Commission. SIGA urges investors and security holders to read those documents free of charge at the Commission's Web site at <http://www.sec.gov>. Interested parties may also obtain those documents free of charge from SIGA. Forward-looking statements speak only as of the date they are made, and except for our ongoing obligations under the U.S. federal securities laws, we undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

None

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II
Other information

Item 1. Legal Proceedings - SIGA is not a party, nor is its property the subject of, any legal proceedings other than routine litigation incidental to its business.

Item 2. Changes in Securities and Use of Proceeds and Issuer Purchases of Equity Securities - None

Item 3. Defaults upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The Company held its annual meeting of Stockholders on May 12, 2005.
- (b) Proxies for the meeting were solicited pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to management's nominees for the directors as listed in the definitive proxy statement of the Company dated May 2, 2005, and all such nominees were elected.
- (c) Briefly described below is each matter voted upon at the annual meeting of Stockholders.
 - (1) Election of the following individuals to hold office as Directors of the Company for terms of one year Total common stock voted was 21,653,369

	Shares Voted -----	Number of For -----	Withheld -----
Donald G. Drapkin	21,653,369	20,948,838	704,531
James J. Antal	21,653,369	21,509,389	143,980
Thomas E. Constance	21,653,369	21,456,927	196,442
Bernard L. Kasten, M.D	21,653,369	21,508,189	145,180
Adnan M. Mjalli, Ph.D	21,653,369	21,509,969	143,400
Mehmet C. Oz, M.D	21,653,369	20,951,838	701,531
Eric A. Rose, M.D	21,653,369	21,510,389	142,980
Paul G. Savas	21,653,369	20,950,838	702,531
Judy S. Slotkin	21,653,369	21,509,969	143,400
Michael A. Weiner, M.D	21,653,369	21,456,927	196,442

- (2) Ratification and confirmation of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm of the Company for the fiscal year ending December 31, 2005. Total common stock voted was 21,621,619 in favor, 24,250 against and 7,500 abstained.
- (3) Approval of the amendment to the SIGA amended and restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") to increase the maximum number of shares of common stock available for issuance under the Plan from 10,000,000 to 11,000,000. Total common stock voted was 10,964,286 in favor, 1,317,282 against and 9,500 abstained.

Item 5. Other Information - None

Item 6. Exhibits

- * 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- * 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- * Filed herewith

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.

SIGA Technologies, Inc.
(Registrant)

Date: August 15, 2005

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bernard L. Kasten, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions);
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2005

By: /s/ Bernard L. Kasten, M.D.

Bernard L. Kasten, M.D.
Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas N. Konatich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions);
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2005

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for period ending June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard L. Kasten, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 15, 2005

/s/ Bernard L. Kasten, M.D.

Bernard L. Kasten, M.D.
Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas N. Konatich., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 15, 2005

/s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer