

INTERLEUKIN GENETICS INC
Form 10-Q
August 09, 2006

**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 AND EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2006**

Commission File Number: **001-32715**

INTERLEUKIN GENETICS, INC.

(Exact name of registrant in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

135 Beaver Street, Waltham, MA

(Address of principal executive offices)

94-3123681

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

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 the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

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

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

INTERLEUKIN GENETICS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,425,123	\$ 3,415,174
Accounts receivable from related party	443,497	
Accounts receivable	652	278
Prepaid expenses and other current assets	414,279	174,204
Total current assets	3,283,551	3,589,656
Fixed assets, net	939,787	956,828
Other assets	464,481	423,591
Total Assets	\$ 4,687,819	\$ 4,970,075
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 482,146	\$ 170,474
Accrued expenses	343,499	520,512
Deferred receipts	137,964	2,002,760
Commitments for funded research and development projects	198,906	318,019
Current portion of capital lease obligations		2,977
Total current liabilities	1,162,515	3,014,742
Convertible debt, net of discount of \$692,811 and \$923,748 at June 30, 2006 and December 31, 2005, respectively	1,902,525	1,671,588
Total liabilities	3,065,040	4,686,330
Stockholders equity:		
Convertible preferred stock \$0.001 par value 6,000,000 shares authorized; 5,000,000 shares of Series A issued and outstanding at June 30, 2006 and December 31, 2005; aggregate liquidation preference of \$18,000,000 at June 30, 2006	5,000	5,000
Common stock, \$0.001 par value 75,000,000 shares authorized; 24,289,797 and 23,927,326 shares issued and outstanding at June 30, 2006 and December 31, 2005, respectively	24,289	23,927
Additional paid-in capital	65,301,930	61,450,598
Accumulated deficit	(63,708,440)	(61,195,780)
Total stockholders equity	1,622,779	283,745
Total liabilities and stockholders equity	\$ 4,687,819	\$ 4,970,075

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenue:				
Revenue from related party	\$ 1,343,640	\$	\$ 1,560,458	\$
Revenue from others	1,040	7,694	16,456	15,053
Total revenue	1,344,680	7,694	1,576,914	15,053
Cost of revenue	408,282		605,934	
Gross profit	936,398	7,694	970,980	15,053
Operating expenses:				
Research and development	839,375	608,859	1,568,470	1,292,862
Selling, general and administrative	881,840	1,063,703	1,646,951	1,767,642
Total operating expenses	1,721,215	1,672,562	3,215,421	3,060,504
Loss from operations	(784,817)	(1,664,868)	(2,244,441)	(3,045,451)
Other income (expense):				
Interest income	33,742	30,418	72,193	51,891
Interest expense				