

1/6/2021

e10vq

10-Q 1 f53244e10vq.htm FORM 10-Q

[Table of Contents](#)

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 000-28402

Aradigm Corporation

(Exact name of registrant as specified in its charter)

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

94-3133088
*(I.R.S. Employer
Identification No.)*

3929 Point Eden Way
Hayward, CA 94545
(Address of principal executive offices including zip code)

(510) 265-9000
(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, non-accelerated filer, or smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" as defined 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

(Class)
Common

(Outstanding at July 31, 2009)
100,726,171

ARADIGM CORPORATION
TABLE OF CONTENTS

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	3
<u>Condensed Balance Sheets at June 30, 2009 and December 31, 2008 (unaudited)</u>	3
<u>Condensed Statements of Operations for the three and six months ended June 30, 2009 and 2008 (unaudited)</u>	4
<u>Condensed Statements of Cash Flows for the six months ended June 30, 2009 and 2008 (unaudited)</u>	5
<u>Notes to the Unaudited Condensed Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	22
<u>Item 4. Controls and Procedures</u>	23
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	23
<u>Item 1A. Risk Factors</u>	23
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
<u>Item 3. Defaults Upon Senior Securities</u>	33
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	33
<u>Item 5. Other Information</u>	34
<u>Item 6. Exhibits</u>	34
<u>Signatures</u>	35
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	

[Table of Contents](#)

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ARADIGM CORPORATION
CONDENSED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2009 (Unaudited)	December 31, 2008 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,101	\$ 16,741
Short-term investments	8,665	2,399
Receivables	230	393
Restricted cash	225	225
Prepaid and other current assets	630	387
Total current assets	16,851	20,145
Property and equipment, net	4,465	5,093
Notes receivable	50	34
Other assets	104	247
Total assets	<u>\$ 21,470</u>	<u>\$ 25,519</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,463	\$ 739
Accrued clinical and cost of other studies	173	94
Accrued compensation	1,190	1,051
Deferred revenue	4,832	—
Facility lease exit obligation	254	318
Other accrued liabilities	402	630
Total current liabilities	8,314	2,832
Deferred rent	152	199
Facility lease exit obligation, non-current	967	1,056
Deferred revenue, non-current	—	4,122
Other non-current liabilities	75	82
Note payable and accrued interest	8,679	8,472
Total liabilities	18,187	16,763
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 2,950,000 shares authorized, none outstanding		
Common stock, no par value; authorized shares: 150,000,000 at June 30, 2009 and December 2008; issued and outstanding shares: 100,726,171 at June 30, 2009 and 55,029,384 at December 31, 2008	347,774	343,426
Accumulated other comprehensive income (loss)	(4)	4
Accumulated deficit	(344,487)	(334,674)
Total shareholders' equity	3,283	8,756
Total liabilities and shareholders' equity	<u>\$ 21,470</u>	<u>\$ 25,519</u>

See accompanying Notes to Condensed Financial Statements

[Table of Contents](#)

ARADIGM CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	2009	2008	2009	2008
Revenue:				
Contract revenue	\$ —	\$ 54	\$ —	\$ 54
Operating expenses:				
Research and development	2,927	5,364	6,653	9,693
General and administrative	1,368	1,825	2,766	3,374
Restructuring and asset impairment	205	20	223	42
Total operating expenses	4,500	7,209	9,642	13,109
Loss from operations	(4,500)	(7,155)	(9,642)	(13,055)
Interest income	14	202	42	563
Interest expense	(105)	(100)	(209)	(198)
Other income (expense), net	(3)	1	(4)	—
Net loss	\$ (4,594)	\$ (7,052)	\$ (9,813)	\$ (12,690)
Basic and diluted net loss per common share	\$ (0.05)	\$ (0.13)	\$ (0.12)	\$ (0.23)
Shares used in computing basic and diluted net loss per common share	99,298	54,519	85,080	54,083

See accompanying Notes to Condensed Financial Statements

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.