

Cyclacel Pharmaceuticals, Inc.

Form 10-Q/A

July 07, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO
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

For the transition period from _____ to _____

Commission file number 0-50626

CYCLACEL PHARMACEUTICALS, INC.

(Exact name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation or Organization)
150 JOHN F. KENNEDY PARKWAY, SHORT HILLS, NJ
(Address of principal executive offices)

91-1707622
(I.R.S. Employer
Identification No.)
07078
(Zip Code)

Registrant's telephone number, including area code: (973) 847-5955

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" as defined 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

As of May 12, 2006 there were 16,157,953 shares of the registrant's common stock outstanding.

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Explanatory Note

On June 23, 2006, Cyclacel Pharmaceuticals, Inc. (the "Company") discovered that certain transaction costs incurred by Xayte Therapies, Inc. in connection with the completion of the Stock Purchase Agreement with Cyclacel Group plc were omitted from accrued liabilities on completion of the merger with a consequent incorrect allocation of the merger purchase price. The correction of this omission will result in an increase in Goodwill and Accrued liabilities of

\$825,000. This error was included in the Form 10-Q filed with the Securities and Exchange Commission on May 16, 2006. This amendment on Form 10-Q/A corrects the following line items of the balance sheet, and related notes, by an increase of \$825,000: Goodwill; Total assets; Accrued liabilities; Total current liabilities; Total liabilities; and Total liabilities and stockholders' equity.

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PART I. FINANCIAL INFORMATION

CYCLACEL PHARMACEUTICALS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2006 Restated (Unaudited) \$000	As of December 31, 2005 (Note 1) \$000
ASSETS		
Current assets:		
Cash and cash equivalents	23,707	3,117
Short-term investments	6,918	10,690
Prepaid expenses and other current assets	3,378	3,219
Total current assets	34,003	17,026
Property, plant and equipment (net)	1,950	2,045
Deposits and other assets	259	—
Goodwill	2,749	—
Total assets	38,961	19,071
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	3,152	2,159
Amounts due to Cyclacel Group plc	1,156	10,467
Accrued liabilities	3,400	1,869
Other current liabilities	992	128
Derivative liability	1,842	—
Current portion of other accrued restructuring charges	982	—
Current portion of equipment financing	252	251
Total current liabilities	11,776	14,874
Other accrued restructuring charges, net of current	1,749	—
Equipment financing, net of current	16	78
Other liabilities	28	—
Total liabilities	13,569	14,952
Commitments and contingencies		

Stockholders' equity:

Preferred Ordinary shares, 0.1p par value; 21,000,000 shares authorized; Nil and 17,965,835 shares issued and outstanding in 2006 and 2005, respectively. Aggregate liquidation preference of \$Nil and \$210,954,000 (\$11.74 per share) at March 31, 2006 and December 31, 2005, respectively	—	30
Ordinary shares, 0.1p par value; 5,748,428 shares authorized; Nil and 1,871,210 shares issued and outstanding in 2006 and 2005, respectively	—	2
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; 2,046,813 and Nil shares issued and outstanding in 2006 and 2005. Aggregate preference in liquidation — \$20,673,000 at March 31, 2006	2	—
Common stock, \$0.001 par value; 100,000,000 shares authorized; 9,729,419 and Nil shares issued and outstanding in 2006 and 2005, respectively	10	—
Additional paid in capital	148,608	116,063
Accumulated other comprehensive loss	(2,861)	(2,958)
Deficit accumulated during the development stage	(120,367)	(109,018)
Total stockholders' equity	25,392	4,119
Total liabilities and stockholders' equity	38,961	19,071

SEE NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CYCLACEL PHARMACEUTICALS, INC.
(A Development Stage Company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended March 31,		Period from August 13, 1996 (inception) to March 31, 2006
	2006	2005	2006
	\$000, except per share and share amounts		
Revenues:			
Collaboration and research and development revenue	95	35	2,854
Grant revenue	56	21	3,377
	151	56	6,231
Operating expenses: ⁽¹⁾			
Research and development	(8,004)	(4,926)	(108,775)
General and administrative	(3,915)	(1,206)	(27,548)
Total operating expenses	(11,919)	(6,132)	(136,323)
Operating loss	(11,768)	(6,076)	(130,092)
Other income (expense):			

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Costs associated with aborted 2004 IPO	—	—	(3,550)
Interest income	127	239	6,406
Interest expense	(68)	(20)	(3,730)
Total other income (expense)	59	219	(874)
Loss before taxes	(11,709)	(5,857)	(130,966)
Income tax benefit	(360)	(467)	(10,599)
Net loss	(11,349)	(5,390)	(120,367)
Dividends on Preferred Ordinary shares	(2,827)	(2,953)	(38,122)
Net loss applicable to ordinary shareholders	(14,176)	(8,343)	(158,489)
Net loss per share – basic and diluted	\$ (1.81)	\$ (1.08)	
Weighted average shares	7,848,918	7,761,453	

(1) Amounts include stock-based compensation, consisting of stock-based compensation expense under SFAS 123R, the amortization of deferred stock-based compensation and the value of options issued to non-employees for services rendered, allocated as follows:

	For the three months ended March 31,		Period from August 13, 1996 (inception) to March 31,
	2006	2005	2006
	\$000	\$000	\$000
Research and development	4,546	458	6,412
General and administrative	2,425	132	3,113
	6,971	590	9,525

SEE NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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CYCLACEL PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

5,000

For the three
months ended
March 31,
2006
A1 5,020,000

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	Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds, Amtrak Project, Series 2001A, 6.375%, 11/01/41 (Alternative Minimum Tax)	11/11 at 101.00		
5,000	Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 2002, 5.500%, 7/01/12 – AMBAC Insured	No Opt. Call	A1	5,229,500
10,000	Total Industrials Long-Term Care – 3.6% (2.3% of Total Investments)			10,249,500
1,500	Cumberland County Municipal Authority Revenue Bonds, Pennsylvania, Diakon Lutheran Social Ministries Project, Series 2009, 6.375%, 1/01/39	1/19 at 100.00	N/R	1,524,240
1,330	Cumberland County Municipal Authority, Pennsylvania, Revenue Bonds, Diakon Lutheran Social Ministries, Series 2007, 5.000%, 1/01/36	1/17 at 100.00	N/R	1,149,918
1,500	Cumberland County Municipal Authority, Pennsylvania, Revenue Bonds, Presbyterian Homes Inc., Series 2003A, 5.000%, 12/01/26 – RAAI Insured	12/12 at 100.00	BBB+	1,396,365
1,000	Delaware County Authority, Revenue Bonds, Elwyn, Inc. Project, Series 2010, 5.000%, 6/01/21	6/17 at 100.00	BBB	1,014,590
	Lancaster County Hospital Authority, Pennsylvania, Health Center Revenue Bonds,			

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	Masonic Homes Project, Series 2006:	11/16 at		
1,550	5.000%, 11/01/26	100.00	A	1,558,417
415	5.000%, 11/01/36	11/16 at 100.00	A	394,972
1,500	Philadelphia Authority for Industrial Development, Pennsylvania, Revenue Bonds, Philadelphia Corporation for the Aging Project, Series 2001B, 5.250%, 7/01/26 – AMBAC Insured	1/12 at 101.00	Baa1	1,489,980
8,795	Total Long-Term Care Materials – 1.2% (0.7% of Total Investments)			8,528,482
1,260	Bradford County Industrial Development Authority, Pennsylvania, Solid Waste Disposal Revenue	12/15 at 100.00	BBB	1,274,326
1,750	Bonds, International Paper Company, Series 2005B, 5.200%, 12/01/19 (Alternative Minimum Tax) Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue	11/11 at 100.00	N/R	1,451,415
3,010	National Gypsum Company, Series 1997B, 6.125%, 11/01/27 (Alternative Minimum Tax) Total Materials Tax Obligation/General – 28.2% (18.1% of Total Investments)			2,725,741
3,430	Allegheny County, Pennsylvania, General Obligation Bonds, Series 2011C-65, 5.375%, 5/01/31	5/21 at 100.00	A+	3,550,839
3,000	Bethel Park School District, Allegheny County, Pennsylvania,	8/19 at 100.00	Aa2	3,249,720

	General Obligation Bonds, Series 2009, 5.000%, 8/01/29 Delaware Valley Regional Finance Authority, Pennsylvania, Local Government Revenue	No Opt. Call	A+	6,762,420
6,000	Bonds, Series 2002, 5.750%, 7/01/17 (UB) Erie City School District, Erie County, Pennsylvania, General Obligation Bonds,	No Opt. Call	N/R	2,431,380
7,350	Series 2000, 0.000%, 9/01/30 – AMBAC Insured Pennsylvania Public School Building Authority, Lease Revenue Bonds, School	12/16 at 100.00	AA+	5,014,750
5,000	District of Philadelphia, Series 2006B, 5.000%, 6/01/33 – AGM Insured (UB) Pennsylvania State, General Obligation Bonds, Series 2007, Residuals 1986,	No Opt. Call	Aa1	5,602,607
4,830	12.799%, 3/01/15 (IF) Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2007A,	No Opt. Call	Aa2	1,523,280
1,500	5.000%, 6/01/34 – FGIC Insured Philadelphia, Pennsylvania, General Obligation Bonds, Refunding Series 2011,	8/20 at 100.00	A2	2,873,302
2,620	6.500%, 8/01/41 Pine-Richland School District, Pennsylvania, General Obligation Bonds, School	7/15 at 100.00	AA+	4,183,007
4,135	Improvement Series 2005, 5.000%, 7/15/35 – AGM Insured		AA+	3,463,560
3,000				

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	Pittsburgh School District, Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series 2002A, 5.500%, 9/01/15 – AGM Insured	No Opt. Call		
1,070	Schuylkill Valley School District, Berks County, Pennsylvania, General Obligation Bonds, Series 2006A, 5.000%, 4/01/22 – FGIC Insured	4/16 at 100.00	Aa3	1,132,659
800	Scranton Parking Authority, Pennsylvania, Guaranteed Parking Revenue Bonds, Series 2004, 5.000%, 9/15/33 – FGIC Insured	9/13 at 100.00	BBB	749,600
21,000	State Public School Building Authority, Pennsylvania, Lease Revenue Bonds, Philadelphia School District, Series 2003, 5.500%, 6/01/28 – AGM Insured (UB)	No Opt. Call	AAA	23,766,120
445	State Public School Building Authority, Pennsylvania, School Revenue Bonds, Conneaut School District, Series 2003, 5.250%, 11/01/21 – FGIC Insured	11/13 at 100.00	A	476,982
1,465	Stroudsburg Area School District, Monroe County, Pennsylvania, General Obligation Bonds, Series 2001A, 5.000%, 4/01/18 – AGM Insured	4/12 at 100.00	AA+	1,502,065
65,645	Total Tax Obligation/General Tax Obligation/Limited – 4.3% (2.8% of Total Investments)			66,282,291

	Pennsylvania Turnpike Commission, Oil Franchise Tax Senior Lien Revenue Bonds, 12/18 at			
2,140	Series 2003A, 5.000%, 12/01/32 – NPFPG Insured	100.00	AA	2,196,025
	Philadelphia Municipal Authority, Pennsylvania, Lease Revenue Bonds, Series 11/13 at			
2,700	2003B, 5.250%, 11/15/17 – AGM Insured	100.00	AA+	2,865,888
	Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series No Opt.			
3,140	2005A, 0.000%, 7/01/32 – FGIC Insured	Call	BBB+	752,187
	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First 8/19 at			
2,500	Subordinate Series 100.00	100.00	A+	2,708,900
	2009A, 6.500%, 8/01/44 Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First 2/20 at			
1,625	Subordinate Series 100.00	100.00	A+	1,638,163
	2010A, 5.500%, 8/01/42 Total Tax Obligation/Limited Transportation – 15.2% (9.8% of Total Investments)			
12,105				10,161,163
	Delaware River Joint Toll Bridge Commission, New Jersey and Pennsylvania, Revenue 7/13 at			
630	Bonds, Series 2003, 5.250%, 7/01/17	100.00	A2	672,853
	Delaware River Port 1/20 at			
400	Authority, New Jersey and Pennsylvania, Revenue Bonds, Series 100.00	100.00	A–	402,304

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	2010E, 5.000%, 1/01/40 Lehigh-Northampton Airport Authority, Pennsylvania, Airport Revenue Bonds, Lehigh Valley	11/11 at 100.00	Baa1	2,034,817
2,035	Airport System, Series 2000A, 6.000%, 5/15/30 – NPFPG Insured (Alternative Minimum Tax) Pennsylvania Economic Development Financing Authority, Revenue Bonds, Amtrak 30th Street	6/12 at 102.00	BBB+	5,467,014
5,400	Station Parking Garage, Series 2002, 5.800%, 6/01/23 – ACA Insured (Alternative Minimum Tax) Pennsylvania Turnpike Commission, Motor License Fund-Enhanced Subordinate Special Revenue	No Opt. Call	Aa3	1,217,496
1,200	Bonds, Series 2010A, 5.000%, 12/01/38 Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Capital Appreciation Series	12/27 at 100.00	A–	4,695,768
6,600	2009E, 0.000%, 12/01/38 Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Series 2001R, 5.000%, 12/01/30 – AMBAC Insured	12/11 at 101.00	Aa3	2,210,934
2,200	Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Series 2006A: 5.000%, 12/01/22 – AMBAC Insured	6/16 at 100.00	Aa3	4,092,519
3,820	5.000%, 12/01/24 – AMBAC Insured	6/16 at 100.00	Aa3	3,098,534
2,930	Pennsylvania Turnpike Commission, Turnpike	12/19 at 100.00	A–	743,978
750				

	Revenue Bonds, Subordinate Lien, Refunding Series 2009B-1, 5.000%, 12/01/37 Philadelphia Airport System, Pennsylvania, Revenue Bonds, Series 2001B, 5.250%, 6/15/31	12/11 at		
5,000	– FGIC	101.00	A+	4,978,300
	Insured (Alternative Minimum Tax) Philadelphia Airport System, Pennsylvania, Revenue Bonds, Series 2005A, 4.750%, 6/15/35	6/15 at		
3,600	– NPF	100.00	A+	3,363,372
	Insured (Alternative Minimum Tax) Susquehanna Area Regional Airport Authority, Pennsylvania, Airport System Revenue	1/13 at		
3,000	Bonds, Subordinate Lien Series 2003D, 5.375%, 1/01/18	100.00	Ba1	2,757,780
37,565	Total Transportation U.S. Guaranteed – 25.7% (16.5% of Total Investments) (4) Delaware County Regional Water Quality Control Authority, Pennsylvania, Sewerage			35,735,669
3,325	Revenue Bonds, Series 2001, 5.100%, 5/01/20 (Pre-refunded 11/01/11) – FGIC Insured Delaware County Regional Water Quality Control Authority, Pennsylvania, Sewerage	11/11 at		
	Revenue	100.00	A1 (4)	3,367,161
	Bonds, Series 2004, 5.250%, 5/01/20 (Pre-refunded 5/01/14) – NPF	5/14 at		
1,400	Revenue	100.00	A3 (4)	1,577,016
1,115				1,177,295

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	Erie County Hospital Authority, Pennsylvania, Revenue Bonds, Hamot Health Foundation, Series 2002, 5.250%, 11/01/15 (Pre-refunded 11/01/12) – AMBAC Insured Erie, Pennsylvania, Water Authority, Water Revenue Bonds, Series 2001A, 5.200%,	11/12 at 100.00	N/R (4)	
5,000	12/01/30 (Pre-refunded 12/01/11) – NPFQ Insured Hempfield Area School District, Westmoreland County, Pennsylvania, General Obligation Bonds, Series 2002, 5.375%, 2/15/18 (Pre-refunded 2/15/12) – FGIC Insured Lehigh County General Purpose Authority, Pennsylvania, Hospital Revenue Bonds, St. Luke's Hospital of Bethlehem, Series 2003, 5.375%, 8/15/33 (Pre-refunded 8/15/13) Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, Thomas Jefferson University, Series 2002, 5.000%, 1/01/20 (Pre-refunded 1/01/13) Pennsylvania, General Obligation Bonds, First Series 2006, 5.000%,	12/11 at 100.00	A+ (4)	5,082,750
6,275		2/12 at 100.00	A+ (4)	6,453,900
1,125		8/13 at 100.00	AAA	1,238,231
680		1/13 at 100.00	A1 (4)	722,656
1,500		10/16 at 100.00	Aa1 (4)	1,788,330
500		1/16 at 100.00	Aa1 (4)	584,765
10,935				11,140,578

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	Philadelphia Authority for Industrial Development, Pennsylvania, Lease Revenue Bonds, Series 2001B, 5.250%, 10/01/30 (Pre-refunded 10/01/11) – AGM Insured	10/11 at 101.00	AA+ (4)	
510	Philadelphia Authority for Industrial Development, Pennsylvania, Revenue Bonds, Franklin Towne Charter High School, Series 2006A: 5.250%, 1/01/27 (Pre-refunded 1/01/17)	1/17 at 100.00	N/R (4)	602,672
860	5.375%, 1/01/32 (Pre-refunded 1/01/17)	1/17 at 100.00	N/R (4)	1,021,809
565	Philadelphia Gas Works, Pennsylvania, Revenue Bonds, Twelfth Series 1990B, 7.000%, 5/15/20 – NPMFG Insured (ETM) Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds, Series 2001A: 5.375%, 11/01/20 (Pre-refunded 11/01/12)	No Opt. Call	BBB (4)	706,154
5,525	FGIC Insured 5.000%, 11/01/31 (Pre-refunded 11/01/12)	11/12 at 100.00	A1 (4)	5,880,534
3,185	FGIC Insured Plum Borough School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 2001, 5.250%, 9/15/30 (Pre-refunded 9/15/11) – FGIC Insured	11/12 at 100.00	A1 (4)	3,374,985
6,100	Sayre Health Care Facility Authority, Pennsylvania, Revenue Bonds, Latrobe Area Hospital,	9/11 at 100.00	A+ (4)	6,138,857
1,615		7/12 at 100.00	N/R (4)	1,687,255

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	Series 2002A, 5.250%, 7/01/13 (Pre-refunded 7/01/12) – AMBAC Insured St. Mary Hospital Authority, Pennsylvania, Health System Revenue Bonds, 11/14 at			
960	Catholic Health East, Series 2004B, 5.375%, 11/15/34 (Pre-refunded 11/15/14) Warrington Township Municipal Authority, Bucks County, Pennsylvania, Water and Sewer Revenue Bonds, Series 1991, 7.100%, 12/01/21 (Pre-refunded 11/15/15) – FGIC Insured West View Borough Municipal Authority, Allegheny County, Pennsylvania, Special Obligation Bonds, Series 1985A, 9.500%, 11/15/14 (ETM)	100.00	A2 (4)	1,096,435
2,835		11/15 at 100.00	AAA	3,378,186
2,770		No Opt. Call	AAA	3,299,125
56,780	Total U.S. Guaranteed Utilities – 6.2% (3.9% of Total Investments) Allegheny County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Refunding Bonds, Duquesne Light Company, Series 1999A, 4.350%, 12/01/13 – AMBAC Insured Lehigh County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Bonds, Pennsylvania Power and Light Company, Series			60,318,694
1,250		No Opt. Call	BBB+	1,316,563
1,430		2/15 at 100.00	A–	1,370,026

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	2005, 4.750%, 2/15/27 – FGIC Insured Philadelphia Gas Works, Pennsylvania, Revenue Bonds, General Ordinance, 9/14 at			
700	Fifth Series 2004A-1, 100.00 5.000%, 9/01/26 – AGM Insured Philadelphia Gas Works, Pennsylvania, Revenue Bonds, General Ordinance, 7/13 at	AA+		711,473
2,000	Seventeenth Series 100.00 2003, 5.375%, 7/01/19 – AGM Insured Philadelphia Gas Works, Pennsylvania, Revenue Bonds, Seventh Series, 2007, 10/17 at	AA+		2,109,540
5,490	5.000%, 10/01/37 – 100.00 AMBAC Insured York County Industrial Development Authority, Pennsylvania, Pollution 3/12 at	BBB+		5,187,446
3,700	Control Revenue 101.00 Refunding Bonds, PSEG Power Project, Series 2001A, 5.500%, 9/01/20	Baa1		3,763,862
14,570	Total Utilities Water and Sewer – 7.4% (4.8% of Total Investments) Allegheny County Sanitary Authority, Pennsylvania, Sewerage Revenue Bonds, Series 12/15 at			14,458,910
2,100	2005A, 100.00 5.000%, 12/01/21 – NPFPG Insured Bethlehem Authority, Northampton and Lehigh Counties, Pennsylvania, Guaranteed Water 11/14 at	A1		2,230,389
2,205	Revenue 100.00 Bonds, Series 2004, 5.000%, 11/15/20 – AGM Insured	AA+		2,286,078
5,000		AA–		5,024,700

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	Delaware County	10/12 at		
	Industrial Development	100.00		
	Authority,			
	Pennsylvania, Water			
	Facilities Revenue			
	Bonds, Philadelphia			
	Water Company, Series			
	2001, 5.350%, 10/01/31 –			
	AMBAC Insured			
	(Alternative Minimum			
	Tax)			
	Harrisburg Authority,			
	Dauphin County,			
	Pennsylvania, Water			
	Revenue Refunding	7/14 at		
2,000	Bonds, Series	100.00	AA+	1,904,200
	2004, 5.000%, 7/15/22 –			
	AGM Insured			
	Luzerne County			
	Industrial Development			
	Authority,			
	Pennsylvania, Water	12/19 at		
1,600	Facility Revenue	100.00	A	1,632,560
	Refunding Bonds,			
	Pennsylvania-American			
	Water Company, Series			
	2009, 5.500%, 12/01/39			
	Pennsylvania Economic			
	Development Financing			
	Authority, Sewage			
	Sludge Disposal	1/20 at		
500	Revenue Bonds,	100.00	Baa3	519,180
	Philadelphia Biosolids			
	Facility Project, Series			
	2009, 6.250%, 1/01/32			
	Philadelphia,			
	Pennsylvania, Water			
	and Wastewater			
	Revenue Bonds, Series	11/12 at		
1,815	2001A, 5.000%,	100.00	A1	1,822,855
	11/01/31 – FGIC Insured			
	Philadelphia,			
	Pennsylvania, Water			
	and Wastewater			
	Revenue Bonds, Series	7/15 at		
2,150	2005A, 5.000%,	100.00	AA+	2,237,953
	7/01/23 – AGM Insured			
17,370	Total Water and Sewer			17,657,915
	Total Investments (cost			
\$ 368,453	\$360,938,967) – 156.0%			366,505,814
				(26,705,000)

Floating Rate Obligations – (11.4)% Variable Rate Demand Preferred Shares, at Liquidation Value – (47.9)% (5)	(112,500,000)
Other Assets Less Liabilities – 3.3%	7,712,236
Net Assets Applicable to Common Shares – 100%	\$ 235,013,050

Fair Value Measurements

Fair value is defined as the price that the Fund would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of July 31, 2011:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$366,505,814	\$ —	\$366,505,814

During the period ended July 31, 2011, the Fund recognized no significant transfers to or from Level 1, Level 2 or Level 3.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At July 31, 2011, the cost of investments was \$334,649,907.

Gross unrealized appreciation and gross unrealized depreciation of investments at July 31, 2011, were as follows:

Gross unrealized:

Appreciation	\$11,437,370
Depreciation	(6,281,702)
Net unrealized appreciation (depreciation) of investments	\$ 5,155,668

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 30.7%.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.
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Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Pennsylvania Investment Quality Municipal Fund

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date September 29, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date September 29, 2011

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date September 29, 2011