

LIGAND PHARMACEUTICALS INC  
Form 10-Q/A  
November 14, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q/A**  
**Amendment No. 1**

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.)

**11119 North Torrey Pines Road, Suite 200**

**La Jolla, CA**  
(Address of principal executive offices)

**92037**  
(Zip Code)

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

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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, 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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**EXPLANATORY NOTE**

Ligand Pharmaceuticals Incorporated ( the Company ) is filing this Amendment No. 1 on Form 10-Q/A ( Amended Form 10-Q/A ) to its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (the Original Form 10-Q ), which was originally filed with the Securities and Exchange Commission ( SEC ) on May 4, 2012 (the Original Filing Date ) to restate the Company s unaudited condensed consolidated financial statements for the three month periods ended March 31, 2012 and 2011 and amend related disclosures in Management s Discussion and Analysis of financial condition and results of operations.

During the Company s quarter-end close procedures for the period ended September 30, 2012, the Company discovered spreadsheet formula and other errors in the calculation of the contingent liability related to the Company s acquisition of CyDex Pharmaceuticals, Inc. ( CyDex ) on January 24, 2011. The initial fair value of the contingent liability was overstated by \$1.6 million resulting in an initial overstatement of goodwill by \$2.7 million, an understatement of intangible assets of \$0.9 million, an overstatement of deferred income tax liability of \$0.3 million and an understatement of income tax benefit from continuing operations of \$0.1 million.

As a result, the Company is filing this Amended Form 10-Q to amend Part 1. Financial Statements and Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations, to reflect the following:

Decrease (increase) in contingent liabilities for the three-month period ended March 31, 2012 has been decreased by \$0.3 million to \$0.5 million from \$0.8 million and decrease (increase) in contingent liabilities for the three-month period ended March 31, 2011 has been increased by \$0.6 million to \$(2.3) million from \$(1.7) million;

Income tax benefit for the three-month period ended March 31, 2011 has been increased by \$0.1 million to \$13.7 million from \$13.6 million;

Loss from continuing operations for the three-month period ended March 31, 2012 has been increased by \$0.2 million to \$0.7 million, or \$0.04 per share, from \$0.5 million, or \$0.03 per share and income from continuing operations for the three-month period ended March 31, 2011 has been decreased by \$0.4 million to \$9.6 million, or \$0.49 per share, from \$10.0 million, or \$0.51 per share;

Goodwill at March 31, 2012 has been decreased by \$2.7 million to \$12.2 million from \$14.9 million, intangible assets have been increased by \$0.8 million to \$57.7 million from \$56.9 million, deferred income taxes have decreased by \$0.3 million to \$2.4 million from \$2.7 million and long-term portion of contingent liabilities has decreased by \$0.8 million to \$9.8 million from \$10.6 million and goodwill at December 31, 2011 has been decreased by \$2.7 million to \$12.2 million from \$14.9 million, intangible assets has been increased by \$0.9 million to \$58.3 million from \$57.4 million, deferred income taxes have decreased by \$0.3 million to \$2.2 million from \$2.5 million and long-term portion of contingent liabilities at December 31, 2011 has decreased by \$1.0 million to \$10.4 million from \$11.4 million; and

Contingent liabilities now includes amounts relating to contingent value rights and other acquired contingent liabilities. For convenience of the reader, the Quarterly Report on Form 10-Q/A sets forth the Original Filing, as amended, in its entirety. This Amended Form 10-Q/A also includes currently-dated certifications from the Company s Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Amended Form 10-Q has not modified or updated the information in the Original Form 10-Q, except as necessary to reflect the effects of the restatement, which took into consideration subsequent information about conditions that existed at March 31, 2012. This Amended Form 10-Q continues to speak as of the dates described herein, and the disclosures contained in the Original Form 10-Q do not reflect any events that occurred subsequent to the Original Filing Date.

Information not affected by the restatement is unchanged and reflects the disclosures made as of the Original Filing Date. In particular, forward-looking statements included in this Amended Form 10-Q that have not been affected by the restatement represent management s views as of the Original Filing Date. Such forward-looking statements should not be assumed to be accurate as of any future date. Accordingly, this

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Amended Form 10-Q should be read in conjunction with our subsequent filings with the SEC, as information in such filings may update or supersede certain information contained in this Amended Form 10-Q.

The financial information previously disclosed in the Company's unaudited interim condensed consolidated financial statements previously included in the Company's Quarterly Reports on Form 10-Q for the three months ended March 31, 2012 and 2011 should not be relied upon.

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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 (Restated)
	(Restated)	
<b>ASSETS</b>		
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	57,744	58,326
Goodwill	12,238	12,238
Long-term portion of co-promote termination payments receivable	14,226	15,255
Other assets	563	738
Total assets	\$ 110,031	\$ 120,583
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 7,893	\$ 11,065
Accrued liabilities	4,143	5,054
Current portion of contingent liabilities	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	2,372	2,230
Long-term portion of contingent liabilities	9,787	10,419

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Other long-term liabilities	388	388
Total liabilities	91,500	104,054
<b>Commitments and contingencies</b>		
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
<b>Stockholders' equity (deficit):</b>		
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	(681,099)	(682,232)
Treasury stock, at cost; 1,118,222 shares at March 31, 2012 and December 31, 2011	(42,280)	(42,280)
Total stockholders' equity (deficit)	18,531	8,185
Total liabilities and stockholders' equity (deficit)	\$ 110,031	\$ 120,583

*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 (Restated)	2011 (Restated)
<b>Revenues:</b>		
Royalties	\$ 3,060	\$ 1,993
Material sales	667	1,019
Collaborative research and development and other revenues	1,909	884
<b>Total revenues</b>	<b>5,636</b>	<b>3,896</b>
<b>Operating costs and expenses:</b>		
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)
<b>Total operating costs and expenses</b>	<b>6,401</b>	<b>5,805</b>
Accretion of deferred gain on sale leaseback		426
<b>Loss from operations</b>	<b>(765)</b>	<b>(1,483)</b>
<b>Other income (expense):</b>		
Interest income	17	37
Interest expense	(792)	(423)
Decrease (increase) in contingent liabilities	513	(2,288)
Other, net	254	48
<b>Total other income (expense), net</b>	<b>(8)</b>	<b>(2,626)</b>
<b>Loss before income taxes</b>	<b>(773)</b>	<b>(4,109)</b>
Income tax benefit (expense)	35	13,730
<b>Income (loss) from continuing operations</b>	<b>(738)</b>	<b>9,621</b>
<b>Discontinued operations:</b>		
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)	
<b>Discontinued operations</b>	<b>1,871</b>	<b>4</b>
<b>Net income:</b>	<b>\$ 1,133</b>	<b>\$ 9,625</b>



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Basic and diluted per share amounts:			
Income (Loss) from continuing operations	\$	(0.04)	\$ 0.49
Discontinued operations		0.10	
Net income	\$	0.06	\$ 0.49
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)**

<b>Three Months Ended March 31,</b>	
<b>(Restated)</b>	<b>(Restated)</b>
<b>2012</b>	<b>2011</b>