

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2008-08-29** | Period of Report: **2008-06-30**
SEC Accession No. **0001171843-08-000662**

([HTML Version](#) on secdatabase.com)

FILER

IMMUNOMEDICS INC

CIK: **722830** | IRS No.: **611009366** | State of Incorpor.: **DE** | Fiscal Year End: **0630**
Type: **8-K** | Act: **34** | File No.: **000-12104** | Film No.: **081046644**
SIC: **2835** In vitro & in vivo diagnostic substances

Mailing Address
300 AMERICAN ROAD
MORRIS PLAINS NJ 07950

Business Address
300 AMERICAN RD
MORRIS PLAINS NJ 07950
9736058200

Item 1.02 Termination of Material Definitive Agreement.

On August 28, 2008, Immunomedics, Inc., a Delaware corporation (the “Company”), and Bank of America, N.A. (“Bank of America”) agreed to terminate the parties’ obligations under the \$9.0 million revolving line of credit the Company had secured from Bank of America pursuant to the loan agreement, effective as of June 9, 2008 (the “Credit Facility”). As of August 28, 2008, the Company had no amounts outstanding under the Credit Facility.

Item 2.02. Results of Operations and Financial Condition.

On August 28, 2008, the Company, issued a press release to report the Company’s financials for the fiscal year ended and quarter ended June 30, 2008. The full text of the press release is attached to this current report on Form 8-K as Exhibit 99.1.*

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 27, 2008, Dr. Marvin E. Jaffe informed the Company of his intention not to stand for re-election at the Company’s next Annual Meeting of Stockholders, scheduled to be held on December 3, 2008 (the “Annual Meeting”), and his decision to resign as a member of the Audit Committee, Compensation Committee, Governance and Nominating Committee and Research and Development Committee. Dr. Jaffe will remain on the Company’s Board of Directors and remain a member of each of the foregoing committees until the Annual Meeting. Dr. Jaffe has informed the Company that there is no disagreement between Dr. Jaffe and the Company on any matter relating to the Company’s operations, policies or practices.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Letter Agreement, effective as of August 28, 2008, between Immunomedics, Inc. and Bank of America, N.A.
99.1	Press Release of Immunomedics, Inc. dated August 28, 2008 reporting its financial results.

* The information in Item 2.02 of this Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

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 hereunto duly authorized.

IMMUNOMEDICS, INC.

By: /s/ Cynthia L. Sullivan

Name: Cynthia L. Sullivan

Title: President and Chief Executive Officer

Date: August 29, 2008

Letterhead of Immunomedics, Inc.

August 22, 2008

William Franey
Senior Vice President
Bank of America, N.A.
750 Walnut Ave.
Cranford, NJ 07016

Re: Immunomedics Inc. Loan Agreement

Dear Bill:

This letter is to notify you that in accordance with the terms of the License and Collaboration Agreement between Immunomedics, Inc. and Nycomed GmbH, Immunomedics has received a \$40.0 million non-refundable cash payment. This was noted on Form 8-K filed with the Securities and Exchange Commission on August 21, 2008 by Immunomedics.

In accordance with Section 1.6 "Permanent Reduction in Amount of Loan Facility Commitment" of the Loan Agreement between Immunomedics, Inc and Bank of America, N.A., dated June 6, 2008 (the "Loan Agreement"), the Loan Facility Commitment available to Immunomedics is hereby permanently reduced to zero. Therefore, the parties agree there are no further obligations due under the Loan Agreement, including, but not limited to any Unused Commitment Fee (as defined in the Loan Agreement), and Bank of America, N.A. shall immediately file all necessary UCC releases.

Please let me know if there is any additional information that you require.

Regards,

By: /s/ Cynthia L. Sullivan
Name: Cynthia L. Sullivan
Title: President and Chief Executive Officer

Acknowledged and agreed:

Bank of America, N.A.

By: /s/ William Franey
Name: William Franey
Title: Senior Vice President

Immunomedics Announces Fiscal 2008 Results

MORRIS PLAINS, N.J., Aug. 28, 2008 (GLOBE NEWSWIRE) -- Immunomedics, Inc. (Nasdaq:IMMU), a biopharmaceutical company focused on developing monoclonal antibodies to treat cancer and other serious diseases, today reported revenues of \$1.0 million and a net loss of \$6.9 million, or \$0.09 per share, for the fourth quarter of fiscal year 2008, which ended June 30, 2008. This compares to revenues of \$0.8 million and a net loss of \$4.6 million, or \$0.06 per share, for the same period last year. The increase in net loss for the three-month period ended June 30, 2008 was primarily due to impairment losses to reduce the fair market value of the Company's investments in auction rate securities (ARS), increased research and development spending and increased compensation, principally from higher headcount.

For fiscal year 2008, the Company reported revenues of \$3.7 million and a net loss of \$22.9 million, or \$0.31 per share. This compares to revenues of \$8.5 million and a net loss of \$16.7 million, or \$0.26 per share, for fiscal year 2007. The current year did not include any amortization of deferred revenue from the Company's development collaboration and license agreement with UCB. Consequently, the increase in net loss was primarily due to the \$5.4 million of amortized deferred revenue recognized in the previous year, as well as the \$3.0 million adjustment to ARS investments and increased R&D expenses due to higher headcount and related salaries, employee benefits and higher patent expenses. This was partially offset by lower interest expense, reduced operating expenses resulting from the termination of certain executive life insurance agreements, an increase in tax benefits from the State of New Jersey and higher interest income.

As of June 30, 2008, the Company had \$26.2 million in cash, cash equivalents and marketable securities. Marketable securities consist of \$20.0 million in AAA rated student loan ARS, net of the \$3.0 million impairment losses recorded in fiscal year 2008. On July 11, 2008, the Company entered into a license and collaboration agreement with Nycomed GmbH providing Nycomed a worldwide license to develop, manufacture and commercialize veltuzumab in the subcutaneous formulation, for the treatment of all non-cancer indications. In return, the Company has received a non-refundable initial cash payment of \$40 million on August 21, 2008. With the completion of the agreement with Nycomed, Bank of America, N.A. and the Company have agreed to terminate the parties' obligations under the \$9.0 million line of credit established in June 2008, which was secured by the Company's marketable securities.

"The initial payment from the Nycomed agreement has significantly improved our cash position. With Nycomed assuming all costs for the non-cancer development of veltuzumab, we expect to bolster our pipeline by bringing new product candidates into the clinic without increasing our planned cash burn rate," commented Gerard G. Gorman, Senior Vice President, Finance and Business Development, and Chief Financial Officer. "We are evaluating our options for the oncology indications for epratuzumab and veltuzumab including new clinical trials supported by the Company and outside study groups," he further commented. "Finally, we are looking forward to hosting a Research and Development day on Wednesday, September 17, 2008 in New York to provide an in-depth look at our clinical pipeline, and share our plans for the future development of these agents," he added.

Details on the event can be found on the Company's website at www.immunomedics.com/2investors/investor_relations.html.

Other developments of note during this quarter were:

- * At the 55th Annual Meeting of the Society of Nuclear Medicine, the Company and its subsidiary, IBC Pharmaceuticals, Inc.,

reported results from a study of pretargeted imaging of cancer in an animal model. The Company also presented results from a pretargeted tumor imaging study of colorectal cancer patients, the development of novel radiotracer for improved imaging of cancer and preclinical results of fractionated pretargeted radiomunotherapy of pancreatic cancer.

- * UCB reported at the 2008 annual European Congress of Rheumatology data from the first placebo-controlled studies using epratuzumab in patients with systemic lupus erythematosus (SLE) that showed clinically meaningful improvements in moderate and severe flaring SLE patients after epratuzumab treatment.
- * The Company presented at the 2008 Annual Meeting of the American Society of Clinical Oncology a summary of clinical and preclinical results of veltuzumab in non-Hodgkin's lymphoma. The Company also reported clinical results in lymphoma and metastatic colorectal cancer with radioimmunotherapy.
- * At the same meeting, North Central Cancer Treatment Group reported interim results from their Phase II study of epratuzumab in combination with rituximab and CHOP therapy for the treatment of patients with newly diagnosed diffuse large B-cell lymphoma.
- * At the 2008 Annual Meeting of the American Association for Cancer Research, the Company presented a modular method to prepare novel tetrameric cytokines using the Dock-and-Lock platform technology. In addition, the Company reported results from 2 preclinical studies that showed enhanced activity when milatuzumab was used in combination with therapeutics for multiple myeloma, and when veltuzumab was added to yttrium-90 labeled epratuzumab for the treatment of NHL. The Company and IBC Pharmaceuticals also reported preclinical results from pretargeting studies using TF4, an anti-CD20 bispecific antibody.
- * Patient dosing has begun in a Phase I/II study of subcutaneously-administered veltuzumab in patients with CD20-positive non-Hodgkin's lymphoma or chronic lymphocytic leukemia.
- * The Company was awarded U.S. patent 7,354,587 covering the use of antibodies reactive with CD74, the major histocompatibility complex (MHC) class-II invariant chain, Ii, of immune cells to deliver cancer and infectious disease vaccines into immune cells. Claims of the patent also cover use of cytokines to enhance the response to the vaccine-antibody complex.

About Immunomedics

Immunomedics is a New Jersey-based biopharmaceutical company primarily focused on the development of monoclonal, antibody-based products for the targeted treatment of cancer, autoimmune and other serious diseases. We have developed a number of advanced proprietary technologies that allow us to create humanized antibodies that can

be used either alone in unlabeled or "naked" form, or conjugated with radioactive isotopes, chemotherapeutics or toxins, in each case to create highly targeted agents. Using these technologies, we have built a pipeline of therapeutic product candidates that utilize several different mechanisms of action. We also have a majority ownership in IBC Pharmaceuticals, Inc., which is developing a novel Dock-and-Lock (DNL) methodology for making fusion proteins and multifunctional antibodies, and a new method of delivering imaging and therapeutic agents selectively to disease, especially different solid cancers (colorectal, lung, pancreas, etc.), by proprietary, antibody-based, pretargeting methods. We believe that our portfolio of intellectual property, which includes approximately 116 patents issued in the United States and more than 295 other patents issued worldwide, protects our product candidates and technologies. For additional information on us, please visit our website at <http://www.immunomedics.com>. The information on our website does not, however, form a part of this press release.

This release, in addition to historical information, may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Such statements, including statements regarding clinical trials, out-licensing arrangements (including the timing and amount of contingent payments), forecasts of future operating results, and capital raising activities, involve significant risks and uncertainties and actual results could differ materially from those expressed or implied herein. Factors that could cause such differences include, but are not limited to, risks associated with new product development (including clinical trials outcome and regulatory requirements/actions), our dependence on our licensing partners for the further development of epratuzumab for autoimmune indications and veltuzumab for non-cancer indications, competitive risks to marketed products and availability of required financing and other sources of funds on acceptable terms, if at all, as well as the risks discussed in the Company's filings with the Securities and Exchange Commission. The Company is not under any obligation, and the Company expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

IMMUNOMEDICS, INC.
Condensed Consolidated Balance Sheets

	June 30, 2008	June 30, 2007
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,132,470	\$ 19,088,089
Marketable securities	20,050,000	27,145,320
Accounts receivable, net	1,057,974	708,212
Inventory	469,964	307,909
Prepaid expenses	434,305	449,709
Other current assets	212,035	266,313
Restricted securities	--	1,275,200
	-----	-----
	28,356,748	49,240,752
Property and equipment, net	5,923,170	7,307,685
Value of life insurance policies	420,774	3,618,538
Other long-term assets	30,000	31,264
	-----	-----
	\$ 34,730,692	\$ 60,198,239

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

EQUITY

Current liabilities	\$ 4,182,236	\$ 6,159,886
Other liabilities	766,123	659,546
Deferred revenues - long-term portion	31,145,385	31,145,385
Deferred Compensation	--	1,826,885
Minority interest	--	76,126
Stockholders' (deficit) equity	(1,363,052)	20,330,411
	-----	-----
	\$ 34,730,692	\$ 60,198,239
	=====	=====

Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Year Ended June 30,	
	2008	2007	2008	2007
	-----		-----	
Revenues:				
Product sales	\$ 963,344	\$ 830,923	3,402,076	2,991,069
License fee and other revenues	--	7,215	--	5,380,658
Research & development	--	--	248,619	134,285
	-----	-----	-----	-----
Revenues	\$ 963,344	\$ 838,138	3,650,695	8,506,012
Costs and Expenses	7,105,651	5,820,006	26,689,483	24,207,516
	-----	-----	-----	-----
Operating Loss	(6,142,307)	(4,981,868)	(23,038,788)	(15,701,504)
Interest and Other (Expense) Income	(483,792)	520,935	(560,612)	(1,351,901)
	-----	-----	-----	-----
Net Loss before Income Tax Expense	(6,626,099)	(4,460,933)	(23,599,400)	(17,053,405)

Income				
Tax				
(Expense)				
Benefit	(320,714)	(162,232)	690,326	397,491
	-----	-----	-----	-----
Net Loss	\$ (6,946,813)	\$ (4,623,165)	\$ (22,909,074)	\$ (16,655,914)
	=====	=====	=====	=====
Net Loss				
per				
Common				
Share,				
Basic				
and				
Diluted	\$ (0.09)	\$ (0.06)	(0.31)	(0.26)
	=====	=====	=====	=====
Weighted				
average				
number				
of common				
shares				
outstand-				
ing	75,107,164	72,948,563	75,092,779	63,277,095
	=====	=====	=====	=====

CONTACT: Immunomedics, Inc.

Dr. Chau Cheng, Associate Director,
Investor Relations & Business Analysis
(973) 605-8200, extension 123
ccheng@immunomedics.com