

ARENA PHARMACEUTICALS INC
Form 10-Q
May 10, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

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: 000-31161

ARENA PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

23-2908305

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

6166 Nancy Ridge Drive, San Diego, CA

(Address of principal executive offices)

92121

(Zip Code)

858.453.7200

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 common stock outstanding as of the close of business on April 30, 2007:

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Class	Number of Shares Outstanding
Common Stock, \$0.0001 par value	60,954,496

ARENA PHARMACEUTICALS, INC.

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Signatures

In this report, Arena Pharmaceuticals, Arena, we, us and our refer to Arena Pharmaceuticals, Inc. and/or our wholly owned subsidiary, BRL Screening, Inc., unless the context otherwise provides.

Arena Pharmaceuticals®, Arena® and our corporate logo are registered service marks of Arena. CART and BRL Screening are unregistered service marks of Arena.

PART I. FINANCIAL INFORMATION**Item 1. Unaudited Consolidated Financial Statements.**

Arena Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	March 31, 2007 (Unaudited)	December 31, 2006 (Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 325,455	\$ 373,044
Short-term investments, available-for-sale	30,848	15,781
Accounts receivable	415	310
Prepaid expenses and other current assets	11,293	10,551
Total current assets	368,011	399,686
Land, property and equipment, net	56,607	56,500
Acquired technology, net	6,028	6,412
Other non-current assets	6,120	5,867
Total assets	\$ 436,766	\$ 468,465
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,054	\$ 20,769
Accrued compensation	1,793	2,178
Deferred revenues	12,144	13,054
Total current liabilities	32,991	36,001
Deferred rent	850	863
Financing obligation, including deferred interest	13,717	13,678
Commitments		
Redeemable convertible preferred stock	52,322	51,808
Stockholders' equity:		
Common stock	6	6
Additional paid-in capital	726,537	723,363
Treasury stock	(23,070)	(23,070)
Accumulated other comprehensive loss	(7)	(13)
Accumulated deficit	(366,580)	(334,171)
Total stockholders' equity	336,886	366,115
Total liabilities and stockholders' equity	\$ 436,766	\$ 468,465

Note: The balance sheet at December 31, 2006 has been derived from audited financial statements at that date. It does not include, however, all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements.

See accompanying notes to unaudited condensed consolidated financial statements.

Arena Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended March 31,	
	2007	2006
Revenues:		
Total revenues	\$ 4,911	\$ 12,126
Expenses:		
Research and development	35,755	20,490
General and administrative	4,923	5,608
Amortization of acquired technology	384	384
Total operating expenses	41,062	26,482
Loss from operations	(36,151)	(14,356)
Interest and other income:		
Interest income	4,801	2,527
Interest expense	(460)	(460)
Other	(85)	63
Total interest and other income, net	4,256	2,130
Net loss	(31,895)	(12,226)
Dividends on redeemable convertible preferred stock	(514)	(493)
Net loss allocable to common stockholders	\$ (32,409)	\$ (12,719)