

SEC Filings

10-Q

PAR PHARMACEUTICAL COMPANIES, INC. filed this Form 10-Q on 11/12/2014

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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, 2014
Commission file number: 1-10827

PAR PHARMACEUTICAL COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

22-3122182

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

300 Tice Boulevard, Woodcliff Lake, New Jersey 07677

(Address of principal executive offices)

Registrant's telephone number, including area code: (201) 802-4000

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. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer

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

Number of shares of the Registrant's common stock outstanding as of November 12, 2014: 100

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PAR PHARMACEUTICAL COMPANIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Par Value per Share Data)
(Unaudited)

	September 30,	December 31,
	2014	2013
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 108,677	\$ 130,080
Available for sale marketable debt securities	—	3,541
Accounts receivable, net	173,935	143,279
Inventories	162,272	117,307
Prepaid expenses and other current assets	27,807	13,980
Deferred income tax assets	56,439	55,932
Income taxes receivable	36,044	1,458
Total current assets	565,174	465,577
Property, plant and equipment, net	208,066	127,276
Intangible assets, net	1,161,921	1,092,648
Goodwill	1,006,034	849,652
Other assets	88,356	96,342
Total assets	\$ 3,029,551	\$ 2,631,495
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Current portion of long-term debt	\$ 14,503	\$ 21,462
Accounts payable	73,249	31,181
Payables due to distribution agreement partners	54,748	79,117
Accrued salaries and employee benefits	28,227	20,700
Accrued government pricing liabilities	42,078	35,829
Accrued legal settlements	—	41,367
Accrued interest payable	16,563	7,629
Accrued expenses and other current liabilities	32,447	21,686
Total current liabilities	261,815	258,971
Long-term liabilities	16,254	20,322
Non-current deferred tax liabilities	283,426	288,783
Long-term debt, less current portion	1,907,303	1,516,057
Commitments and contingencies	—	—
Stockholders' equity:		
Common stock, \$0.001 par value per share, 100 shares authorized and issued	—	—
Additional paid-in capital	805,325	686,577
Accumulated deficit	(242,340)	(138,416)
Accumulated other comprehensive loss	(2,232)	(799)
Total stockholders' equity	560,753	547,362
Total liabilities and stockholders' equity	\$ 3,029,551	\$ 2,631,495

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

PAR PHARMACEUTICAL COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
Revenues:				
Net product sales	\$ 326,142	\$ 259,244	\$ 898,739	\$ 766,264
Other product related revenues	9,975	8,077	21,868	24,922
Total revenues	336,117	267,321	920,607	791,186
Cost of goods sold, excluding amortization expense	156,688	131,722	470,191	443,707
Amortization expense	38,604	54,208	121,766	135,744
Total cost of goods sold	195,292	185,930	591,957	579,451
Gross margin	140,825	81,391	328,650	211,735
Operating expenses:				
Research and development	26,481	27,246	89,536	73,282
Selling, general and administrative	42,039	39,390	136,858	117,006
Intangible asset impairment	11,466	39,480	89,086	39,946
Settlements and loss contingencies, net	90,107	—	90,107	3,300
Restructuring costs	565	—	4,578	1,816
Total operating expenses	170,658	106,116	410,165	235,350
Loss on sale of product rights	(3,042)	—	(3,042)	—
Operating loss	(32,875)	(24,725)	(84,557)	(23,615)
Interest income	2	14	16	70
Interest expense	(27,690)	(23,385)	(80,656)	(71,033)
Loss on debt extinguishment	—	—	(3,989)	(7,335)
Other Income	500	—	500	—
Loss before benefit for income taxes	(60,063)	(48,096)	(168,686)	(101,913)
Benefit for income taxes	(22,425)	(18,797)	(64,762)	(36,077)
Net loss	\$ (37,638)	\$ (29,299)	\$ (103,924)	\$ (65,836)

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

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