

LIGAND PHARMACEUTICALS INC  
Form 10-Q  
August 05, 2010  
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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 June 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 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 July 26, 2010, the registrant had 124,383,914 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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	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,235	\$ 16,032
Short-term investments	28,960	37,200
Accounts receivable, net		618
Assets held for sale		3,170
Other current assets	1,430	1,364
Current portion of co-promote termination payments receivable	9,777	9,782
<b>Total current assets</b>	<b>43,402</b>	<b>68,166</b>
Restricted cash and investments	1,341	1,462
Property and equipment, net	7,073	8,522
Goodwill and other identifiable intangible assets	15,833	2,515
Long-term portion of co-promote termination payments receivable	29,386	30,993
Deferred income taxes	25,068	25,068
Other assets	5,494	5,081
<b>Total assets</b>	<b>\$ 127,597</b>	<b>\$ 141,807</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 13,445	\$ 16,945
Accrued liabilities	5,172	9,375
Payable to Neurogen stockholders		3,770
Allowances for loss on returns, rebates and chargebacks related to discontinued operations	14	31
Accrued litigation settlement costs	1,000	1,000
Current portion of deferred gain	1,702	1,702
Current portion of co-promote termination liability	9,777	9,782
Current portion of lease termination payments	9,786	4,487
Current portion of equipment financing obligations	39	91
Current portion of deferred revenue	2,663	4,989
<b>Total current liabilities</b>	<b>43,598</b>	<b>52,172</b>
Long-term portion of co-promote termination liability	29,386	30,993
Long-term portion of deferred revenue, net	2,546	3,495
Long-term portion of deferred gain	851	1,702
Long-term portion of lease termination payments		5,281
Income tax payable	29,003	28,108

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Other long-term liabilities	11,213	7,968
Total liabilities	116,597	129,719
<b>Commitments and contingencies</b>		
Common stock subject to conditional redemption; 674,230 shares issued and outstanding at June 30, 2010 and December 31, 2009	8,344	8,344
<b>Stockholders' equity :</b>		
Convertible preferred stock, \$0.001 par value; 5,000,000 shares authorized; none issued		
Common stock, \$0.001 par value; 200,000,000 shares authorized; 123,709,684 and 123,269,008 shares issued at June 30, 2010 and December 31, 2009, respectively	124	123
Additional paid-in capital	728,389	726,816
Accumulated other comprehensive income	885	513
Accumulated deficit	(684,608)	(681,574)
Treasury stock, at cost; 6,607,905 shares at June 30, 2010 and December 31, 2009	(42,134)	(42,134)
Total stockholders' equity	2,656	3,744
	\$ 127,597	\$ 141,807

*See accompanying notes.*

**Table of Contents****LIGAND PHARMACEUTICALS INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(in thousands, except share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Royalties	\$ 1,601	\$ 2,006	\$ 3,563	\$ 4,736
Collaborative research and development and other revenues	4,237	5,588	8,233	12,328
Total revenues	5,838	7,594	11,796	17,064
<b>Operating costs and expenses:</b>				
Research and development	6,602	9,470	13,963	19,824
General and administrative	3,290	2,831	6,338	9,755
Write-off of acquired in-process research and development.		441		441
Total operating costs and expenses	9,892	12,742	20,301	30,020
Accretion of deferred gain on sale leaseback	426	491	851	982
Loss from operations	(3,628)	(4,657)	(7,654)	(11,974)
<b>Other income (expense):</b>				
Interest income	118	120	328	260
Interest expense	(13)	(42)	(31)	(236)
Decrease in liability for contingent value rights	3,690		4,242	
Other, net	168	103	734	(7)
Total other income (expense), net	3,963	181	5,273	17
Income (loss) before income taxes	335	(4,476)	(2,381)	(11,957)
Income tax expense	(625)		(899)	
Loss from continuing operations	(290)	(4,476)	(3,280)	(11,957)
<b>Discontinued operations:</b>				
Gain (loss) on sale of AVINZA Product Line before income taxes	3	2,592	13	4,722
Gain (loss) on sale of Oncology Product Line before income taxes	4	216	233	451
Income tax benefit (expense) on discontinued operations				
Discontinued operations	7	2,808	246	5,173
Net loss:	\$ (283)	\$ (1,668)	\$ (3,034)	\$ (6,784)

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Basic and diluted per share amounts:								
Income (loss) from continuing operations	\$	0.00	\$	(0.04)	\$	(0.03)	\$	(0.11)
Discontinued operations		0.00		0.03		0.00		0.05
Net income (loss)	\$	0.00	\$	(0.01)	\$	(0.03)	\$	(0.06)
Weighted average number of common shares-basic		117,652,112		113,147,714		117,574,704		