

MANNKIND CORP
Form 10-Q
November 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **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: 000-50865

MannKind Corporation

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)
28903 North Avenue Paine
Valencia, California
(Address of principal executive offices)

13-3607736
(I.R.S. Employer
Identification No.)
91355
(Zip Code)

(661) 775-5300
(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 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
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 Act). Yes No

As of November 5, 2012, there were 245,777,130 shares of the registrant's common stock, \$.01 par value per share, outstanding.

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MANNKIND CORPORATION

Form 10-Q

For the Quarterly Period Ended September 30, 2012

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AFREZZA®, MedTone® and Technosphere® are our registered trademarks in the United States. We have also applied for and have registered company trademarks in other jurisdictions, including Europe and Japan.	

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	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,765	\$ 2,681
Available-for-sale securities and certificate of deposit	350	515
Prepaid expenses and other current assets	21,082	2,625
Total current assets	23,197	5,821
Property and equipment net	186,611	193,029
State research and development credit exchange receivable	293	473
Other assets	230	230
Total	\$ 210,331	\$ 199,553
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Accounts payable	\$ 3,166	\$ 4,624
Accrued expenses and other current liabilities	48,598	20,736
Total current liabilities	51,764	25,360
Senior convertible notes	211,673	210,642
Note payable to related party	223,142	277,203
Total liabilities	486,579	513,205
Commitments and contingencies		
Stockholders deficit:		
Undesignated preferred stock, \$0.01 par value 10,000,000 shares authorized; no shares issued or outstanding at September 30, 2012 and December 31, 2011		
Common stock, \$0.01 par value 350,000,000 and 250,000,000 shares authorized at September 30, 2012 and December 31, 2011, respectively; 199,767,463 and 131,522,945 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	1,998	1,315
Additional paid-in capital	1,774,893	1,620,535
Accumulated other comprehensive income (loss)	(8)	44
Deficit accumulated during the development stage	(2,053,131)	(1,935,546)
Total stockholders deficit	(276,248)	(313,652)

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Total	\$	210,331	\$	199,553
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See notes to condensed consolidated financial statements.

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MANKIND CORPORATION AND SUBSIDIARIES

(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,		Cumulative period from February 14, 1991 (date of inception) to September 30, 2012
	2012	2011	2012	2011	
Revenue	\$ 35	\$	\$ 35	\$ 50	\$ 3,166
Operating expenses:					
Research and development	25,453	23,132	76,247	79,717	1,442,298
General and administrative	10,069	9,641	37,262	30,293	417,493
In-process research and development costs					19,726
Goodwill impairment					151,428
Total operating expenses	35,522	32,773	113,509	110,010	2,030,945
Loss from operations	(35,487)	(32,773)	(113,474)	(109,960)	(2,027,779)
Other income (expense)	(2,651)	79	12,078	1,476	11,002
Interest expense on note payable to related party	(2,245)	(2,863)	(8,321)	(7,849)	(36,655)
Interest expense on senior convertible notes	(2,859)	(2,845)	(8,278)	(8,092)	(37,072)
Interest income			2	18	36,991
Loss before provision for income taxes	(43,242)	(38,402)	(117,993)	(124,407)	(2,053,513)
Income tax benefit	(408)		(408)		(382)
Net loss	(42,834)	(38,402)	(117,585)	(124,407)	(2,053,131)
Deemed dividend related to beneficial conversion feature of convertible preferred stock					(22,260)
Accretion on redeemable preferred stock					(952)
Net loss applicable to common stockholders	\$ (42,834)	\$ (38,402)	\$ (117,585)	\$ (124,407)	\$ (2,076,343)
Net loss per share applicable to common stockholders basic and diluted	\$ (0.22)	\$ (0.31)	\$ (0.71)	\$ (1.02)	
Shares used to compute basic and diluted net loss per share applicable to common stockholders	190,534	122,130	164,611	121,636	

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See notes to condensed consolidated financial statements.

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MANKIND CORPORATION AND SUBSIDIARIES

(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Three months ended		Nine months ended		Cumulative period
	September 30,		September 30,		from February 14,
	2012	2011	2012	2011	1991 (date of
					inception) to
					September 30,
					2012
Net Loss	\$ (42,834)	\$ (38,402)	\$ (117,585)	\$ (124,407)	\$ (2,053,131)
Other comprehensive loss:					
Cumulative translation (loss) gain	(1)	(8)	4	1	
Unrealized gain (loss) on investments:					
Unrealized holding gain (loss) during the period		15		(30)	(48)
Less: reclassification adjustment for gains (losses) included in net loss			48		48
Net unrealized gain (loss) on investments		15	48	(30)	
Comprehensive loss	\$ (42,835)	\$ (38,395)	\$ (117,533)	\$ (124,436)	\$ (2,053,131)

See notes to condensed consolidated financial statements.

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MANKIND CORPORATION AND SUBSIDIARIES

(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Nine months ended		Cumulative Period
	September 30,	2011	from February 14,
	2012		1991 (Date of
			Inception) to
			September 30,
			2012
CASH FLOWS FROM OPERATI			