

LIGAND PHARMACEUTICALS INC
Form 10-Q
May 04, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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, 2012

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: 001-33093

LIGAND PHARMACEUTICALS
INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0160744
(I.R.S. Employer
Identification No.)

11085 North Torrey Pines Road

La Jolla, CA
(Address of principal executive offices)

92037
(Zip Code)

Registrant's Telephone Number, Including Area Code: (858) 550-7500

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

(Do not check if a smaller reporting company)

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 April 30, 2012, the registrant had 19,734,419 shares of common stock outstanding.

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LIGAND PHARMACEUTICALS INCORPORATED

QUARTERLY REPORT

FORM 10-Q

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* No information provided due to inapplicability of item.

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(in thousands, except share data)

	March 31, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,777	\$ 7,041
Short-term investments	1,517	10,000
Accounts receivable	1,992	6,110
Inventory	1,345	1,301
Deferred income taxes	237	237
Other current assets	2,778	1,344
Current portion of co-promote termination payments receivable	5,898	6,197
Total current assets	23,544	32,230
Restricted cash and investments	1,341	1,341
Property and equipment, net	375	455
Intangible assets, net	56,855	57,437
Goodwill	14,894	14,894
Long-term portion of co-promote termination payments receivable	14,226	15,255
Other assets	563	738
Total assets	\$ 111,798	\$ 122,350
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 7,893	\$ 11,065
Accrued liabilities	4,143	5,054
Current portion of liability for contingent value rights	2,449	6,879
Bank line of credit	1,500	10,000
Current portion of note payable	1,436	
Current portion of co-promote termination liability	5,898	6,197
Current portion of lease exit obligations	3,160	3,208
Current portion of deferred revenue	727	1,240
Total current liabilities	27,206	43,643
Long-term portion of note payable	26,435	20,286
Long-term portion of co-promote termination liability	14,226	15,255
Long-term portion of deferred revenue, net	3,370	3,466
Long-term portion of lease exit obligations	7,716	8,367
Deferred income taxes	2,664	2,522
Long-term portion of liability for contingent value rights	10,550	11,433
Other long-term liabilities	388	388

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Total liabilities	92,555	105,360
Commitments and contingencies		
Common stock subject to conditional redemption; 0 and 112,371 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively		8,344
Stockholders' equity (deficit):		
Common stock, \$0.001 par value; 33,333,333 shares authorized; 20,852,523 and 20,682,506 shares issued at March 31, 2012 and December 31, 2011, respectively	21	21
Additional paid-in capital	741,889	732,676
Accumulated other comprehensive income		
Accumulated deficit	(680,387)	(681,771)
Treasury stock, at cost; 1,118,222 shares at March 31, 2012 and December 31, 2011	(42,280)	(42,280)
Total stockholders' equity (deficit)	19,243	8,646
Total liabilities and stockholders' equity (deficit)	\$ 111,798	\$ 122,350

See accompanying notes.

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LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except share data)

	Three Months Ended March 31,	
	2012	2011
Revenues:		
Royalties	\$ 3,060	\$ 1,993
Material sales	667	1,019
Collaborative research and development and other revenues	1,909	884
Total revenues	5,636	3,896
Operating costs and expenses:		
Cost of sales	155	525
Research and development	2,817	1,986
General and administrative	3,503	3,445
Lease exit and termination costs	(74)	(151)
Total operating costs and expenses	6,401	5,805
Accretion of deferred gain on sale leaseback		426
Loss from operations	(765)	(1,483)
Other income (expense):		
Interest income	17	37
Interest expense	(792)	(423)
Decrease (increase) in liability for contingent value rights	764	(1,736)
Other, net	254	48
Total other income (expense), net	243	(2,074)
Loss before income taxes	(522)	(3,557)
Income tax benefit (expense)	35	13,585
Income (loss) from continuing operations	(487)	10,028
Discontinued operations:		
Gain on sale of AVINZA Product Line before income taxes	2,048	
Gain on sale of Oncology Product Line before income taxes		4
Income tax benefit (expense) on discontinued operations	(177)	
Discontinued operations	1,871	4
Net income:	\$ 1,384	\$ 10,032

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Basic and diluted per share amounts:			
Income (Loss) from continuing operations	(\$	0.03)	\$ 0.51
Discontinued operations		0.10	0
Net income	\$	0.07	\$ 0.51
Weighted average number of common shares-basic and diluted		19,709,078	19,623,249

See accompanying notes.

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LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in thousands)

	Three Months Ended	
	March 31,	
	2012	2011
Net income	\$ 1,384	\$ 10,032
Unrealized net (loss) on available-for-sale securities		(26)
Comprehensive income	\$ 1,384	\$ 10,006

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LIGAND PHARMACEUTICALS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2012	2011
Operating activities		
Net income (loss)	\$ 1,384	\$ 10,032
Less: gain from discontinued operations	1,871	4
Income (loss) from continuing operations	(487)	10,028
Adjustments to reconcile net income (loss) to net cash used in operating activities, including effects of business acquired:		
Non-cash change in estimated fair value of contingent value rights	(764)	1,736
Accretion of deferred gain on sale leaseback		(426)
Depreciation and amortization	678	564
Non-cash lease costs		(90)
Loss (gain) on asset write-offs	(10)	
Realized loss (gain) on investment	(17)	(23)
Stock-based compensation	709	452
Deferred income taxes	(35)	(13,908)
Other	85	29
Changes in operating assets and liabilities, net of acquisition:		