

INTERLEUKIN GENETICS INC
Form 10-Q
November 03, 2004

**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 September 30, 2004

Commission File Number 0-23413

INTERLEUKIN GENETICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

94-3123681
(IRS Employer Identification No.)

02452
(Zip Code)

(781) 398-0700
(Registrant's telephone number, including area code)

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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 an accelerated filer (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.

Common Stock, \$0.001 Par Value,

23,557,699 shares outstanding as of October 29, 2004.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTERLEUKIN GENETICS, INC.
CONSOLIDATED BALANCE SHEETS

	September 30, 2004 (Unaudited)	December 31, 2003 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,506,990	\$ 4,759,453
Accounts receivable	23,191	123,436
Funded research and development costs	300,000	
Prepaid expenses and other current assets	173,198	114,519
Total current assets	6,003,379	4,997,408
Fixed assets, net	854,513	271,669
Other long-term assets	306,134	189,365
Total assets	\$ 7,164,026	\$ 5,458,442
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 562,517	\$ 69,807
Accrued expenses	639,587	538,191
Deferred revenue	872,360	653,760
Commitments for funded research and development projects	494,726	
Current portion of capital lease obligations	18,324	26,346
Total current liabilities	2,587,514	1,288,104
Long-term notes	2,595,336	2,595,336
Capital lease obligations, net of current portion	5,904	17,290
Total liabilities	5,188,754	3,900,730
Stockholders' equity:		
Preferred stock; Series A \$0.001 par value 6,000,000 shares authorized; 5,000,000 shares issued and outstanding at September 30, 2004 and December 31, 2003; aggregate liquidation preference of \$18,000,000 at September 30, 2004	5,000	5,000
Common stock; \$0.001 par value, 75,000,000 shares authorized; 23,557,699 and 23,262,588 shares issued and outstanding at September 30, 2004 and December 31, 2003, respectively	23,558	23,263
Additional paid-in capital	49,160,750	46,521,470
Accumulated deficit	(47,214,036)	(44,992,021)
Total stockholders' equity	1,975,272	1,557,712
Total liabilities and stockholders' equity	\$ 7,164,026	\$ 5,458,442

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

INTERLEUKIN GENETICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue	\$ 1,400,066	\$ 633,785	\$ 2,708,986	\$ 1,295,432
Cost of revenue	829,188	493,573	1,775,833	892,910
Gross profit	570,878	140,212	933,153	402,522
Operating expenses:				
Research and development	256,083	374,362	991,843	1,722,676
Selling, general and administrative	667,199	481,935	2,099,333	1,778,088
Total operating expenses	923,282	856,297	3,091,176	3,500,764
Loss from operations	(352,404)	(716,085)	(2,158,023)	(3,098,242)
Other income (expense):				
Interest income	15,038	14,882	38,238	37,894
Interest expense	(35,151)	(36,072)	(102,230)	(110,572)
Amortization of note discount		(30,017)		(210,119)
Other income (expense)				2
Total other income (expense)	(20,113)	(51,207)	(63,992)	(282,795)
Net loss	\$ (372,517)			