

INTERLEUKIN GENETICS INC
Form 10-Q
November 10, 2011

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 AND EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

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

For the transition period from _____ to _____

Commission File Number: 001-32715

INTERLEUKIN GENETICS, INC.
(Exact name of registrant in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3123681
(I.R.S. Employer
Identification No.)

135 Beaver Street, Waltham, MA
(Address of principal executive offices)

02452
(Zip Code)

Registrant's Telephone Number: (781) 398-0700

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 each 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):

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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

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

Class	Outstanding at October 31, 2011
Common Stock, par value \$0.001 per share	36,709,706

INTERLEUKIN GENETICS, INC.

FORM 10-Q
FOR THE QUARTER ENDED September 30, 2011

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Smaller Reporting Company – Scaled Disclosure

Pursuant to Item 10(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended, as indicated herein, we have elected to comply with the scaled disclosure requirements applicable to “smaller reporting companies”.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

INTERLEUKIN GENETICS, INC.

CONDENSED BALANCE SHEETS

	September 30, 2011	December 31, 2010
ASSETS		
(Unaudited)		
Current assets:		
Cash and cash equivalents	\$ 1,014,764	\$ 3,999,029
Trade accounts receivable	76,367	36,960
Federal grant receivable	—	117,946
Receivables from related party	36,960	14,657
Inventory	75,534	117,849
Prepaid expenses	235,204	266,349
Other current assets	—	200,000
Total current assets	1,438,829	4,752,790
Fixed assets, net	348,471	554,172
Intangible assets, net	543,448	630,037
Other assets	38,001	38,001
Total assets	\$ 2,368,749	\$ 5,975,000
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 383,089	\$ 509,647
Accrued expenses	249,354	443,255
Deferred revenue	791,668	515,953
Current portion of long-term debt	11,000,000	—
Liabilities of discontinued operations	—	164,241
Total current liabilities	12,424,111	1,633,096
Convertible long-term debt	—	11,000,000
Total liabilities	12,424,111	12,633,096
Commitments and contingencies (Note 8)		
Stockholders' deficit		
Convertible preferred stock, \$0.001 par value — 6,000,000 shares authorized; 5,000,000 shares of Series A issued and outstanding at September 30, 2011 and December 31, 2010; aggregate liquidation preference of \$18,000,000 at September 30, 2011	5,000	5,000
Common stock, \$0.001 par value — 100,000,000 shares authorized; 36,684,256 and 36,594,799 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	36,684	36,594
Additional paid-in capital	91,056,873	90,851,709
Accumulated deficit	(101,153,919)	(97,551,399)
Total stockholders' deficit	(10,055,362)	(6,658,096)
Total liabilities and stockholders' deficit	\$ 2,368,749	\$ 5,975,000

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

INTERLEUKIN GENETICS, INC.

CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue:				
Genetic testing	\$ 731,194	\$ 531,151	\$ 2,229,757	\$ 1,460,601
Other	34,222	13,593	52,008	25,805
Total revenue	765,416	544,744	2,281,765	1,486,406
Cost of revenue	370,740	409,010	1,166,793	1,254,033
Gross profit	394,676	135,734	1,114,972	232,373
Operating expenses:				
Research and development	324,669	317,155	989,287	1,059,450
Selling, general and administrative	1,086,606	1,168,314	3,542,203	4,209,879
Amortization of intangibles	28,863	28,863	86,590	86,590
Total operating expenses	1,440,138	1,514,332	4,618,080	5,355,919
Loss from operations	(1,045,462)	(1,378,598)		