MAP Pharmaceuticals, Inc. Form 10-Q August 06, 2010 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**

(MARK ONE)

x 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 001-33719

# MAP PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

#### Edgar Filing: MAP Pharmaceuticals, Inc. - Form 10-Q

20-0507047 **Delaware** (State or other jurisdiction of (I.R.S. Employer **Identification No.)** incorporation or organization) 2400 Bayshore Parkway, Suite 200

Mountain View, California (Address of principal executive offices) (Zip code)

(650) 386-3100

94043

(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 x 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. (Check one):

Large accelerated filer Accelerated filer х

" (Do not check if a smaller reporting company) Smaller reporting company Non-accelerated filer Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes "No x

As of July 31, 2010, the registrant had outstanding 26,603,932 shares of Common Stock.

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# PART I FINANCIAL INFORMATION

#### **Item 1 Financial Statements**

# MAP PHARMACEUTICALS, INC.

(a development stage enterprise)

# CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	June 30, 2010	December 31, 2009	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 55,330	\$ 65,776	
Prepaid expenses and other current assets	455	620	
Total current assets	55,785	66,396	
Property and equipment, net	4,536	4,164	
Other assets	41	126	
Restricted investment	310	310	
Total assets	\$ 60,672	\$ 70,996	
LIABILITIES AND STOCKHOLDERS EQUITY Current liabilities:			
Accounts payable	\$ 1,407	\$ 2,916	
Accrued liabilities	8,432	11,568	
Current portion of long-term debt	7,653	7,283	
Total current liabilities	17,492	21,767	
Long-term debt, net of current	3,558	7,337	
Other liabilities	129	90	
Total liabilities	21,179	29,194	
Commitments and contingencies (Note 6)			
Stockholders equity:			
Common stock	260	241	
Additional paid-in capital	250,671	226,452	
Deficit accumulated during the development stage	(211,438)	(184,891)	
Total stockholders equity	39,493	41,802	
Total liabilities and stockholders equity	\$ 60,672	\$ 70,996	

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

# MAP PHARMACEUTICALS, INC.

(a development stage enterprise)

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,			Period from July 3, 2003 (Inception) to		
	2010	2010 2009			2010 2009		2009	June 30, 2010	
Collaboration revenue	\$	\$	8,645	\$		\$	16,129	\$	54,166
Operating expenses:									
Research and development	8,242		9,628		18,028		23,703		197,722
Sales, general and administrative	3,910		3,437		7,791		6,245		54,992
Total operating expenses	12,152		13,065		25,819		29,948		252,714
Loss from operations	(12,152)		(4,420)		(25,819)		(13,819)		(198,548)
Interest income	2		26		6		111		6,374
Interest expense	(339)		(551)		(732)		(1,153)		(6,483)
Other expense, net			(24)		(2)		(28)		(764)
Net loss	(12,489)		(4,969)		(26,547)		(14,889)		(199,421)
Cumulative stock dividend attributed to preferred stockholders									(13,925)
Net loss attributed to common stockholders	\$ (12,489)	\$	(4,969)	\$	(26,547)	\$	(14,889)	\$	(213,346)
Net loss per share attributed to common stockholders basic and diluted	\$ (0.47)	\$	(0.24)	\$	(1.01)	\$	(0.72)		
Weighted average shares outstanding used in calculating net loss per share attributed to common stockholders basic and diluted	26,480,166	20	),699,343	2	6,167,861	2	0,641,878		

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

# ${\bf MAP\ PHARMACEUTICALS, INC.}$

(a development stage enterprise)

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

Cash from operating activities:         Company (14) (14) (14) (14) (14) (14) (14) (14)		Six Months Ended June 30,		Cumulative Period from July 3, 2003	
Cash flows from operating activities:         \$ (26,547)         \$ (14,889)         \$ (199,421)           Net loss         \$ (26,547)         \$ (14,889)         \$ (199,421)           Adjustments to reconcile net loss to net cash provided by (used in) operating activities:         \$ (19),421         (19,421)           Deprication and amortization in resement discounts, net         6 (1)         (1,595)         (10,595)           Accretion of investment discounts, net         1 (2)         210         Accretion of debt issuance costs         2 (2)         833           Accretion of debt payment premium         1 (2)         2 (2)         833           Change in carrying value of warrant liability         5 (3)         1 (3,63)           Issuance of common stock in exchange for services         3 (30)         2 (56)         1 (3,13)           Loss on disposal of equipment and other non-cash items         306         79         1 (37)           Changes in operating assets and liabilities:         (5,174)         (5,174)           Prepaid expenses and other current assets         1 (5         5,174           Prepaid expenses and other current assets         8 5         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,16)         (5,600)         8,54 <th></th> <th>2010</th> <th>2009</th> <th>(Date of Inception) to June 30, 2010</th>		2010	2009	(Date of Inception) to June 30, 2010	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:   Depreciation and amortization   (1) (1,595)     Accretion of investment discounts, net   (1) (1,595)     Amortization of debt issuance costs   (210	Cash flows from operating activities:				
Depreciation and amortization         641         751         5.297           Accretion of investment discounts, net         (1)         (1,595)           Accretion of debt issuance costs         210           Accretion of debt payment premium         142         212         833           Change in carrying value of warrant liability         51         51           Stock-based compensation         3,094         2,563         14,363           Loss on disposal of equipment and other non-cash items         306         79         1,373           Chase in operating assets and liabilities:         306         79         1,373           Accounts receivable         (5,174)         7           Prepaid expenses and other current assets         165         433         (680)           Other assets         85         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         3,3104         129           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activiti		\$ (26,547)	\$ (14,889)	\$ (199,421)	
Accretion of investment discounts, net         (1)         (1,595)           Amorization of debt issuance costs         210           Accretion of debt payment premium         142         212         833           Change in carrying value of warrant liability         51         551           Stock-based compensation         3,094         2,563         14,363           Loss on disposal of equipment and other non-cash items         306         79         1,373           Changes in operating assets and liabilities:         51         551         552         552         552         552         553         1,363         1,363         1,368         1,368         1,368         1,368         1,368         1,368         1,368         1,368         1,369         1,378         1,					
Amortization of debt issuance costs	•	641		,	
Accretion of debt payment premium         142         212         833           Change in carrying value of warrant liability         621           Issuance of common stock in exchange for services         51           Stock-based compensation         3,094         2,563         14,363           Loss on disposal of equipment and other non-cash items         306         79         1,378           Changes in operating assets and liabilities:         (5,174)         ************************************	,		(1)		
Change in carrying value of warrant liability				210	
Sauance of common stock in exchange for services   3,094   2,563   14,363   16,368		142	212	833	
Stock-based compensation         3,094         2,563         14,363           Loss on disposal of equipment and other non-cash items         306         79         1,373           Changes in operating assets and liabilities:         Temperating assets and liabilities:         5         99           Accounts receivable         (5,174)         165         433         (680)           Other assets         85         99         9           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         33,104         10           Deferred revenue         33,104         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Purchase of intangible assets and in-process research and development         412         42           Purchase of intangible assets and in-process research and development         12,725         (169,497)           Sales and maturities of short-term investments         12,740         171,411           Purchase of restricted investment         12,740         171,411           Purchase of restricted investment         (1,319)         12,460         (9,568)           Cash flows from financing activities         (1,319)         12,460         (9,568) <td></td> <td></td> <td></td> <td>621</td>				621	
Loss on disposal of equipment and other non-cash items         306         79         1,373           Changes in operating assets and liabilities:					
Changes in operating assets and liabilities:         (5,174)           Accounts receivable         (5,174)           Prepaid expenses and other current assets         165         433         (680)           Other assets         85         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         33,104         10           Deferred revenue         33,104         120           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:           Purchase of intangible assets and in-process research and development         (1,319)         (280)         (10,760)           Purchase of property and equipment         (1,319)         (280)         (10,760)           Purchase of restricted investments         12,40         171,411           Purchase of restricted investments         (1,319)         12,460         (9,568)           Cash flows from financing activities		3,094	2,563	14,363	
Accounts receivable         (5,174)           Prepaid expenses and other current assets         165         433         (680)           Other assets         85         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         33,104         Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:           Purchase of intangible assets and in-process research and development         (412)         (10,760)           Purchase of short-term investments         (1,319)         (280)         (10,760)           Purchase of short-term investments         12,740         171,411           Purchase of restricted investment         (310)         (310)           Net cash provided by (used in) investing activities         (1,319)         12,460         (9,568)           Cash flows from financing activities:           Cust flows from financing activities:         (1,319)         12,460         (9,568)           Cash flows from financing activities:         (3,50) <t< td=""><td></td><td>306</td><td>79</td><td>1,373</td></t<>		306	79	1,373	
Prepaid expenses and other current assets         165         433         (680)           Other assets         85         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         33,104         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:           Purchase of intangible assets and in-process research and development         (412)         (10,760)           Purchase of intangible assets and in-process research and development         (1,319)         (280)         (10,760)           Purchase of short-term investments         12,740         171,411         (10,497)         (310)         (310)           Net cash provided by (used in) investing activities         (1,319)         12,460         (9,568)           Cash flows from financing activities:         (	Changes in operating assets and liabilities:				
Other assets         85         99           Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         33,104           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities         (412)			(5,174)		
Accounts payable         (1,509)         1,233         1,378           Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         33,104         33,104           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:           Purchase of intangible assets and in-process research and development         (412)           Purchase of property and equipment         (1,319)         (280)         (10,760)           Purchase of short-term investments         (169,497)         12,740         171,411           Purchase of restricted investment         (1,319)         12,460         (9,568)           Net cash provided by (used in) investing activities         (1,319)         12,460         (9,568)           Cash flows from financing activities:           Proceeds from issuance of convertible notes payable         4,300           Proceeds from issuance of debt         31,006           Adjustment to issuance cost related to IPO         (9)           Proceeds from sales of shares through equity plans         1,479         516         3,428           Repayment	Prepaid expenses and other current assets		433	(680)	
Accrued liabilities         (3,136)         (5,600)         8,354           Deferred revenue         33,104         129           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:         (412)         12,725         (168,988)           Purchase of intangible assets and in-process research and development         (412)         (412)           Purchase of property and equipment         (1,319)         (280)         (10,760)           Purchase of short-term investments         12,740         171,411	Other assets			99	
Deferred revenue         33,104           Other liabilities         39         14         129           Net cash provided by (used in) operating activities         (26,720)         12,725         (168,988)           Cash flows from investing activities:           Purchase of intangible assets and in-process research and development         (412)           Purchase of property and equipment         (1,319)         (280)         (10,760)           Purchase of short-term investments         12,740         171,411           Purchase of restricted investment         (310)         12,460         (9,568)           Net cash provided by (used in) investing activities         (1,319)         12,460         (9,568)           Cash flows from financing activities:           Proceeds from issuance of convertible notes payable         4,300           Proceeds from issuance of otheth         31,006           Adjustment to issuance cost related to IPO         (9)           Proceeds from sales of shares through equity plans         1,479         516         3,428           Repayment of debt         (3,551)         (2,874)         (20,728)           Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs         19,665         19,665 <td>Accounts payable</td> <td></td> <td>1,233</td> <td></td>	Accounts payable		1,233		
Other liabilities3914129Net cash provided by (used in) operating activities(26,720)12,725(168,988)Cash flows from investing activities:Purchase of intangible assets and in-process research and development(1,319)(280)(10,760)Purchase of property and equipment(1,319)(280)(10,760)Purchase of short-term investments12,740171,411Purchase of restricted investment(310)12,460(9,568)Net cash provided by (used in) investing activities(1,319)12,460(9,568)Cash flows from financing activities:Proceeds from issuance of convertible notes payable4,300Proceeds from issuance of debt31,006Adjustment to issuance cost related to IPO(9)Proceeds from sales of shares through equity plans1,4795163,428Repayment of debt(3,551)(2,874)(20,728)Proceeds from issuance costs19,66519,665	Accrued liabilities	(3,136)		8,354	
Net cash provided by (used in) operating activities  Cash flows from investing activities:  Purchase of intangible assets and in-process research and development (1,319) (280) (10,760) Purchase of property and equipment (1,319) (280) (10,760) Purchase of short-term investments (169,497) Sales and maturities of short-term investments 12,740 171,411 Purchase of restricted investment (310)  Net cash provided by (used in) investing activities (1,319) 12,460 (9,568)  Cash flows from financing activities:  Proceeds from issuance of convertible notes payable 4,300 Proceeds from issuance of debt 31,006 Adjustment to issuance cost related to IPO (9) Proceeds from sales of shares through equity plans 1,479 516 3,428 Repayment of debt (3,551) (2,874) (20,728) Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665	Deferred revenue		33,104		
Cash flows from investing activities:  Purchase of intangible assets and in-process research and development (1,319) (280) (10,760)  Purchase of property and equipment (169,497)  Sales and maturities of short-term investments (169,497)  Sales and maturities of restricted investment (310)  Net cash provided by (used in) investing activities (1,319) 12,460 (9,568)  Cash flows from financing activities:  Proceeds from issuance of convertible notes payable (4,300)  Proceeds from issuance of debt (31,006)  Adjustment to issuance cost related to IPO (9)  Proceeds from sales of shares through equity plans (3,551) (2,874) (20,728)  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs (19,665) 19,665	Other liabilities	39	14	129	
Purchase of intangible assets and in-process research and development (412) Purchase of property and equipment (1,319) (280) (10,760) Purchase of short-term investments (169,497) Sales and maturities of short-term investments 12,740 171,411 Purchase of restricted investment (310)  Net cash provided by (used in) investing activities (1,319) 12,460 (9,568)  Cash flows from financing activities:  Proceeds from issuance of convertible notes payable 4,300 Proceeds from issuance of debt 31,006 Adjustment to issuance cost related to IPO (9) Proceeds from sales of shares through equity plans 1,479 516 3,428 Repayment of debt (3,551) (2,874) (20,728)  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665	Net cash provided by (used in) operating activities	(26,720)	12,725	(168,988)	
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Net cash provided by (used in) investing activities (1,319) 12,460 (9,568)  Cash flows from financing activities:  Proceeds from issuance of convertible notes payable 4,300  Proceeds from issuance of debt 31,006  Adjustment to issuance cost related to IPO (9)  Proceeds from sales of shares through equity plans 1,479 516 3,428  Repayment of debt (3,551) (2,874) (20,728)  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665	Sales and maturities of short-term investments		12,740	171,411	
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Proceeds from issuance of convertible notes payable Proceeds from issuance of debt Adjustment to issuance cost related to IPO Proceeds from sales of shares through equity plans Repayment of debt Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs  4,300 31,006 4,300 6 9 1,479 516 3,428 1,479 516 2,874 20,728 1,665	Net cash provided by (used in) investing activities	(1,319)	12,460	(9,568)	
Proceeds from issuance of convertible notes payable Proceeds from issuance of debt Adjustment to issuance cost related to IPO Proceeds from sales of shares through equity plans Repayment of debt Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs  4,300 31,006 4,300 6 9 1,479 516 3,428 1,479 516 2,874 20,728 1,665	Cash flows from financing activities:				
Proceeds from issuance of debt  Adjustment to issuance cost related to IPO  Proceeds from sales of shares through equity plans  Repayment of debt  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs  31,006  (9)  1,479  516  3,428  (20,728)  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs  19,665				4,300	
Proceeds from sales of shares through equity plans 1,479 516 3,428 Repayment of debt (3,551) (2,874) (20,728) Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665	• •			31,006	
Proceeds from sales of shares through equity plans 1,479 516 3,428 Repayment of debt (3,551) (2,874) (20,728) Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665	Adjustment to issuance cost related to IPO			(9)	
Repayment of debt (20,728)  Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs 19,665 19,665		1,479	516		
Proceeds from issuance of common stock resulting from drawdown of equity line of credit, net of issuance costs  19,665  19,665			(2,874)		
credit, net of issuance costs 19,665 19,665					
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	Proceeds from issuance of common stock in IPO, net of issuance costs				