

IMMUNOGEN INC  
Form 10-Q  
May 05, 2006

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 March 31, 2006**

**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 0-17999**

**ImmunoGen, Inc.**

**Massachusetts**

(State or other jurisdiction of incorporation  
or organization)

**04-2726691**

(I.R.S. Employer Identification No.)

**128 Sidney Street, Cambridge, MA 02139**

(Address of principal executive offices, including zip code)

**(617) 995-2500**

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Edgar Filing: IMMUNOGEN INC - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Shares of common stock, par value \$.01 per share: 41,399,755 shares outstanding as of May 5, 2006.

---

---

---

**IMMUNOGEN, INC.**  
**TABLE OF CONTENTS**

PART I.	FINANCIAL INFORMATION
Item 1.	<u>Financial Statements (unaudited):</u>
a.	<u>Consolidated Balance Sheets as of March 31, 2006 and June 30, 2005</u>
b.	<u>Consolidated Statements of Operations for the three and nine months ended March 31, 2006 and 2005</u>
c.	<u>Consolidated Statements of Cash Flows for the nine months ended March 31, 2006 and 2005</u>
d.	<u>Notes to Consolidated Financial Statements</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
Item 4.	<u>Controls and Procedures</u>
PART II.	<u>OTHER INFORMATION</u>
Item 1.	<u>Legal Proceedings</u>
Item 1A.	<u>Risk Factors</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
Item 3.	<u>Defaults Upon Senior Securities</u>
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>
Item 5.	<u>Other Information</u>
Item 6.	<u>Exhibits</u>
	<u>SIGNATURES</u>
	CERTIFICATIONS



**IMMUNOGEN, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2006 AND JUNE 30, 2005**  
**(UNAUDITED)**

In thousands, except per share amounts

	March 31, 2006	June 30, 2005
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,050	\$ 3,423
Marketable securities	78,715	87,142
Accounts receivable	1,500	1,418
Unbilled revenue	5,429	5,035
Inventory, net	1,813	1,520
Prepaid and other current assets	1,467	1,398
Total current assets	92,974	99,936
Property and equipment, net	9,503	9,883
Other assets	265	313
Total assets	\$ 102,742	\$ 110,132
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ 1,477	\$ 2,099
Accrued compensation	1,946	728
Other current accrued liabilities	2,495	1,327
Current portion of deferred revenue	6,661	5,072
Total current liabilities	12,579	9,226
Deferred revenue, net of current portion	11,368	13,739
Other long-term liabilities	374	325
Total liabilities	24,321	23,290
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value; authorized 75,000 shares; issued and outstanding 45,074 shares and 44,695 shares as of March 31, 2006 and June 30, 2005, respectively	451	447
Additional paid-in capital	321,187	318,300
Deferred compensation	-	(13)
Treasury stock	(11,071)	(11,071)
Accumulated deficit	(231,916)	(220,727)
Accumulated other comprehensive loss	(230)	(94)
Total stockholders' equity	78,421	86,842
Total liabilities and stockholders' equity	\$ 102,742	\$ 110,132

The accompanying notes are an integral part of the consolidated financial statements.



**IMMUNOGEN, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2006 AND 2005**  
**(UNAUDITED)**

In thousands, except per share amounts

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2006	2005	2006	2005
<b>Revenues:</b>				
Research and development support	\$ 5,258	\$ 4,776	\$ 16,175	\$ 13,751
License and milestone fees	3,275	3,040	5,811	5,615
Clinical materials reimbursement	822	2,415	1,734	8,918
<b>Total revenues</b>	<b>9,355</b>	<b>10,231</b>	<b>23,720</b>	<b>28,284</b>
<b>Expenses:</b>				
Cost of clinical materials reimbursed	779	2,286	1,778	7,822
Research and development (1)	10,216	9,669	28,467	23,659
General and administrative (1)	2,193	2,277	7,319	6,213
<b>Total expenses</b>	<b>13,188</b>	<b>14,232</b>	<b>37,564</b>	<b>37,694</b>
<b>Loss from operations</b>	<b>(3,833)</b>	<b>(4,001)</b>	<b>(13,844)</b>	<b>(9,410)</b>
Interest income	875	509	2,351	1,257
Net realized losses on investments	(7)	(55)	(33)	(59)
Gain on sale of assets	-	-	3	-
Other income (expense)	(15)	1	351	8
<b>Loss before income tax expense</b>	<b>(2,980)</b>	<b>(3,546)</b>	<b>(11,172)</b>	<b>(8,204)</b>
Income tax expense	1	5	17	27
<b>Net loss</b>	<b>\$ (2,981)</b>	<b>\$ (3,551)</b>	<b>\$ (11,189)</b>	<b>\$ (8,231)</b>
<b>Basic and diluted net loss per common share</b>	<b>\$ (0.07)</b>	<b>\$ (0.09)</b>	<b>\$ (0.27)</b>	<b>\$ (0.20)</b>
<b>Basic and diluted weighted average common shares</b>	<b>41,188,183</b>	<b>40,870,768</b>	<b>41,108,821</b>	<b>40,819,687</b>

outstanding

(1) Includes the following stock compensation expense for the three and nine months ended March 31,

	2006	2005	2006	2005
Research and development	\$ 378	\$ -	\$ 1,080	\$ -
General and administrative	215	(50)	759	130
Total	\$ 593	\$ (50)	\$ 1,839	\$ 130

The accompanying notes are an integral part of the consolidated financial statements.



**IMMUNOGEN, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006 AND 2005**  
**(UNAUDITED)**  
**In thousands**

	<b>Nine Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (11,189)	\$ (8,231)
<b>Adjustments to reconcile net loss to net cash used for operating activities:</b>		
Depreciation and amortization	2,024	1,625
Gain on sale of fixed assets	(3)	-
Loss on sale of marketable securities	33	59
Inventory reserve	(226)	1,321
Stock and deferred share unit compensation	1,839	130
Deferred rent	30	4
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	(81)	1,496
Unbilled revenue	(394)	(522)
Inventory	(66)	3,494
Prepaid and other current assets	(70)	259
Other assets	48	19
Accounts payable	(622)	1,133
Accrued compensation	1,218	2,012
Other current accrued liabilities	1,167	(172)
Deferred revenue	(781)	(4,144)
Net cash used in operating activities	(7,074)	(1,517)
<b>Cash flows from investing activities:</b>		
Proceeds from maturities or sales of marketable securities	459,593	783,402
Purchases of marketable securities	(451,335)	(779,570)