

THERAVANCE INC
Form 10-Q
May 08, 2015
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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 quarterly period ended March 31, 2015

OR

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

For the transition period from _____ to _____

Commission File Number: 000-30319

THERAVANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

94-3265960
(I.R.S. Employer
Identification No.)

951 Gateway Boulevard

South San Francisco, CA 94080

(Address of Principal Executive Offices)

(650) 238-9600

(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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The number of shares of registrant's common stock outstanding on April 30, 2015 was 116,872,733.

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(In thousands, except per share data)

| | March 31, 2015 (unaudited) | December 31, 2014 * |
|---|---|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 141,186 | \$ 96,800 |
| Short-term marketable securities | 109,954 | 143,698 |
| Related party receivables from collaborative arrangements | 10,239 | 10,550 |
| Prepaid expenses and other current assets | 1,013 | 1,134 |
| Total current assets | 262,392 | 252,182 |
| Marketable securities | 3,932 | 42,856 |
| Property and equipment, net | 303 | 324 |
| Capitalized fees paid to a related party, net | 204,735 | 208,191 |
| Other assets | 17,337 | 18,101 |
| Total assets | \$ 488,699 | \$ 521,654 |
| Liabilities and Stockholders Deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,025 | \$ 1,056 |
| Payable to Theravance Biopharma, Inc. | 126 | 1,959 |
| Accrued personnel-related expenses | 1,063 | 7,551 |
| Accrued interest payable | 6,195 | 2,108 |
| Other accrued liabilities | 1,686 | 1,082 |
| Deferred revenue | 885 | 13,756 |
| Total current liabilities | 10,980 | 255,109 |
| Convertible subordinated notes, due 2023 | 255,109 | 470,527 |
| Non-recourse notes, due 2029 | 476,954 | 105 |
| Deferred rent | 89 | 1,718 |
| Other long-term liabilities | 1,947 | 3,788 |
| Deferred revenue | 3,763 | |
| Commitments and contingencies (Notes 3, 6, and 9) | | |
| Stockholders Deficit: | | |
| Preferred stock: \$0.01 par value, 230 shares authorized, no shares issued and outstanding | | |
| Common stock: \$0.01 par value, 200,000 shares authorized, 116,920 and 116,445 shares issued as of March 31, 2015 and December 31, 2014, respectively | 1,169 | 1,164 |
| Treasury stock: 150 shares at March 31, 2015 and December 31, 2014 | (3,263) | (3,263) |
| Additional paid-in capital | 1,426,297 | 1,452,504 |
| Accumulated other comprehensive loss | (12) | (87) |
| Accumulated deficit | (1,684,334) | (1,673,667) |

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| | | | | |
|---|----|-----------|----|-----------|
| Total stockholders' deficit | | (260,143) | | (223,349) |
| Total liabilities and stockholders' deficit | \$ | 488,699 | \$ | 521,654 |

See accompanying notes to condensed consolidated financial statements.

* Condensed consolidated balance sheet at December 31, 2014 has been derived from audited consolidated financial statements.

Table of Contents**THERAVANCE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

(Unaudited)

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2015 | 2014 |
| Royalty revenue from a related party, net of amortization for capitalized fees paid to a related party of \$3,456 and \$1,780 for the three months ended March 31, 2015 and 2014 | \$ 6,674 | \$ (1,050) |
| Revenue from collaborative arrangements from a related party, net | 222 | 270 |
| Total net revenue | 6,896 | (780) |
| Operating expenses: | | |
| Research and development | 712 | 2,687 |
| General and administrative | 5,439 | 11,256 |
| Total operating expenses | 6,151 | 13,943 |
| Income (loss) from operations | 745 | (14,723) |
| Other income (expense), net | 1,178 | (3) |
| Interest income | 116 | 188 |
| Interest expense | (12,706) | (1,644) |
| Loss from continuing operations | (10,667) | |