

LA JOLLA PHARMACEUTICAL CO

Form 10-Q

August 17, 2009

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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 June 30, 2009**

**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: 0-24274**

**LA JOLLA PHARMACEUTICAL COMPANY**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**33-0361285**

(I.R.S. Employer Identification No.)

**4365 Executive Drive, Suite 300  
San Diego, CA**

(Address of principal executive offices)

**92121**

(Zip Code)

Registrant's telephone number, including area code: (858) 452-6600

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 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 definition 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

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

The number of shares of the registrant's common stock, \$0.01 par value per share, outstanding at August 7, 2009 was 65,722,648.



**LA JOLLA PHARMACEUTICAL COMPANY**  
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(in thousands)

	June 30, 2009 (Unaudited)	December 31, 2008 (See Note)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,509	\$ 9,447
Short-term investments		10,000
Prepays and other current assets	1,254	785
Total current assets	9,763	20,232
Property and equipment, net	11	357
Patent costs and other assets, net		250
Total assets	\$ 9,774	\$ 20,839
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,790	\$ 4,626
Accrued clinical/regulatory expenses	321	3,957
Accrued expenses	555	1,008
Accrued payroll and related expenses	128	1,549
Credit facility		5,933
Current portion of obligations under notes payable		152
Current portion of obligations under capital leases	42	11
Total current liabilities	3,836	17,236
Noncurrent portion of obligations under notes payable		179
Noncurrent portion of obligations under capital leases		34
Commitments		
Stockholders' equity:		
Common stock	657	555
Additional paid-in capital	427,263	418,522
Accumulated deficit	(421,982)	(415,687)
Total stockholders' equity	5,938	3,390

Total liabilities and stockholders' equity	\$ 9,774	\$ 20,839
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Note: The condensed consolidated balance sheet at December 31, 2008 has been derived from the audited consolidated financial statements as of that date but does not include all of the information and disclosures required by U.S. generally accepted accounting principles.  
See accompanying notes.

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**LA JOLLA PHARMACEUTICAL COMPANY**  
**Condensed Consolidated Statements of Operations**

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue from collaboration agreement	\$	\$	\$ 8,125	\$
Expenses:				
Research and development		12,732	9,808	24,070
General and administrative	2,124	2,069	4,611	3,975
Total expenses		14,801	14,419	28,045
Loss from operations	(2,039)	(14,801)	(6,294)	(28,045)
Interest income		130	12	490
Interest expense	(4)	(44)	(13)	(60)
Realized loss on investments, net		(220)		(957)
Net loss	\$ (2,043)	\$ (14,935)	\$ (6,295)	\$ (28,572)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.31)	\$ (0.10)	\$ (0.65)
Shares used in computing basic and diluted net loss per share	65,723	48,252	60,945	43,941

See accompanying notes.

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**LA JOLLA PHARMACEUTICAL COMPANY**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)  
(in thousands)

	Six Months Ended June 30,	
	2009	2008
Operating activities:		
Net loss	\$ (6,295)	\$ (28,572)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	110	519
(Gain) loss on write-off/disposal of patents and property and equipment	(326)	95
Share-based compensation expense	2,033	2,297
Settlement of accounts payable and accrued liabilities	(1,880)	
Realized loss on investments, net		957
Amortization of premium on investments		329
Change in operating assets and liabilities:		
Prepays and other current assets	(469)	(472)
Accounts payable and accrued liabilities	(4,045)	(196)
Accrued payroll and related expenses	(1,421)	122
Net cash used for operating activities	(12,293)	(24,921)
Investing activities:		
Sales of short-term investments	10,000	24,665
Net proceeds from sale of patents and property and equipment	836	43
Additions to property and equipment	(18)	(446)
Increase in patent costs and other assets	(6)	(161)
Net cash provided by investing activities	10,812	24,101
Financing activities:		
Net proceeds from issuance of common stock		28,246
Net proceeds from issuance of preferred stock	6,810	
Payments on credit facility	(5,933)	
Payments on obligations under notes payable	(331)	(75)