

TRANSGENOMIC INC
Form 10-Q/A
June 30, 2005
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

(Mark One)

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

For the Quarterly Period Ended September 30, 2004

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: 000-30975

TRANSGENOMIC, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)
12325 Emmet Street, Omaha, Nebraska
(Address of principal executive offices)

911789357
(I.R.S. Employer
Identification No.)
68164
(Zip Code)

(402) 452-5400

(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 and (2) has been subject to such filing requirements for the past

90 days. Yes No

Indicate by check mark whether the registrant is accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of November 15, 2004, the number of shares of common stock outstanding was 29,070,651.

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Explanatory Note

We are amending our quarterly report on Form 10-Q for the quarterly period ended September 30, 2004 (Form 10-Q) for certain adjustments that are required to appropriately report cash flows from operating and investing activities in the condensed consolidated statements of cash flows included in Part I, Item 1 herein and related cash flow disclosures included in Part I, Item 2. These restatements are discussed in Note M to the condensed consolidated financial statements and result only in a reclassification of certain items within the condensed consolidated statements of cash flows. They have no effect on the net change in cash and cash equivalents for any period reported or any other line item in the condensed consolidated financial statements. Except to the extent affected by the correction of this error, we have made no other changes to our Form 10-Q.

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TRANSGENOMIC INC.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Transgenomic, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets (Unaudited)**

(In thousands except share and per share data)

	September 30,	December 31,
	2004	2003
	<u> </u>	<u> </u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,125	\$ 1,241
Accounts receivable net	10,306	10,877
Inventories	7,193	10,584
Prepaid expenses and other current assets	1,700	1,676
	<u> </u>	<u> </u>
Total Current Assets	20,324	24,378
Property and Equipment		
Land and buildings	2,263	2,239
Equipment	21,581	20,362
Furniture and fixtures	9,092	9,054
	<u> </u>	<u> </u>
Total property and equipment	32,936	31,655
Less: accumulated depreciation	18,032	12,951
	<u> </u>	<u> </u>
Net property and equipment	14,904	18,704
Goodwill	638	10,503
Intangible and other assets	5,811	3,721
	<u> </u>	<u> </u>
Total Assets	\$ 41,677	\$ 57,306
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	\$ 3,651	\$ 3,580
Other accrued expenses	4,451	3,874
Accrued compensation	1,199	959
Line of credit	7,906	2,142
Current portion of long-term debt	975	1,693
	<u> </u>	<u> </u>
Total current liabilities	18,182	12,248
Long-term Liabilities		
Long-term debt	2,306	
	<u> </u>	<u> </u>

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Total liabilities	20,488	12,248
Commitments and Contingencies (Note G)		
Stockholders Equity		
Preferred stock \$.01 par value, 15,000,000 shares authorized, none outstanding		
Common stock \$.01 par value, 60,000,000 shares authorized, 28,887,334 and 28,119,122 issued in 2004 and 2003, respectively	296	286
Additional paid-in capital	119,430	115,904
Accumulated other comprehensive income (loss)	1,626	1,597
Accumulated deficit	(100,163)	(72,729)
	<u>21,189</u>	<u>45,058</u>
Total stockholders equity	21,189	45,058
	<u>21,189</u>	<u>45,058</u>
Total liabilities and stockholders equity	\$ 41,677	\$ 57,306
	<u>\$ 41,677</u>	<u>\$ 57,306</u>

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

Table of Contents**Transgenomic, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations (Unaudited)****(In thousands except share and per share data)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Net sales	\$ 8,194	\$ 7,537	\$ 25,834	\$ 25,521
Cost of goods sold	6,857	6,762	18,484	18,500
Gross profit	1,337	775	7,350	7,021
Operating expenses:				
Selling, general and administrative	4,353	4,331	12,866	13,239
Research and development	1,743	2,411	5,344	7,098
Restructuring Charges (Note K)				738
Impairment Charges (Note E)			11,964	
	6,096	6,742	30,174	21,075
Loss from operations	(4,759)	(5,967)	(22,824)	(14,054)
Other income (expense):				
Interest and investment income/(loss)	(345)	2	(371)	48
Interest expense	(378)	(98)	(1,313)	(191)
Loss on debt extinguishment (Note J)	(2,859)		(2,859)	
Other, net	(100)	(9)	(161)	(118)
	(3,682)	(105)	(4,704)	(261)
Loss before income taxes	(8,441)	(6,072)	(27,528)	(14,315)
Current income tax expense (benefit)	1	25	(94)	49
Net loss	\$ (8,442)	\$ (6,097)	\$ (27,434)	\$ (14,364)
Basic and diluted weighted average shares outstanding	29,077,789	24,176,567	28,951,230	23,741,120
Net loss per common share basic and diluted	\$ (0.29)	\$ (0.25)	\$ (0.95)	\$ (0.61)

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

Table of Contents**Transgenomic, Inc. and Subsidiaries****Condensed Consolidated Statement of Cash Flows (Unaudited)****(In thousands)**

	Nine Months Ended	
	September 30,	
	2004	2003
	(As restated, see Note M)	
Cash Flows from Operating Activities		
Net loss	\$ (27,434)	\$ (14,364)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	3,607	3,312
Impairment charges (Note E)	11,964	
Loss on Debt Extinguishment	2,859	
Non-cash financing charges	759	364
Other	382	140
Changes in operating assets and liabilities:		
Purchase of trading securities		(1,565)
Proceeds from sale of trading securities		1,519
Accounts receivable	(2,469)	1,482
Inventories	819	1,909
Prepaid expenses and other current assets	(69)	(192)
Accounts payable	100	(158)
Accrued expenses and other current liabilities	774	(1,865)
Net cash flows from operating activities	(8,708)	(9,418)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,250)	(5,646)
Proceeds from the maturities and sale of available for sale securities	2,768	3,612
Change in other assets	26	(152)
Net cash flows from investing activities	1,544	(2,186)
Cash Flows from Financing Activities		
Issuance of common stock and common stock warrants	67	1,787
Proceeds from long-term debt	2,750	
Payment of long-term debt	(1,729)	
Line of credit	6,097	1,371
Net cash flows from financing activities	7,185	3,158
Effect of foreign currency exchange rates on cash	(137)	(148)
Net change in cash and cash equivalents	(116)	(8,594)
Cash and cash equivalents at beginning of period	1,241	9,735
Cash and cash equivalents at end of period	\$ 1,125	\$ 1,141
Non-cash Items:		
Available for sale securities acquired for goods and services	\$ 3,137	\$ 425



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

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Transgenomic, Inc. and Subsidiaries

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(In thousands except share and per share data)

A. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements of Transgenomic, Inc. and Subsidiaries (the Company) have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. In the opinion of management of the Company, all adjustments (consisting of only normal and recurring accruals) have been made to present fairly the financial positions, the results of operations and cash flows for the periods presented. The results of operations for the nine months ended September 30, 2004 and 2003 are not necessarily indicative of the results to be expected for the full year. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these financial statements should be read in conjunction with the consolidated financial statements for the period ended December 31, 2003, that are included in the Company's 2004 Annual Report on Form 10-K/A-2.