

XOMA LTD /DE/
Form 10-Q
November 04, 2010

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 September 30, 2010

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 No. 0-14710

XOMA Ltd.
(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of incorporation
or organization)

52-2154066
(I.R.S. Employer Identification No.)

2910 Seventh Street, Berkeley,
California 94710
(Address of principal executive offices,
including zip code)

(510) 204-7200
(Telephone Number)

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, or a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act). (Check one):

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Large accelerated filer

Accelerated filer

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

Smaller reporting
company

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

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

Class	Outstanding at November 2, 2010
Common Shares, U.S. \$0.0075 par value	21,798,576

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

XOMA Ltd.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2010 (unaudited)	December 31, 2009 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$16,860	\$23,909
Trade and other receivables, net	7,944	7,231
Prepaid expenses and other current assets	1,486	1,012
Total current assets	26,290	32,152
Property and equipment, net	16,179	20,270
Other assets	543	402
Total assets	\$43,012	\$52,824
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$5,706	\$2,942
Accrued liabilities	8,187	8,639
Deferred revenue	2,152	2,114
Warrant liabilities	1,716	4,760
Other current liabilities	-	223
Total current liabilities	17,761	18,678
Deferred revenue – long-term	1,346	2,894
Interest bearing obligation - long-term	13,505	13,341
Other long-term liabilities	353	385
Total liabilities	32,965	35,298
Shareholders' equity:		
Preference shares, \$0.05 par value, 1,000,000 shares authorized		
Series A, 210,000 designated, no shares issued and outstanding at September 30, 2010 and December 31, 2009	-	-
Series B, 8,000 designated, 2,959 shares issued and outstanding at September 30, 2010 and December 31, 2009 (aggregate liquidation preference of \$29.6 million)	1	1
Common shares, \$0.0075 par value, 46,666,666 shares authorized, 21,195,111 and 13,536,146 shares outstanding at September 30, 2010 and December 31, 2009, respectively	159	101
Additional paid-in capital	845,439	801,978
Accumulated deficit	(835,552)	(784,554)
Total shareholders' equity	10,047	17,526
Total liabilities and shareholders' equity	\$43,012	\$52,824

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

(Note 1) The condensed consolidated balance sheet as of December 31, 2009 has been derived from the audited financial statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

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XOMA Ltd.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (unaudited)
 (in thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenues:				
License and collaborative fees	\$1,410	\$1,421	\$1,749	\$29,276
Contract and other revenue	5,733	3,688	18,025	18,662
Royalties	3,754	22,314	4,267	28,895
Total revenues	10,897	27,423	24,041	76,833
Operating expenses:				
Research and development (including contract related of \$4,013 and \$2,575 for the three months ended September 30, 2010 and 2009, respectively, and \$12,422 and \$12,671 for the nine months ended September 30, 2010 and 2009, respectively)	21,345	13,444	58,278	43,472
Selling, general and administrative	6,152	7,197	16,731	18,972
Restructuring	45	2	45	3,603
Total operating expenses	27,542	20,643	75,054	66,047