

IntelGenx Technologies Corp.
Form 10-Q
November 03, 2015

**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, 2015

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 000-31187

INTELGENX TECHNOLOGIES CORP.

(Exact name of small business issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

87-0638336

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

6425 Abrams, Ville Saint Laurent, Quebec H4S 1X9, Canada

(Address of principal executive offices)

(514) 331-7440

(Issuer's telephone number)

(Former Name, former Address, if changed since last report)

Indicate by checkmark 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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, non-accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

APPLICABLE TO CORPORATE ISSUERS:

63,615,256 shares of the issuer s common stock, par value \$.00001 per share, were issued and outstanding as of November 2, 2015.

IntelGenx Technologies Corp.
Form 10-Q

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IntelGenx Technologies Corp.

Consolidated Interim Financial Statements

September 30, 2015

(Expressed in U.S. Funds)

(Unaudited)

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IntelGenx Technologies Corp.**Consolidated Balance Sheet**(Expressed in Thousands of U.S. Dollars (\$000 s) Except Share and Per Share Data)
(Unaudited)

	September, 30 2015	December 31, 2014
Assets		
Current		
Cash and cash equivalents	\$ 2,264	\$ 4,399
Accounts receivable	878	652
Prepaid expenses	74	96
Investment tax credits receivable	67	108
Total Current Assets	3,283	5,255
Leasehold Improvements and Equipment, net	3,576	983
Intangible Assets (note 4)	6	46
Security Deposit	225	-
Total Assets	\$ 7,090	\$ 6,284
Liabilities		
Current		
Accounts payable and accrued liabilities	1,340	466
Current portion of term loan (note 7)	74	-
Deferred license revenue (note 6)	76	1,245
Total Current Liabilities	1,490	1,711
Term Loan (note 7)	294	-
Total Liabilities	1,784	1,711
Shareholders' Equity		
Capital Stock (note 8)	1	1
Additional Paid-in-Capital (note 9)	22,821	22,654
Accumulated Deficit	(16,824)	(17,848)
Accumulated Other Comprehensive Loss	(692)	(234)
Total Shareholders' Equity	5,306	4,573
	\$ 7,090	\$ 6,284

See accompanying notes

Approved on Behalf of the Board:*/s/ Horst G. Zerbe* Director*/s/ Bernd Melchers* Director

IntelGenx Technologies Corp.**Consolidated Statement of Shareholders' Equity****For the Period Ended September 30, 2015****(Expressed in Thousands of U.S. Dollars (\$000 s) Except Share and Per Share Data)****(Unaudited)**

	<u>Capital Stock</u>		Additional	Accumulated	Accumulated	Other	Total
	Number	Amount	Paid-In	Deficit	Comprehensive	Loss	Shareholders'
			Capital		Loss		Equity
Balance - December 31, 2014	63,465,255	\$ 1	\$ 22,654	\$ (17,848)	\$ (234)	\$	4,573
Foreign currency translation adjustment	-	-	-	-	(458)		(458)
Options exercised (note 9)	150,000		62	-	-		62
Stock-based compensation (note 9)	-	-	105	-			105
Net income for the period	-	-	-	1,024	-		1,024
Balance September 30, 2015	63,615,255	\$ 1	\$ 22,821	\$ (16,824)	\$ (692)	\$	5,306
See accompanying notes							

IntelGenx Technologies Corp.**Consolidated Statement of Comprehensive Income**

(Expressed in Thousands of U.S. Dollars (\$000 s) Except Share and Per Share Data)

(Unaudited)

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2015	2014	2015	2014
Revenues				
Royalties	\$ 248	\$ 129	\$ 674	\$ 310
License and other revenue	2,135	323	2,919	524
Total Revenues	2,383	452	3,593	834
Expenses				
Cost of royalty and license revenue	189	-	292	-
Research and development expense	274	359	643	772
Selling, general and administrative expense	553	521	1,505	1,524
Depreciation of tangible assets	6	11	19	25
Amortization of intangible assets	10	6	29	26
Total Expenses	1,032	897	2,488	2,347
Operating income (loss)	1,351	(445)	1,105	(1,513)
Interest income	7	11	20	23
Financing and Interest expense	(6)	-	(101)	-
Net Income (Loss)	1,352	(434)	1,024	(1,490)
Other Comprehensive Loss				
Foreign currency translation adjustment	(195)	(256)	(458)	(326)
Comprehensive Income (Loss)	\$ 1,157	\$ (690)	\$ 566	\$ (1,816)

Basic:

Weighted Average Number of Shares Outstanding	63,589,984	63,465,255	63,606,739	63,133,545
Basic Earnings (Loss) Per Common Share (note 12)	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.03)

Diluted:

Weighted Average Number of Shares Outstanding	64,030,092	63,465,255	71,725,902	63,133,545
Diluted Earnings (Loss) Per Common Share (note 12)	\$ 0.02	\$ (0.01)	\$ 0.01	\$ (0.03)

See accompanying notes

IntelGenx Technologies Corp.**Consolidated Statement of Cash Flows****(Expressed in thousands of U.S. Dollars (\$000 s) Except Share and Per Share Data)****(Unaudited)**

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2015	2014	2015	2014
Funds Provided (Used) - Operating Activities				
Net income (loss)	\$ 1,352	\$ (434)	\$ 1,024	\$ (1,490)
Amortization and depreciation	16	17	48	51
Stock-based compensation	25	17	105	82
	1,393	(400)	1,177	(1,357)
Changes in assets and liabilities:				
Accounts receivable	(763)	1	(226)	92
Prepaid expenses	1	18	22	58
Investment tax credits receivable	(19)	(17)	41	34
Security deposit	15	-	(225)	-
Accounts payable and accrued liabilities	736	1	874	(326)
Deferred revenue	(390)	(77)	(1,169)	(180)
Net change in assets and liabilities	(420)	(74)	(683)	(322)
Net cash provided (used) by operating activities	973	(474)	494	(1,679)
Financing Activities				
Issuance of term loans	-	-	394	-
Repayment of term loans	(6)	-	(6)	-
Proceeds from exercise of warrants and stock options	28	-	62	1,619
Net cash provided by financing activities	22	-	450	1,619
Investing Activities				
Additions to property and equipment	(1,221)	(106)	(2,646)	(274)
Net cash used in investing activities	(1,221)	(106)	(2,646)	(274)
Decrease in Cash and Cash Equivalents	(226)	(580)	(1,702)	(334)

Effect of Foreign Exchange on Cash and Cash Equivalents	(173)		(222)		(433)		(295)
Cash and Cash Equivalents							
Beginning of Period	2,663		5,178		4,399		5,005
End of Period	\$ 2,264	\$	4,376	\$	2,264	\$	4,376
See accompanying notes							

IntelGenx Technologies Corp.

Notes to Consolidated Interim Financial Statements

September 30, 2015

(Expressed in U.S. Funds)

(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal and recurring nature.

These financial statements should be read in conjunction with the audited consolidated financial statements at December 31, 2014. Operating results for the three months and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The consolidated financial statements include the accounts of the Company and its subsidiary companies. On consolidation, all inter-entity transactions and balances have been eliminated.

The financial statements are expressed in U.S. funds.

Management has performed an evaluation of the Company's activities through the date and time these financial statements were issued and concluded that there are no additional significant events requiring recognition or disclosure.

2. Adoption of New Accounting Standards

The FASB issued ASU No. 2014-08 which enhances convergence between U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments in the ASU change the criteria for reporting discontinued operations while enhancing disclosures in this area. It also addresses sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in U.S. GAAP. Under the new guidance, only disposals represent