

HERCULES TECHNOLOGY GROWTH CAPITAL INC
Form 10-Q
May 12, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

Commission File Number: 814-00702

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Jurisdiction of
Incorporation or Organization)

743113410
(IRS Employer
Identification No.)

525 University Ave., Suite 700

Palo Alto, California 94301
(Address of Principal Executive Offices)

94301
(Zip Code)

(650) 289-3060

(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 periods as the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

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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

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

On May 7, 2006, there were 13,646,857 shares outstanding of the Registrant's common stock, \$0.001 par value.

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In this Quarterly Report, the Company, Hercules, we, us and our refer to Hercules Technology Growth Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts unless the context otherwise requires.

ITEM 1. FINANCIAL STATEMENTS**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

	March 31, 2006 (unaudited)	December 31, 2005
Assets		
Investments, at value (cost of \$172,159,286 and \$176,004,865, respectively)	\$ 176,800,736	\$ 176,673,226
Deferred loan origination revenue	(2,975,660)	(2,729,982)
Cash and cash equivalents	31,554,481	15,362,447
Interest receivable	1,758,701	1,479,375
Prepaid expenses	1,165,487	1,310,594
Deferred tax asset	181,000	1,454,000
Property and equipment, net	71,019	77,673
Other assets	20,546	20,546
Total assets	208,576,310	193,647,879
Liabilities		
Accounts payable	582,103	150,081
Income tax payable	421,000	1,709,000
Accrued liabilities	2,533,472	1,436,468
Short-term loans payable	86,000,000	76,000,000
Total liabilities	89,536,575	79,295,549
Net assets	\$ 119,039,735	\$ 114,352,330
Net assets consist of:		
Par value	\$ 10,235	\$ 9,802
Paid-in capital in excess of par value	119,647,400	114,524,833
Distributable earnings (accumulated loss)	(617,900)	(182,305)
Total net assets	\$ 119,039,735	\$ 114,352,330
Shares of common stock outstanding (\$0.001 par value, 30,000,000 authorized)	10,234,865	9,801,965
Net asset value per share	\$ 11.63	\$ 11.67

See notes to consolidated financial statements (unaudited).

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾⁽⁴⁾
Accelaron Pharmaceuticals, Inc. (3.36%)*	Biopharmaceuticals	Senior Debt Matures June 2009			
		Interest rate 10.25%	\$ 4,000,000	\$ 3,937,476	\$ 3,937,476
		Preferred Stock Warrants		69,106	66,722
Total Accelaron Pharmaceuticals, Inc.				4,006,582	4,004,198
Aveo Pharmaceuticals, Inc. (6.30%)	Biopharmaceuticals	Senior Debt Matures September 2009			
		Interest rate 10.50%	\$ 7,500,000	7,500,000	7,500,000
		Preferred Stock Warrants			
Total Aveo Pharmaceuticals, Inc.				7,500,000	7,500,000
Guava Technologies, Inc. (3.79%)	Biopharmaceuticals	Senior Debt Matures July 2009			
		Interest rate Prime + 3.25%	\$ 4,500,000	4,404,639	4,404,639
		Preferred Stock Warrants		105,399	101,804
Total Guava Technologies, Inc.				4,510,038	4,506,443
Labopharm USA, Inc. (7.81%)	Biopharmaceuticals	Senior Debt Matures July 2008			
		Interest rate 11.95%	\$ 9,255,041	9,300,069	9,300,069
Total Labopharm USA, Inc.				9,300,069	9,300,069
Merrimack Pharmaceuticals, Inc. (7.24%)	Biopharmaceuticals	Senior Debt Matures October 2008			
		Interest rate 11.15%	\$ 8,288,546	8,178,589	8,178,589
		Preferred Stock Warrants		155,456	438,664
Total Merrimack Pharmaceuticals, Inc.				8,334,045	8,617,253
Omrix Biopharmaceuticals, Inc. (3.62%)	Biopharmaceuticals	Senior Debt Matures March 2008			
		Interest rate 11.45%	\$ 4,262,288	4,255,024	4,255,024
		Common Stock Warrants		11,370	54,992
Total Omrix Biopharmaceuticals, Inc.				4,266,394	4,310,016
Paratek Pharmaceuticals, Inc. (7.94%)	Biopharmaceuticals	Senior Debt Matures June 2008			
		Interest rate 10.60%	\$ 9,411,475	9,312,245	9,312,245
		Preferred Stock Warrants		137,396	138,245

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Total Paratek Pharmaceuticals, Inc. ⁽⁵⁾				9,449,641	9,450,490
Quatrx Pharmaceuticals Company (5.05%)	Biopharmaceuticals	Senior Debt Matures January 2010			
		Interest rate Prime + 3.00%	\$ 6,000,000	5,793,418	5,793,418
		Preferred Stock Warrants		220,354	216,639
Total Quatrx Pharmaceuticals Company				6,013,772	6,010,057
Total Biopharmaceuticals (45.11%)				53,380,541	53,698,526
Atrenta, Inc. (4.21%)	Software	Senior Debt Matures June 2009			
		Interest rate 11.50%	\$ 5,000,000	4,884,849	4,884,849
		Preferred Stock Warrants		102,396	100,899
		Preferred Stock Warrants		33,760	33,108
Total Atrenta, Inc.				5,021,005	5,018,856
Compete, Inc. (3.36%)	Software	Senior Debt Matures March 2009			
		Interest rate Prime + 3.50%	\$ 4,000,000	3,939,610	3,939,610
		Preferred Stock Warrants		62,067	58,969
Total Compete, Inc.				4,001,677	3,998,579

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Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾⁽⁴⁾
Concuity, Inc. (3.47%)	Software	Senior Debt Matures March 2008			
		Interest rate 9.95%	\$ 4,129,022	\$ 4,126,688	\$ 4,126,688
		Preferred Stock Warrants		3,500	
Total Concuity, Inc.				4,130,188	4,126,688
Gomez, Inc. (1.66%)	Software	Senior Debt Matures December 2007			
		Interest rate 12.25%	\$ 1,961,705	1,942,261	1,942,261
		Preferred Stock Warrants		35,000	30,172
Total Gomez, Inc.				1,977,261	1,972,433
HighRoads, Inc. (1.20%)	Software	Senior Debt Matures February 2009			
		Interest rate 11.25%	\$ 1,421,884	1,379,888	1,379,888
		Preferred Stock Warrants		44,466	42,642
Total HighRoads, Inc.				1,424,354	1,422,530
Inight Software, Inc. (4.20%)	Software	Senior Debt Matures February 2008			
		Interest rate 10.00%	\$ 5,000,000	4,961,525	4,961,525
		Preferred Stock Warrants		55,963	44,008
Total Inight Software, Inc.				5,017,488	5,005,533
Proficiency, Inc. (2.54%)	Software	Senior Debt Matures July 2008			
		Interest rate 12.00%	\$ 3,000,000	3,926,305	3,018,184
		Preferred Stock Warrants		96,370	
Total Proficiency, Inc.				4,022,675	3,018,184
Savvion, Inc. (1.68%)	Software	Revolving Line of Credit Matures March 2007			
		Interest rate Prime + 2.00%	\$ 2,000,000	1,952,210	1,952,210
		Preferred Stock Warrants		52,135	49,836
Total Savvion, Inc.				2,004,345	2,002,046
Sportvision, Inc. (2.70%)	Software	Senior Debt Matures June 2008	\$ 3,218,414		
				3,191,095	3,191,095

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		Interest rate 9.95%			
		Preferred Stock Warrants		39,339	37,446
Total Sportvision, Inc.				3,230,434	3,228,541
Talisma Corp. (2.57%)	Software	Subordinated Debt Matures December 2007			
		Interest rate 11.25%	\$ 3,041,916	3,014,694	3,014,694
		Preferred Stock Warrants		49,000	40,371
Total Talisma Corp.				3,063,694	3,055,065
Total Software (27.59%)				33,893,121	32,848,455
Market Force Information, Inc. (1.68%)	Consumer & Business Products	Subordinated Debt Matures May 2009			
		Interest rate 10.45%	\$ 2,000,000	1,976,804	1,976,804
		Preferred Stock Warrants		23,823	22,968
Total Market Force Information, Inc.				2,000,627	1,999,772

