

Vanda Pharmaceuticals Inc.  
Form 10-Q  
November 08, 2012

**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 September 30, 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: 001-34186

**VANDA PHARMACEUTICALS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**03-0491827**  
(I.R.S. Employer  
Identification No.)

**2200 Pennsylvania Avenue, N.W., Suite 300 E**

**Washington, D.C.**  
(Address of principal executive offices)

**20037**  
(Zip Code)

**(202) 734-3400**

(Registrant's telephone number, including area code)

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) 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 November 5, 2012, there were 28,226,743 shares of the registrant's common stock issued and outstanding.

Vanda Pharmaceuticals Inc.

Quarterly Report on Form 10-Q

For the Quarter Ended September 30, 2012

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## Part I FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited).

## VANDA PHARMACEUTICALS INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30, 2012	December 31, 2011
<i>(in thousands, except for share and per share amounts)</i>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 104,515	\$ 87,923
Marketable securities, current	29,889	60,961
Accounts receivable	1,535	1,618
Inventory	161	
Prepaid expenses and other current assets	3,323	2,999
Restricted cash, current	430	
<b>Total current assets</b>	<b>139,853</b>	<b>153,501</b>
Marketable securities, non-current		19,012
Property and equipment, net	2,446	964
Other assets, non-current		84
Intangible asset, net	6,909	8,027
Restricted cash, non-current	600	1,030
<b>Total assets</b>	<b>\$ 149,808</b>	<b>\$ 182,618</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,090	\$ 996
Accrued liabilities	6,753	3,381
Deferred rent, current		453
Deferred revenues, current	26,789	26,789
<b>Total current liabilities</b>	<b>34,632</b>	<b>31,619</b>
Deferred rent, non-current	2,797	461
Deferred revenues, non-current	97,027	117,064
<b>Total liabilities</b>	<b>134,456</b>	<b>149,144</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized and none issued and outstanding		
Common stock, \$0.001 par value; 150,000,000 shares authorized, 28,226,743 and 28,117,026 shares issued and outstanding as of September 30, 2012 and December 31, 2011, respectively	28	28
Additional paid-in capital	300,039	296,868
Accumulated other comprehensive income	23	21
Accumulated deficit	(284,738)	(263,443)
<b>Total stockholders' equity</b>	<b>15,352</b>	<b>33,474</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 149,808</b>	<b>\$ 182,618</b>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.



## VANDA PHARMACEUTICALS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

<i>(in thousands, except for share and per share amounts)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Revenues:</b>				
Licensing agreement	\$ 6,753	\$ 6,753	\$ 20,037	\$ 20,037
Royalty revenue	1,535	1,216	4,770	2,863
<b>Total revenues</b>	<b>8,288</b>	<b>7,969</b>	<b>24,807</b>	<b>22,900</b>
<b>Operating expenses:</b>				
Research and development	10,159	8,174	34,829	18,440
General and administrative	3,147	2,711	10,657	8,141
Intangible asset amortization	377	377	1,118	1,118
<b>Total operating expenses</b>	<b>13,683</b>	<b>11,262</b>	<b>46,604</b>	<b>27,699</b>
Loss from operations	(5,395)	(3,293)	(21,797)	(4,799)
Other income	69	106	502	362
Loss before tax benefit	(5,326)	(3,187)	(21,295)	(4,437)
Tax benefit		(113)		(158)
Net loss	\$ (5,326)	\$ (3,074)	\$ (21,295)	\$ (4,279)
<b>Net loss per share:</b>				
Basic	\$ (0.19)	\$ (0.11)	\$ (0.75)	\$ (0.15)
Diluted	\$ (0.19)	\$ (0.11)	\$ (0.75)	\$ (0.15)
<b>Shares used in calculation of net loss per share:</b>				
Basic	28,226,743	28,107,363	28,226,743	28,104,749
Diluted	28,226,743	28,107,363	28,226,743	28,104,749

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**VANDA PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)**

<i>(in thousands)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2012</b>	<b>September 30, 2011</b>	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Net loss	\$ (5,326)	\$ (3,074)	\$ (21,295)	\$ (4,279)
Other comprehensive income (loss):				
Change in net unrealized gain (loss) on marketable securities	18	(41)	2	42
Tax provision on other comprehensive income (loss)				
Other comprehensive income (loss), net of tax	18	(41)	2	42
Comprehensive loss	\$ (5,308)	\$ (3,115)	\$ (21,293)	\$ (4,237)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**VANDA PHARMACEUTICALS INC.**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY (Unaudited)**

<i>(in thousands, except for share amounts)</i>	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares	Par Value				
Balances at December 31, 2011	28,117,026	\$ 28	\$ 296,868	\$ 21	\$ (263,443)	\$ 33,474
Issuance of common stock from exercised stock options and settlement of restricted stock units	109,717					
Employee and non-employee stock-based compensation expense			3,171			3,171
Net loss						