

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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GLYKO BIOMEDICAL LTD

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United States
Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission file number: 0-21994

GLYKO BIOMEDICAL LTD.

(Exact name of small business issuer as specified in its charter)

Canada
(State of other jurisdiction of
incorporation or organization)

98-0195569
(I.R.S. Employer Identification No.)

371 Bel Marin Keys Blvd., Suite 210, Novato, California 94949
(address of principal executive offices)

(415) 884-6700

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required
to be filed by Section 12, 13 or 15(d) of the Exchange Act after the
distribution of securities under a plan confirmed by a court. Yes _____ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes
of common equity, as of the latest practicable date: 34,352,823 common shares
outstanding as of October 27, 2000.

GLYKO BIOMEDICAL LTD.

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PART I. - FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

GLYKO BIOMEDICAL LTD.
BALANCE SHEETS
(In U.S. dollars)

<TABLE>

	September 30, 2000	December 31, 1999
	(unaudited)	
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 722,160	\$ 574,648
Short-term investments	1,397,217	-
Interest receivable	7,407	-
Total current assets	2,126,784	574,648
Investment in BioMarin Pharmaceutical Inc.	21,990,557	28,908,447
Total assets	\$ 24,117,341	\$ 29,483,095
Liabilities and Shareholders' Equity		
Current liabilities:		
Accrued liabilities	\$ 526,803	\$ 365,569
Total current liabilities	526,803	365,569
Shareholders' equity:		
Common shares, no par value, unlimited shares authorized, 34,352,823 and 31,835,322 shares issued and outstanding at September 30, 2000 and December 31, 1999, respectively	22,535,096	20,772,469
Additional paid in capital	39,402,590	38,064,481
Common share warrants and options	-	146,472
Note receivable from shareholder	(746,637)	(746,637)
Accumulated deficit	(37,600,511)	(29,119,259)
Total shareholders' equity	23,590,538	29,117,526
Total liabilities and shareholders' equity	\$ 24,117,341	\$ 29,483,095

The accompanying notes are an integral part of these statements.

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</TABLE>

GLYKO BIOMEDICAL LTD.
STATEMENTS OF OPERATIONS
(Unaudited, in U.S. dollars)

<TABLE>

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Expenses:				
General and administrative	\$ 150,500	\$ 62,481	\$ 283,371	\$ 195,483
Total expenses:	150,500	62,481	283,371	195,483

Loss from operations	(150,500)	(62,481)	(283,371)	(195,483)
Equity in loss of BioMarin Pharmaceutical Inc.	(2,366,036)	(2,617,831)	(8,238,389)	(7,141,765)
Interest income	17,934	30,303	40,508	183,511
Net loss	\$ (2,498,602)	\$ (2,650,009)	\$ (8,481,252)	\$ (7,153,737)
Net loss per common share, basic and diluted	\$ (0.07)	\$ (0.08)	\$ (0.25)	\$ (0.23)
Weighted average number of shares used in computing per share amounts	34,231,311	31,521,713	33,767,513	30,830,156

</TABLE>

The accompanying notes are an integral part of these statements.

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GLYKO BIOMEDICAL LTD.
STATEMENTS OF CASH FLOWS
(Unaudited, in U.S. dollars)

<TABLE>

	Nine months ended September 30,	
	2000	1999
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	\$ (8,481,252)	\$ (7,153,737)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in the loss of BioMarin Pharmaceutical Inc.	8,238,389	7,141,765
Interest on note from shareholder	-	(24,790)
Change in assets and liabilities:		
Interest receivable	(7,407)	
Accrued liabilities	161,234	42,294
Total adjustments	8,392,216	7,159,269
Net cash used in operating activities	(89,036)	5,532
Cash flows from investing activities:		
Investment in BioMarin Pharmaceutical Inc.	-	(4,419,110)
Net cash used in investing activities	-	(4,419,110)
Cash flows from financing activities:		
Proceeds from the exercise of stock options and common stock warrants	1,633,765	2,192,764
Repayment of note receivable	-	100,000
Net cash provided by financing activities	1,633,765	2,292,764
Net increase (decrease) in cash	1,544,729	(2,120,814)
Cash and cash equivalents, beginning of period	574,648	2,567,824
Cash and cash equivalents, end of period	\$ 2,119,377	\$ 447,010

</TABLE>

The accompanying notes are an integral part of these statements.

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GLYKO BIOMEDICAL LTD.
NOTES TO FINANCIAL STATEMENTS

1. The Company and Description of the Business

Glyko Biomedical Ltd. (the Company or GBL), a Canadian company, was incorporated in 1992 to acquire all of the outstanding capital stock of Glyko, Inc., a Delaware corporation. Both entities were under common control and the share exchange was accounted for in a manner similar to a pooling. Since its inception

in October 1990, Glyko, Inc. has been engaged in research, development, manufacturing and marketing of new techniques to analyze and manipulate carbohydrates for research, diagnostic and pharmaceutical purposes. Glyko, Inc. has developed a line of analytic instrumentation laboratory products that include an imaging system, analysis software and chemical analysis kits.

In October 1996, GBL incorporated BioMarin Pharmaceutical Inc. (BioMarin), a Delaware corporation in the development stage, to develop the Company's pharmaceutical products. BioMarin began business on March 21, 1997 and issued 1.5 million shares of common stock to GBL for \$1.5 million. As consideration for a certain license agreement dated June 1997, BioMarin issued GBL 7 million shares of BioMarin common stock. Beginning in October 1997, BioMarin raised capital from third parties with the result that at December 31, 1997, GBL's ownership interest in BioMarin had been reduced to 41.3% of BioMarin's outstanding capital stock. As of December 31, 1997, the Company began recording its share of BioMarin's net loss utilizing the equity method of accounting.

On June 30, 1998, BioMarin raised net proceeds of \$3.3 million (598,535 shares) from a private placement including a \$1.0 million investment from GBL. In another private placement, on August 3, 1998, BioMarin raised an additional \$8.1 million (1,416,800 shares) from third parties.

On September 4, 1998, BioMarin received \$8 million from Genzyme Corp. (Genzyme) upon execution of a joint venture agreement in which BioMarin issued 1,333,333 shares of common stock to Genzyme. BioMarin has a 50% interest in the income or loss of this joint venture, BioMarin/Genzyme LLC.

On October 7, 1998, GBL sold to BioMarin 100% of the outstanding capital stock of Glyko, Inc. in exchange for 2,259,039 shares of BioMarin's common stock, the assumptions of options, previously issued to employees of Glyko, Inc., to purchase up to 585,969 shares of GBL's common stock (exercisable into 255,540 shares of BioMarin common stock) and \$500 in cash.

On April 13, 1999, GBL purchased BioMarin convertible notes in the amount of \$4.3 million, as part of BioMarin's \$26 million convertible note financing.

In May 1999, BioMarin's wholly-owned subsidiary, Glyko, Inc., acquired key assets of the Biochemical Research Reagent Division of Oxford GlycoSciences Plc. The acquisition was made to increase Glyko, Inc.'s product offerings and was valued from \$1.5 million to \$2.1 million, depending on the future sales of the acquired products, and was accounted for as a purchase.

On July 23, 1999, BioMarin closed its initial public offering (IPO) of 4.5 million shares at \$13.00 per share concurrent with a \$10 million private placement from Genzyme, at the IPO price, raising net proceeds of approximately \$61.9 million. Additionally, BioMarin's convertible notes payable (including interest accrued) were converted into 2,672,020 shares of BioMarin's common stock at \$10.00 per share. GBL's \$4.3 million convertible note plus interest of \$119,110 was converted to 441,911 shares of BioMarin's common stock.

In August 1999, the BioMarin underwriters exercised their over-allotment option for 675,000 shares at BioMarin's IPO price of \$13 per share, raising additional net proceeds of \$8.1 million.

GBL's percentage ownership of BioMarin's outstanding common stock was 31.0% on September 30, 2000.

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GLYKO BIOMEDICAL LTD.
NOTES TO FINANCIAL STATEMENTS

Since its inception, GBL has incurred a cumulative deficit of \$37.6 million and the Company expects to continue to incur losses through 2002 due to its share of BioMarin's net loss resulting from the ongoing research and development of BioMarin's pharmaceutical product candidates. As a result of GBL's sale of Glyko, Inc. on October 7, 1998, GBL has no operating activities and its principal asset is its investment in BioMarin. Accordingly, without further investment in other companies or technologies, management believes that GBL has sufficient cash to sustain planned operations, which are of limited scope and cost, for at least two years. BioMarin had an accumulated deficit of \$70.1 million at September 30, 2000 and is expected to incur significant losses at least through 2002. Management of BioMarin believes that the proceeds from the convertible notes and the net proceeds of approximately \$70.0 million from the initial public offering (including underwriters' exercise of over-allotment) and the concurrent Genzyme closing will be sufficient to meet its obligations at least through 2001. Management of GBL believes that at September 30, 2000 there has not been any impairment of its investment in BioMarin.

The accompanying financial statements should be read in conjunction with the Company's annual report on form 10-KSB for the fiscal year ended December 31,

1999.

2. Summary of Significant Accounting Policies

The accompanying financial statements and related footnotes have been prepared in conformity with U.S. generally accepted accounting principles using U.S. dollars as essentially all of the Company's operations were located in the United States. For the three and nine month periods ended September 30, 2000 and 1999, the operations of Glyko, Inc. have been consolidated into the operations of BioMarin. The results of operations of BioMarin have been reported in the Company's financial statements for the three and nine month periods ended September 30, 2000 and 1999, based on the equity method of accounting. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates:

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents consist of amounts held with banks and short-term investments with original maturities of 90 days or less.

Short-term Investments:

The Company records its investment securities as available-for-sale because the sale of such securities may be required prior to maturity. These securities are recorded at cost, which approximates fair market value. These securities are comprised of A1/P1 rated commercial paper.

Sale of Glyko, Inc. and Investment in BioMarin Pharmaceutical Inc.:

BioMarin acquired Glyko, Inc. from GBL through the exchange of BioMarin stock for Glyko, Inc. stock and accounted for the acquisition based upon the fair market value of the BioMarin stock issued (using the same per share price as used in a recent arms-length transaction), the assumption of responsibility for certain stock options previously issued to Glyko, Inc. employees (see Note 1), and \$500 in cash. In consolidating Glyko, Inc., BioMarin recorded intangible assets, including goodwill, to the extent that the fair market value of the stock issued exceeded the fair market value of the tangible assets of Glyko, Inc. GBL recorded the stock of BioMarin received at the historical cost basis of its investment in Glyko, Inc. GBL accounts for its investment in BioMarin using the equity method of accounting. However, as it has not recorded its investment in BioMarin at fair market value, it does not record its share of the losses recorded by BioMarin related to the amortization of intangible assets recorded on the acquisition of Glyko, Inc.

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GLYKO BIOMEDICAL LTD. NOTES TO FINANCIAL STATEMENTS

During the three and nine month periods ended September 30, 2000, BioMarin recorded a charge to operations of \$504,000 and \$1,046,548, respectively, in connection with its purchase of Glyko, Inc. for the amortization of goodwill and other intangible assets, which are being amortized over seven years. In recording its share of BioMarin's loss for this period, GBL excluded its share of the amortization of goodwill and other intangible assets.

As of September 30, 2000, GBL's percentage share of BioMarin's outstanding capital stock was 31.0%. The exercise of BioMarin options or warrants by parties other than GBL will result in a reduction of GBL's ownership percentage and future fundraising efforts of BioMarin, if any, will result in a similar reduction of GBL's ownership percentage. To the extent that the issuance of common stock by BioMarin to third parties at a per share price greater than or less than the per share carrying value of GBL's investment in BioMarin, the resulting gain or loss is reflected as an increase or decrease, respectively, in additional paid in capital in the accompanying balance sheets. Due to the issuance by BioMarin of its common stock upon the exercise of common stock options, GBL recorded an increase to its Investment in BioMarin and Additional Paid-in-Capital accounts of \$1,320,500 during the nine month period ended September 30, 2000.

Accrued Liabilities:

During 1994, the Company recorded a charge to operations of \$219,811 related to

the termination of an agreement with one of its shareholders. This charge was the estimated fair value of 500,000 shares of common stock to be received by the shareholder in settlement of the agreement. The Toronto Stock Exchange has not permitted the issuance of the 500,000 shares because the transaction is not considered arms length. The shareholder was a shareholder in the Company from 1990 until April 1998. At September 30, 2000 the liability of \$219,811 is included in accrued liabilities in the accompanying balance sheets.

Net Loss per Share:

Potentially dilutive securities outstanding at September 30, 2000 and 1999, respectively, include options for the purchase of 9,000 and 332,520 shares of common stock and warrants for the purchase of zero and 2.4 million shares of common stock, respectively. These securities were not considered in the computation of dilutive loss per share because their effect would be anti-dilutive for the nine-month periods ended September 30, 2000 and 1999.

Reclassifications:

Certain balances in prior periods have been reclassified to conform with the current period presentation.

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GLYKO BIOMEDICAL LTD.
NOTES TO FINANCIAL STATEMENTS

3. Investment in BioMarin Pharmaceutical Inc.

Results of the Company's unconsolidated affiliate, BioMarin, a development stage company, are summarized as follows for the nine-month periods ended September, 2000 and 1999 and for the period from March 21, 1997 (inception) to September 30, 2000 (unaudited, in \$ thousands): Period from

<TABLE>

	Nine Months Ended September 30,		March 21, 1997 (Inception), to September 30,
	1999	2000	2000
<S>	<C>	<C>	<C>
Revenues:			
Revenues - products	\$ 1,018	\$ 1,749	\$ 3,288
Revenues - services	81	177	374
Revenues from BioMarin/Genzyme LLC	3,411	7,262	13,399
Revenues - other	151	-	293
Total revenues	4,661	9,188	17,354
Operating Costs and Expenses:			
Cost of products	234	480	891
Cost of services	99	59	220
Research and development	18,029	25,109	64,731
Selling, general and administrative	4,759	6,517	17,768
Carson Street closure	-	4,423	4,423
Total operating costs and expenses	23,121	36,588	88,033
Loss from operations	(18,460)	(27,400)	(70,679)
Interest income	1,177	2,281	4,863
Interest expense	(728)	(6)	(738)
Loss from BioMarin/Genzyme LLC	(1,023)	(1,845)	(3,565)
Net loss	\$ (19,034)	\$ (26,970)	\$ (70,119)

For the periods presented above, GBL's equity in loss of BioMarin was as follows (in \$ thousands):

\$ (7,142)	\$ (8,238)	\$ (24,538)
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</TABLE>

In the first quarter of 2000, BioMarin recorded a provision of \$4.4 million for the closure of its Carson Street clinical manufacturing facility. The facility was no longer required for the production of Aldurazyme(TM), the initial purpose of the plant, after a decision by the BioMarin/Genzyme LLC (joint venture) to use BioMarin's Galli Drive facility for the manufacture of bulk Aldurazyme both for the confirmatory Phase III trial and for the commercial launch of Aldurazyme(TM). This decision was based in part on U.S. Food and Drug Administration guidance to use an improved production process, which was installed in the Galli facility, for the clinical trial and biologics license application submission and for commercial production. The majority of the technical staff at the Carson Street facility in Torrance, California transferred to the Galli Drive facility in Novato, California. The provision primarily consisted of write-downs of leasehold improvements and equipment located in the Carson Street facility.

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GLYKO BIOMEDICAL LTD.
NOTES TO FINANCIAL STATEMENTS

4. Note Receivable

As part of its compensation for certain services, GBL issued stock options to a consulting group. In September 1998, GBL loaned \$100,000 to the consulting group in anticipation that the Toronto Stock Exchange would approve the stock options. In the first quarter of 1999, the options were approved by the Toronto Stock Exchange and this note was repaid in full. In November 1998, per the terms of the BioMarin acquisition of Glyko, Inc., GBL loaned \$712,261 to an officer of the Company to exercise expiring stock options. The loan is secured by the stock and is a full recourse note. In May 2000, the Board approved an extension of the shareholder note to mature in May 2001.

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

The following discussion and analysis of financial condition and results of operations contains certain forward looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, that involve risks and uncertainties, such as statements regarding the Company's ongoing liquidity as discussed in "Liquidity and Capital Resources." The Company's actual results could differ materially from the results anticipated in these forward-looking statements. Risks are identified in "Overview, " "Results of Operations," "Liquidity and Capital Resources," and "Risk Factors."

Overview

Glyko Biomedical Ltd. (GBL or the Company) is a Canadian company that at September 30, 2000 owned 31.0% of the outstanding capital stock of BioMarin Pharmaceutical Inc. (BioMarin). As of October 7, 1998, BioMarin owned 100% of the capital stock of Glyko, Inc. Glyko, Inc. and BioMarin are operating companies based in California. On October 7, 1998, BioMarin acquired Glyko, Inc., in a transaction valued at \$14.5 million. As consideration for the acquisition of all of the outstanding shares of Glyko, Inc., BioMarin issued 2,259,039 shares of common stock to the Company, assumed Glyko, Inc.'s employee stock options exercisable for 255,540 shares of BioMarin common stock, and paid \$500 in cash. Glyko Biomedical Ltd. consolidated the operations of Glyko, Inc. through October 7, 1998. Subsequent to October 7, 1998, the accounts of Glyko Biomedical Ltd. are presented on a stand-alone basis. In this period the results of operations of Glyko, Inc. have been consolidated into the results of operations of BioMarin. BioMarin's results of operations are recorded by Glyko Biomedical Ltd. using the equity method of accounting. Numerical references in the following discussion are rounded to the nearest thousand.

Since its inception in October 1990, Glyko, Inc. has been engaged in the research, development, manufacturing and marketing of new techniques to analyze and manipulate carbohydrates for research, diagnostic and pharmaceutical purposes. Glyko, Inc. has developed a line of analytic instrumentation laboratory products that include an imaging system, analysis software and chemical analysis kits. Glyko, Inc., as a wholly-owned subsidiary of BioMarin, continues to develop additional chemical kits for use with the imaging system, and is also developing a line of carbohydrate diagnostic products. In May 1999,

Glyko, Inc., acquired key assets of the Biochemical Research Reagent Division of Oxford GlycoSciences Plc. The acquisition was made to increase Glyko, Inc.'s product offerings and was valued from \$1.5 million to \$2.1 million, depending on the future sales of the acquired products and was accounted for as a purchase.

On April 13, 1999, GBL purchased BioMarin notes in the amount of \$4.3 million, as part of BioMarin's \$26 million convertible note financing.

On July 23, 1999, BioMarin closed its initial public offering (IPO) of 4.5 million shares at \$13.00 per share concurrent with a \$10 million private placement (769,230 shares) from Genzyme, raising approximately \$61.9 million. Additionally, BioMarin's convertible notes payable were converted into 2,672,020 shares of BioMarin's common stock. GBL's \$4.3 million convertible note plus interest of \$119,110 was converted to 441,911 shares of BioMarin's common stock.

In August 1999, the underwriters exercised their over-allotment option for 675,000 shares at the IPO price of \$13 per share, raising additional net proceeds of \$8.1 million. GBL's ownership of BioMarin's outstanding common stock was 32.0% on June 30, 2000.

BioMarin is currently developing pharmaceutical products through its own internal operations and through research grants with various universities. BioMarin has completed its initial clinical trial of its lead enzyme replacement product (Aldurazyme(TM)) for Mucopolysaccharidosis (MPS-I), a crippling and fatal disease that afflicts young children. The initial clinical trial was conducted under an Investigational New Drug application (IND) that encompassed ten patients with all levels of severity of MPS-I. In April 1999, BioMarin completed a twelve-month evaluation period for their initial clinical trial of Aldurazyme. Initiated in December 1997, this clinical trial treated ten patients with MPS-I at five medical centers in the United States. BioMarin is treating and monitoring these patients for an additional 12-month follow-up period. BioMarin received orphan drug designation for Aldurazyme in September 1997, allowing BioMarin to market the product exclusively for seven years following FDA approval if it is the first to gain such approval. In collaboration with Genzyme, BioMarin's joint venture partner for the commercialization and marketing of Aldurazyme, BioMarin plans to initiate a Phase III confirmatory clinical trial of Aldurazyme in the fourth quarter of 2000 with the intention to file a Biologics License Application (BLA) with the FDA late in 2001, pending the successful outcome of the Phase III Confirmatory Trial.

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In August 2000, BioMarin's Galli Drive manufacturing facility and a smaller clinical manufacturing laboratory in BioMarin's Bel Marin Keys Boulevard facility were both subjected to an extensive inspection by the State of California Food and Drug Branch and were granted licenses to produce clinical product.

BioMarin has submitted an IND for recombinant human N-acetylgalactosamine-4-sulfatase also known as arylsulfatase B or rhASB (formerly referred to as BM102) and received FDA acceptance to begin a Phase I/II clinical trial in enzyme replacement therapy for MPS-VI, which was initiated on October 11, 2000. MPS-VI, also known as Maroteaux-Lamy syndrome, is similar in its clinical symptoms to MPS-I. However, MPS-VI does not appear to have the central nervous system involvement and mental retardation characteristics of the most severe form of MPS-I. BioMarin is manufacturing clinical bulk rhASB in the Bel Marin Keys Boulevard facility. RhASB has received fast track and orphan drug designations by the FDA.

BioMarin has successfully conducted preclinical studies of its burn enzyme, BM202, for use in burn debridement and grafting in pigs and mice. BioMarin expects to conduct additional preclinical studies in pigs to establish a starting dose for treatment in human burn patients. If these additional preclinical studies are successful, BioMarin plans to submit an IND for BM202 in the first quarter of 2001. BioMarin focuses on the development of products in four therapeutic areas: genetic diseases, burn and wound care, fungal infections and inflammation (initially psoriasis).

The Company's net loss for the nine-month periods ended September 30, 2000 and 1999 was \$8,481,000 and \$7,154,000, respectively. The primary component of this loss was the Company's share of the net loss of BioMarin accounted for under the equity method of accounting. GBL expects to continue to incur losses through 2002 due to its share of BioMarin's net loss resulting from BioMarin's ongoing research and development of pharmaceutical product candidates including Aldurazyme, rhASB and a burn wound enzyme. The BioMarin losses do not have an impact on the cash position of GBL. As a result of GBL's sale of Glyko, Inc., as of October 7, 1998, GBL has no operating activities and its principal asset is its investment in BioMarin. BioMarin has an accumulated deficit of \$70.1 million at September 30, 2000 and is expected to incur significant losses at least through 2002. Management of BioMarin believes that the convertible note financing and the net proceeds of approximately \$70.0 million from the IPO (including underwriters' over-allotment exercise) and the concurrent Genzyme closing will be sufficient to meet its obligations through 2001. Management of

GBL believes that at September 30, 2000 there has not been any impairment of its investment in BioMarin.

Results of Operations

The Quarters Ended September 30, 2000 and 1999

There were no revenues nor cost of revenues for the quarters ended September 30, 2000 and 1999 due to the sale of the Company's operating entity, Glyko, Inc. to BioMarin in October 1998.

There were no research and development expenses for the quarters ended September 30, 2000 and 1999 due to the Company's sale of Glyko, Inc. to BioMarin in October 1998.

General and administrative expense was \$150,000 for the quarter ended September 30, 2000, an increase of \$88,000 from general and administrative expenses of \$62,000 incurred for the quarter ended September 30, 1999. The increase was primarily due to the additional legal expenses in 2000 that did not occur in 1999. General and administrative expense for the quarters ended September 30, 2000 and 1999 represented management fees billed by BioMarin for management, accounting, finance and government reporting, and legal and other outside administrative support expenses.

Equity in loss of BioMarin for the quarter ended September 30, 2000 was \$2,366,000 compared to \$2,618,000 for the quarter ended September 30, 1999, a decrease of \$252,000 resulting from a decrease in ownership percentage of BioMarin by GBL partially offset by an increase in net loss of BioMarin due to BioMarin's increased spending on its product candidates including Aldurazyme, rhASB and BM202.

Interest income earned for the quarters ended September 30, 2000 and 1999 of \$18,000 and \$30,000, respectively, resulted from earnings on cash invested in short-term interest bearing accounts. The decrease in interest income in the third quarter 2000 compared to the same period in 1999 resulted from lower cash balances available for investment due to the Company's investment in the BioMarin convertible note financing of \$4.3 million in April 1999. Interest expense for the quarters ended September 30, 2000 and 1999 was immaterial.

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The Nine Months Ended September 30, 2000 and 1999

There were no revenues nor cost of revenues for the nine months ended September 30, 2000 and 1999 due to the sale of the Company's operating entity, Glyko, Inc. to BioMarin in October 1998.

There were no research and development expenses for the nine months ended September 30, 2000 and 1999 due to the Company's sale of Glyko, Inc. to BioMarin in October 1998.

General and administrative expense was \$283,000 for the nine-month period ended September 30, 2000 compared to \$195,000 in the same period in 1999. The increase was primarily due to an increase in legal fees. General and administrative expense for the nine-month periods ended September 30, 2000 and 1999 represented management fees billed to BioMarin for management, accounting, finance and government reporting, and legal and other outside administrative support expenses.

Equity in loss of BioMarin for the nine months ended September 30, 2000 was \$8,238,000 compared to \$7,142,000 for the nine months ended September 30, 1999, an increase of \$1,096,000 resulting from a decrease in ownership percentage of BioMarin by GBL offset by an increase in net loss of BioMarin due to BioMarin's increased spending on its product candidates including Aldurazyme, rhASB and BM202.

Interest income earned for the nine months ended September 30, 2000 and 1999 of \$41,000 and \$184,000, respectively, resulted from earnings on cash invested in short-term interest bearing accounts. The decrease in interest income in the first nine months of 2000 compared to the same period in 1999 were the same as described for the third quarter decrease in interest income.

Liquidity and Capital Resources

The Company's cash position increased by \$1,545,000 in the first nine months of 2000 to \$2,119,000. Net cash proceeds of \$1,634,000 relating to, primarily, the issuance of common stock from the exercise of stock warrants and options were partially offset by net cash used in operating activities of \$89,000.

Since its inception, the Company has incurred a cumulative deficit of \$37.6 million and GBL expects to continue to incur losses through 2002 due to its share of BioMarin's net loss resulting from BioMarin's ongoing research and

development of pharmaceutical product candidates. As a result of GBL's sale of Glyko, Inc., as of October 7, 1998, GBL has no operating activities and its principal asset is its investment in BioMarin. Accordingly, without further investments in other companies or technologies, management believes that GBL has sufficient cash to sustain planned operations, which are of limited scope and cost for at least two years. BioMarin has an accumulated deficit of \$70.1 million at September 30, 2000 and is expected to incur significant losses at least through 2002. Management of BioMarin believes that the proceeds from the convertible note financing, the net proceeds of approximately \$70.0 million from the IPO (including underwriters' exercise of over-allotment) and the concurrent Genzyme closing will be sufficient to meet its obligations through 2001. Management of GBL believes that at September 30, 2000 there has not been any impairment of its investment in BioMarin. See "Risk Factors - Dependence on Investment in BioMarin," "- History of Operating Losses - Uncertainty of Future Profitability."

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RISK FACTORS

Dependence on Investment in BioMarin

As of September 30, 2000, GBL's principal asset was its 31.0% ownership of BioMarin's outstanding capital stock. GBL's success is dependent on the successful operations of BioMarin including, but not limited to, BioMarin's ability to receive FDA approval of existing and future pharmaceutical product candidates, BioMarin's ability to retain key personnel, BioMarin's ability to manufacture and market products effectively and successfully and BioMarin's ability to raise additional cash to fund future operations. BioMarin is a development stage company, with its only revenues currently being earned from the sale of its analytic and diagnostic products resulting from the acquisition of Glyko, Inc. and cost reimbursement revenues for services performed from its joint venture with Genzyme for development and commercialization of Aldurazyme.

History of Operating Losses - Uncertainty of Future Profitability

The Company's share of BioMarin's net loss resulted in the Company reporting a net loss for the nine-month period ended September 30, 2000 of \$8.5 million. GBL expects to continue to incur losses through 2002 due to its share of BioMarin's net loss resulting from BioMarin's ongoing research and development of pharmaceutical product candidates. As a result of GBL's sale of Glyko, Inc., as of October 7, 1998, GBL has no operating activities and its principal asset is its investment in BioMarin. Accordingly, without further investments in other companies or technologies, management believes that GBL has sufficient cash to sustain planned operations. BioMarin has an accumulated deficit of \$70.1 million at September 30, 2000 and is expected to incur significant losses at least through 2002. Management of BioMarin believes that the proceeds from the convertible note financing and the net proceeds of approximately \$70.0 million from the IPO (including underwriters' exercise of over-allotment) and the concurrent Genzyme closing will be sufficient to meet its obligations through 2001. Management of GBL believes that at September 30, 2000 there has not been any impairment of its investment in BioMarin.

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Item 3: Quantitative and Qualitative Disclosure about Market Risk

GBL currently holds 11,367,617 shares of BioMarin's common stock representing 31.0% of BioMarin's outstanding common stock. Following the sale of Glyko, Inc. in 1998, these securities represent substantially the only asset of GBL. These

securities have been acquired for investment purposes rather than for trading purposes. The value of GBL's common stock may be substantially influenced by the value of BioMarin's common stock. Following BioMarin's IPO in July 1999, BioMarin's common stock is traded on the NASDAQ and the Swiss Exchange (SWX New Market). There are many risks associated with the listing of these securities on two markets and with BioMarin's business itself. These risks are detailed in the "Risk Factors" section above. GBL is subject to additional risks as its investment portfolio is non-diversified.

The Company placed \$1,397,000 in short-term investments with high credit issuers and by policy limits the amount of credit exposure to any one issuer. As stated in its policy, the Company will seek to improve the safety and likelihood of preservation of its invested fund by limiting default risk and market risk.

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings.	None.
Item 2.	Changes in Securities.	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.
Item 6.	Exhibits and Reports on Form 8-K.	

(a) The following documents are filed as part of this report:

See Exhibit Index attached hereto.

(b) Reports on Form 8K

No reports were filed on Form 8-K during the three months ended September 30, 2000.

SIGNATURE

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

GLYKO BIOMEDICAL LTD.

Dated: November 8, 2000

By: /s/ Erich Sager

Erich Sager
President, Chief Executive
Officer and Chief Financial
Officer (on behalf of registrant
and as principal financial officer)

EXHIBIT INDEX

Exhibit Number	Description
27.1	Financial Data Schedule (see Financial Data Schedule attached hereto in EDGAR format only)

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