

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

OR

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

Commission file number: 0-15006

AVANT IMMUNOTHERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

NO. 13-3191702
(I.R.S. Employer Identification No.)

119 FOURTH AVENUE, NEEDHAM, MASSACHUSETTS 02494-2725
(Address of principal executive offices)

(781) 433-0771
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No .

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

Class	Shares Outstanding as of July 25, 2000
----- Common Stock, \$.001 par value	----- 54,957,684

Exhibit index located on page 16

AVANT IMMUNOTHERAPEUTICS, INC.

FORM 10-Q

QUARTER ENDED JUNE 30, 2000

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.

CONSOLIDATED BALANCE SHEET
JUNE 30, 2000 AND DECEMBER 31, 1999

	JUNE 30, 2000	DECEMBER 31, 1999
=====		
ASSETS	(unaudited)	
Current Assets:		
Cash and Cash Equivalents	\$ 16,058,500	\$ 13,619,000
Current Portion Lease Receivable	431,700	431,700
Prepaid Expenses and Other Current Assets	455,800	439,000

Total Current Assets	16,946,000	14,489,700

Property and Equipment, Net	1,072,600	1,256,800
Restricted Cash	--	217,000
Long-Term Lease Receivable	179,900	395,700
Other Assets	3,319,100	3,523,500

Total Assets	\$ 21,517,600	\$ 19,882,700
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 256,400	\$ 575,300
Accrued Expenses	813,500	1,331,500
Current Portion Deferred Revenue	615,400	--
Current Portion Lease Payable	293,700	293,700

Total Current Liabilities	1,979,000	2,200,500

Long-Term Deferred Revenue	2,769,200	--
Long-Term Lease Payable	118,900	269,200

Stockholders' Equity:		
Common Stock, \$.001 Par Value; 75,000,000 Shares Authorized; 50,160,500 Issued and Outstanding at June 30, 2000 and 48,127,400 Issued and Outstanding at December 31, 1999	50,200	48,100
Additional Paid-In Capital	154,793,000	150,710,300
Accumulated Deficit	(138,192,700)	(133,345,400)

Total Stockholders' Equity	16,650,500	17,413,000

Total Liabilities and Stockholders' Equity	\$ 21,517,600	\$ 19,882,700
=====		

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2000 AND 1999
(UNAUDITED)

	JUNE 30, 2000	JUNE 30, 1999
=====		
OPERATING REVENUE:		
Product Development and Licensing Agreements	\$ 153,900	\$ 847,900

OPERATING EXPENSE:		
Research and Development	1,962,700	1,820,800
General and Administrative	1,041,900	1,100,900
Amortization of Goodwill	137,300	409,800

Total Operating Expenses	3,141,900	3,331,500

Operating Loss	(2,988,000)	(2,483,600)
Non-Operating Income, Net	264,100	127,400

Net Loss	\$ (2,723,900)	\$ (2,356,200)
=====		
Basic and Diluted Net Loss Per Common Share	\$ (0.05)	\$ (0.06)
=====		
Weighted Average Common Shares Outstanding	50,099,100	42,529,600
=====		

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999
(UNAUDITED)

	JUNE 30, 2000	JUNE 30, 1999
=====		
OPERATING REVENUE:		
Product Development and Licensing Agreements	\$ 307,700	\$ 1,185,800

OPERATING EXPENSE:		
Research and Development	3,780,000	3,619,600
General and Administrative	2,144,300	2,163,000
Legal Settlements	(500,000)	--
Amortization of Goodwill	274,600	819,600

Total Operating Expenses	5,698,900	6,602,200

Operating Loss	(5,391,200)	(5,416,400)
Non-Operating Income, Net	543,900	318,400

Net Loss	\$ (4,847,300)	\$ (5,098,000)
=====		
Basic and Diluted Net Loss Per Common Share	\$ (0.10)	\$ (0.12)
=====		
Weighted Average Common Shares Outstanding	49,949,100	42,528,000
=====		

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999
(UNAUDITED)

	JUNE 30, 2000	JUNE 30, 1999
=====		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (4,847,300)	\$ (5,098,000)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization	621,300	1,072,000
Changes in Assets and Liabilities:		
Prepaid Expenses and Other Current Assets	(16,800)	63,400
Accounts Payable and Accrued Expenses	(836,900)	(447,200)
Deferred Revenue	3,384,600	(500,000)
Lease Receivable	215,800	179,800
Lease Payable	(150,300)	(127,100)

Net Cash Used in Operating Activities	(1,629,600)	(4,857,100)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(87,800)	(580,400)
Redemption of Marketable Securities	--	4,903,100
Decrease in Restricted Cash	217,000	40,000
Increase in Patents and Licenses	(144,900)	(99,600)

Net Cash Provided by (Used in) Investing Activities	(15,700)	4,263,100

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the Exercise of Stock Options	1,535,700	17,200
Proceeds from the Exercise of Warrants	241,400	--
Net Proceeds from Stock Issuance	2,307,700	600

Net Cash Provided by Financing Activities	4,084,800	17,800

Increase (Decrease) in Cash and Cash Equivalents	2,439,500	(576,200)
Cash and Cash Equivalents at Beginning of Period	13,619,000	8,937,200

Cash and Cash Equivalents at End of Period	\$ 16,058,500	\$ 8,361,000
=====		

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

AVANT IMMUNOTHERAPEUTICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2000

(1) NATURE OF BUSINESS

AVANT Immunotherapeutics, Inc. ("AVANT") is a biopharmaceutical company engaged in the discovery, development and commercialization of products that harness the human immune response to prevent and treat disease. Our lead therapeutic program is focused on compounds that inhibit the inappropriate activity of the complement cascade, a vital part of the body's immune defense system. AVANT is also developing on its own a proprietary therapeutic vaccine for the management of atherosclerosis and Therapore(TM), a novel system for the delivery of immunotherapeutics for chronic viral infections and certain cancers. AVANT and its collaborators are developing vaccines using the proprietary adjuvants, Adjumer(R) and Micromer(R), for the prevention of respiratory syncytial virus (RSV), Lyme disease and several other vaccine targets. Through additional collaboration, we are also developing an oral human rotavirus vaccine and an oral cholera vaccine.

The unaudited consolidated financial statements include the accounts of AVANT Immunotherapeutics, Inc. and its wholly owned subsidiary, Polmerix, Inc. All intercompany transactions have been eliminated.

(2) INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements for the three months and six months ended June 30, 2000 and 1999 include the consolidated accounts of AVANT and have been prepared in accordance with generally accepted accounting principles and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, the information contained herein reflects all adjustments, consisting solely of normal recurring adjustments, that are necessary to present fairly the financial positions at June 30, 2000 and December 31, 1999, the results of operations for the quarters and six months ended June 30, 2000 and 1999, and the cash flows for the six months ended June 30, 2000 and 1999. The results of operations for the quarter and six months ended June 30, 2000 are not necessarily indicative of results for any future interim period or for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted, although we believe that the disclosures included are adequate to make the information presented not misleading. The unaudited consolidated financial statements and the notes included herein should be read in conjunction with footnotes contained in AVANT's Annual Report on Form 10-K for the year ended December 31, 1999.

(3) NEW ACCOUNTING PRONOUNCEMENTS

During April 2000, the Financial Accounting Standards Board issued Financial Interpretation ("FIN") No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of Accounting Principles Board ("APB") No. 25. Among other issues, FIN 44 clarifies (a) the definition of an employee, (b) criteria for determining whether a stock award plan qualifies as non-compensatory, and (c) the accounting consequences of various award modifications. This interpretation became effective July 1, 2000. We evaluated the effects of FIN 44 on our financial position and results of operations and have determined any such effects to be immaterial.

During June 2000, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101B, an amendment to SAB 101, "Revenue Recognition in Financial Statements." SAB 101B defers the

required implementation of SAB 101 until the fiscal quarter ended December 31, 2000. We are currently evaluating the effects, if any, of SAB 101 on our financial position and results of operations.

(4) PROPERTY AND EQUIPMENT

Property and equipment includes the following:

	June 30, 2000	December 31, 1999
=====		
Laboratory Equipment	\$ 2,626,600	\$ 2,595,400
Office Furniture and Equipment	1,232,500	1,176,800
Leasehold Improvements	939,000	938,100

Property and Equipment, Total	4,798,100	4,710,300
Less Accumulated Depreciation and Amortization	(3,725,500)	(3,453,500)

	\$ 1,072,600	\$ 1,256,800
=====		

(5) OTHER ASSETS

Other assets include the following:

	June 30, 2000	December 31, 1999
=====		
Capitalized Patent Costs	\$ 2,246,300	\$ 2,101,300
Accumulated Amortization	(790,000)	(715,300)

Capitalized Patent Costs, Net	1,456,300	1,386,000
Goodwill and Other Intangible Assets, Net of Accumulated Amortization of \$2,096,800 and \$1,822,200 at June 30, 2000 and December 31, 1999, respectively	1,738,900	2,013,500
Other Non Current Assets	124,000	124,000

	\$ 3,319,200	\$ 3,523,500
=====		

(6) COMMON STOCK

In July 1999, Novartis exercised its option to license TP10 for use in the field of transplantation. The decision to license TP10 resulted in a \$6 million payment by Novartis which was received by AVANT in January 2000. The payment included an equity investment of \$2,307,700 for 1,439,496 shares of our common stock at \$1.60 per share and a license fee of \$3,692,300. We are amortizing the license fee over twenty-four quarters, the projected development period for the licensed field.

(7) NET INCOME (LOSS) PER SHARE

Consistent with SFAS 128, basic earnings (loss) per share amounts are based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share amounts are based on the weighted average number of shares of common stock and the potential common stock outstanding during the period. We have excluded all of the potential common stock shares from the calculation of diluted weighted average share amounts for the three-month and six-month periods ended June 30, 2000 and 1999 as its inclusion would have been anti-dilutive.

(8) SUBSEQUENT EVENT

On July 17, 2000, AVANT completed a private placement of approximately 4,650,000 shares of common stock to institutional investors at \$7.85 per share. Net proceeds from the offering totaled approximately \$34,594,400

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: STATEMENTS CONTAINED IN THE FOLLOWING, ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, THAT ARE NOT HISTORICAL FACTS MAY BE FORWARD-LOOKING STATEMENTS THAT ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES. THERE ARE A NUMBER OF IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS MADE BY AVANT. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO: (i) OUR ABILITY TO SUCCESSFULLY COMPLETE PRODUCT RESEARCH AND DEVELOPMENT, INCLUDING PRE-CLINICAL AND CLINICAL STUDIES, AND COMMERCIALIZATION; (ii) OUR ABILITY TO OBTAIN SUBSTANTIAL ADDITIONAL FUNDING; (iii) OUR ABILITY TO OBTAIN REQUIRED GOVERNMENTAL APPROVALS; (iv) OUR ABILITY TO ATTRACT MANUFACTURING, SALES, DISTRIBUTION AND MARKETING PARTNERS AND OTHER STRATEGIC ALLIANCES; AND (v) OUR ABILITY TO DEVELOP AND COMMERCIALIZE OUR PRODUCTS BEFORE OUR COMPETITORS.

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

OVERVIEW

We are engaged in the discovery, development and commercialization of products that harness the human immune response to prevent and treat disease. Our products derive from a broad set of complementary technologies with the ability to inhibit the complement system, regulate T and B cell activity, and enable the creation and delivery of preventative and therapeutic vaccines. We are using these technologies to develop vaccines and immunotherapeutics that prevent or treat disease caused by infectious organisms, and drugs and treatment vaccines that modify undesirable activity by the body's own proteins or cells.

ACQUISITION

On August 21, 1998, we acquired Virus Research Institute, Inc. ("VRI"), a company engaged in the discovery and development of systems for the delivery of vaccines and immunotherapeutics, and novel vaccines for adults and children. AVANT issued 14,036,400 shares and warrants to purchase 1,811,200 shares of its common stock in exchange for all of the outstanding common stock of VRI, on the basis of 1.55 shares and .20 of a warrant to purchase one share of AVANT's common stock for each share of VRI common stock. The acquisition has been accounted for as a purchase. Consequently, the purchase price was allocated to the acquired assets and assumed liabilities based upon their fair value at the date of acquisition. The excess of the purchase price over the tangible assets acquired was assigned to collaborative relationships, work force and goodwill and is being amortized on a straight line basis over 12 to 60 months. An allocation of \$44,630,000 was made to in-process research and development ("IPR&D") which represented purchased in-process technology which had not yet reached technological feasibility and had no alternative future use. The amount was charged as an expense in our financial statements during the third quarter of 1998.

NEW DEVELOPMENTS

COMPLEMENT INHIBITORS: In 1997, we entered into an agreement with Novartis relating to the development of TP10 for use in xenotransplantation (animal organs into humans) and allotransplantation (human organs into humans). We granted Novartis a two-year option to license TP10 with exclusive worldwide marketing rights (except Japan) in the fields of xenotransplantation and allotransplantation. In July 1999, Novartis exercised its option to license TP10 for use in the field of transplantation. In December 1999, the Novartis agreement was amended to include marketing rights for Japan. The decision to license TP10 resulted in a \$6 million equity investment and license payment by Novartis which was received by AVANT in January 2000. Under the agreement, we may receive additional milestone payments of up to \$14 million upon attainment of certain development and regulatory goals. We will also be entitled to royalties on product sales under the agreement.

We have elected to independently develop and commercialize TP10 for pediatric cardiac surgery. In September 1999, we initiated an open-label, Phase I/II trial of TP10 in infants undergoing cardiac surgery for congenital heart defects. The trial evaluated the ability of TP10 to mitigate the injury to the heart and other organs that occurs when patients are placed on cardiopulmonary bypass circuits. TP10 was

well tolerated in the study population and results of this Phase I/II trial were presented at the Society of Cardiovascular Anesthesiologists Annual Meeting in May 2000. In March 2000, we received orphan drug designation for TP10 in infants undergoing cardiac surgery. We currently expect to initiate a pivotal trial in this indication around the end of 2000. AVANT additionally plans to refine the TP10 dosing regimen in additional infants prior to starting this pivotal study.

We also plan to initiate Phase II trials for adult cardiac surgery during the second half of 2000, with an expectation to partnering that program when additional clinical data are available.

ATHEROSCLEROSIS TREATMENT VACCINE: We are developing a therapeutic vaccine against endogenous cholesteryl ester transfer protein ("CETP") which may be useful in reducing risks associated with atherosclerosis. CETP is a key intermediary in the balance of HDL and LDL. We are developing a vaccine (CETi-1) to stimulate an immune response against CETP which we believe may improve the ratio of HDL to LDL cholesterol and reduce the progression of atherosclerosis. We have conducted preliminary studies of rabbits which have demonstrated the ability of CETi-1 vaccine to elevate HDL and reduce the development of blood vessel lesions. In June 1999, we initiated a double-blind placebo controlled, Phase I clinical trial of our CETi-1 vaccine in adult volunteers. The object of the study is to demonstrate the safety of single administrations of the vaccine at four different dosage strengths. Patient enrollment in this Phase I trial was completed in February 2000 and we expect to announce trial results in the fourth quarter of 2000. We plan to initiate a Phase II study during the second half of 2000. As clinical data becomes available, we plan to seek a corporate partner to complete development and to commercialize the vaccine.

ROTAVIRUS VACCINE: Rotavirus is a major cause of diarrhea and vomiting in infants and children. No vaccine against rotavirus is currently on the market. In 1997, we licensed our oral rotavirus vaccine to SmithKline Beecham plc ("SmithKline"). In 1999, after our Phase II study demonstrated 89% protection in a study involving 215 infants, SmithKline paid us an additional license fee and assumed full responsibility for funding and performing all remaining clinical development. SmithKline has initiated Phase I/II bridging studies in Europe using its newly manufactured rotavirus vaccine, called Rotarix(TM), and is now planning to start Phase III safety and efficacy studies in 2001 after review with health authorities. Assuming product development and commercialization continues satisfactorily, SmithKline will pay us additional milestones and a royalty based on sales.

CHOLERA VACCINE: We are developing a single dose, oral cholera vaccine using a live, genetically attenuated cholera strain. Based on this technology, developed in academia, we have developed the vaccine through early Phase II trials. We then negotiated a collaboration agreement under which a Phase IIb trial will be performed and funded by the Walter Reed Army Institute of Research ("WRAIR") and the National Institutes of Health (the "NIH"). This trial, set to begin in the second half of 2000, will test the safety, immunogenicity and protective capacity of the vaccine against a challenge with live virulent cholera. We will then determine our commercialization strategy with respect to the cholera vaccine based on clinical data from the trial.

RESULTS OF OPERATIONS

Three-Month Period Ended June 30, 2000 as Compared
with the Three-month Period Ended June 30, 1999

AVANT reported consolidated net loss of \$2,723,900, or \$.05 per share, for the second quarter ended June 30, 2000, compared with a net loss of \$2,356,200, or \$.06 per share, for the second quarter ended June 30, 1999. The weighted average common shares outstanding used to calculate net loss per common share was 50,099,100 in 2000 and 42,529,600 in 1999.

OPERATING REVENUE: Total operating revenue decreased \$694,000, or 81.8%, to \$153,900 for the second quarter of 2000 compared to \$847,900 for the second quarter of 1999. This decrease is due primarily to differences in amortization between quarterly periods of revenue recognized from license and option payments received from Novartis in 2000 and 1999, respectively. During the second quarter of 2000, AVANT recognized revenue from a Novartis license payment which is being amortized over the

projected development period of the licensed field or twenty-four quarters. During the second quarter of 1999, AVANT recognized revenue from a Novartis one-year option payment which was amortized over the option term and a milestone payment received from SmithKline Beecham.

OPERATING EXPENSE: Total operating expense decreased \$189,600, or 5.7%, to \$3,141,900 for the second quarter of 2000 compared to \$3,331,500 for the second quarter of 1999. The decrease in total operating expense is primarily due to the reduction of goodwill amortization by \$272,500 in the second quarter of 2000 compared with the same period last year due to certain acquired assets having shorter useful lives. Research and development expense increased \$141,900, or 7.8%, to \$1,962,700 for the second quarter of 2000 compared to \$1,820,800 for the second quarter of 1999. The increase in research and development expense is primarily due to increased costs for clinical materials, offset in part by lower consultant and personnel costs during the 2000 quarter. General and administrative expense decreased \$59,000, or 5.4%, to \$1,041,900 for the second quarter of 2000 compared to \$1,100,900 for the second quarter of 1999. The decrease is primarily attributed to lower personnel costs in 2000.

NON-OPERATING INCOME, NET: Non-operating income increased \$136,700, or 107.3%, to \$264,100 for the second quarter of 2000 compared to \$127,400 for the second quarter of 1999. The increase is primarily due to an increase in interest income as a result of higher interest rates and higher average cash balances during the second quarter of 2000 compared to the second quarter of 1999.

Six-Month Period Ended June 30, 2000 as Compared
With the Six-month Period Ended June 30, 1999

AVANT reported consolidated net loss of \$4,847,300, or \$.10 per share, for the six months ended June 30, 2000, compared with a net loss of \$5,098,000, or \$.12 per share, for the six months ended June 30, 1999. The weighted average common shares outstanding used to calculate net loss per common share was 49,949,100 in 2000 and 42,528,000 in 1999.

OPERATING REVENUE: Total operating revenue decreased \$878,100, or 74.1%, to \$307,700 for the first six months of 2000 compared to \$1,185,800 for the first six months of 1999. This decrease is due primarily to differences in amortization of revenue recognized from license, option and milestone payments from our collaborators between the comparable six-month periods. During the first six months of 2000, AVANT recognized revenue from a Novartis license payment which is being recognized over the projected development period of the licensed field or twenty-four quarters. During the first six months of 1999, AVANT recognized revenue from a Novartis one-year option payment which was amortized over the option term and a milestone payment received from SmithKline Beecham.

OPERATING EXPENSE: Total operating expense decreased \$903,300, or 13.7%, to \$5,698,900 for the first six months of 2000 compared to \$6,602,200 for the first six months of 1999. The decrease in total operating expense is primarily due to the receipt of legal settlement payments totaling \$500,000 in the first quarter of 2000 and the reduction of goodwill amortization by \$545,000 in the first six months of 2000 compared with the same period last year due to certain acquired assets having shorter useful lives. Research and development expense increased \$160,400, or 4.4%, to \$3,780,000 for the first six months of 2000 compared to \$3,619,600 for the first six months of 1999. The increase in research and development expense is due to higher costs for clinical materials and laboratory supplies, offset in part by lower consultant and personnel costs. General and administrative expense decreased \$18,700, or 0.9%, to \$2,144,300 for the first six months of 2000 compared to \$2,163,000 for the first six months of 1999. The decrease is primarily attributed to lower personnel costs offset by increased general and patent legal expenses combined with increased corporate development and investor relations costs.

NON-OPERATING INCOME, NET: Non-operating income increased \$225,500, or 70.8%, to \$543,900 for the first six months of 2000 compared to \$318,400 for the first six months of 1999. The increase is primarily due to an increase in interest income as a result of higher interest rates and higher average cash balances during the first six months of 2000 compared to the first six months of 1999.

LIQUIDITY AND CAPITAL REOURCES

AVANT ended the second quarter of 2000 with cash and cash equivalents of \$16,058,500 compared to cash and cash equivalents of \$13,619,000 at December 31, 1999. Cash used in operations was \$1,629,600 in the first six months of 2000 compared to \$4,857,100 used in operations in the first six months of 1999.

In July 1999, Novartis exercised its option to license TP10 for use in the field of transplantation. The decision to license TP10 resulted in a \$6 million payment by Novartis which was received by AVANT in January 2000. The payment included an equity investment of \$2,307,700 and a license fee of \$3,692,300.

Also, during the first six months of 2000, AVANT raised approximately \$1,535,700 and \$241,400 in additional equity investment through the exercise of stock options and warrants, respectively.

After the end of the second quarter of 2000, on July 17, 2000, AVANT completed a private placement of approximately 4,650,000 shares of common stock which generated net proceeds totaling approximately \$34,594,400.

AVANT believes that cash inflows from existing collaborations, interest income on invested funds and our current cash and cash equivalents together with the funds raised by the private placement completed in July 2000 will be sufficient to meet estimated working capital requirements and fund operations for the next two years. The working capital requirements of AVANT are dependent on several factors including, but not limited to, the costs associated with research and development programs, preclinical and clinical studies and the scope of collaborative arrangements. During 2000, we may take steps to raise additional capital including, but not limited to, licensing of technology programs with existing or new collaborative partners, possible business combinations, or issuance of common stock via private placement and public offering.

YEAR 2000

THE STATEMENTS IN THIS SECTION INCLUDE THE "YEAR 2000 READINESS DISCLOSURE" WITHIN THE MEANING OF THE YEAR 2000 INFORMATION AND READINESS DISCLOSURE ACT. THIS SECTION CONTAINS CERTAIN STATEMENTS THAT ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. AVANT'S YEAR 2000 READINESS, AND THE EVENTUAL AFFECTS OF THE YEAR 2000 ON AVANT MAY BE MATERIALLY DIFFERENT THAN CURRENTLY PROJECTED. THIS MAY BE DUE TO, AMONG OTHER THINGS, THE INABILITY OF AVANT OR OF KEY THIRD PARTIES WITH WHOM WE HAVE A SIGNIFICANT BUSINESS RELATIONSHIP TO ACHIEVE OR MAINTAIN YEAR 2000 READINESS.

The "Year 2000" issue affects computer systems that have date sensitive programs that may not properly recognize the year 2000. Systems that do not properly recognize such information could generate data or cause a system to fail, resulting in business interruption. Through the first six months of the year 2000, AVANT's operations are fully functioning and have not experienced any significant issues associated with the Year 2000 problem discussed above. Costs associated with modifications made by AVANT to be Year 2000 compliant were immaterial. There can be no assurance, however, that a failure by another company's system to be Year 2000 compliant would not have a material adverse affect on our business, operating results and financial condition.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In January 1997, the Securities and Exchange Commission issued Financial Reporting Release No. 48, which expands the disclosure requirements for certain derivatives and other financial instruments. The Company does not utilize derivative financial instruments.

PART II -- OTHER INFORMATION

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

On May 8, 2000, the AVANT held its Annual Meeting of Stockholders at which the voters elected seven directors to its Board of Directors.

At AVANT's Annual Meeting of Stockholders, the following votes were tabulated for the one proposal before AVANT's Stockholders:

PROPOSAL I
Election of Directors:

	NUMBER OF SHARES/VOTES	
	For	Authority Withheld
J. Barrie Ward	39,668,324	93,510
John W. Littlechild	39,668,088	93,746
Una S. Ryan	39,643,024	118,810
Thomas R. Ostermueller	39,668,845	92,989
Frederick W. Kyle	39,669,438	92,396
Harry H. Penner, Jr.	39,669,699	92,135
Peter Sears	39,669,838	91,996

The number of shares issued, outstanding and eligible to vote as of the record date of March 24, 2000 were 50,084,075. A quorum was present with 39,761,834 shares represented by 209 proxies or 79.39% of the eligible voting shares.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

27.1 Financial Data Schedule

(B) REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Company during the quarter for which this report is filed.

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.

AVANT IMMUNOTHERAPEUTICS, INC.

BY:

Dated: July 25, 2000

/s/ Una S. Ryan

Una S. Ryan, Ph. D.
President and Chief Executive Officer
(Principal Executive Officer)

Dated: July 25, 2000

/s/ Avery W. Catlin

Avery W. Catlin
Senior Vice President, Treasurer
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER

DESCRIPTION

27.1 Financial Data Schedule.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED FINANCIAL STATEMENTS OF AVANT IMMUNOTHERAPEUTICS, INC. FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

U.S. DOLLARS

6-MOS	DEC-31-2000	JAN-01-2000	JUN-30-2000
		1	16,058,500
		0	0
		0	0
	16,946,000		0
		4,798,100	
	(3,725,500)		
	21,517,600		
1,979,000			0
	0		0
		0	50,200
21,517,600		16,600,300	
			0
	307,700		0
			0
	5,698,800		
	0		
	0		
	(4,847,300)		
			0
(4,847,300)			0
		0	
		0	0
	(4,847,300)		
	(0.10)		
	(0.10)		