

INTERNATIONAL ISOTOPES INC
Form 10-Q
May 15, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

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:

0-22923

INTERNATIONAL ISOTOPES INC.

(Exact name of registrant as specified in its charter)

Texas
*(State or other jurisdiction of
incorporation or organization)*

74-2763837
(IRS Employer Identification Number)

4137 Commerce Circle
Idaho Falls, Idaho, 83401
(Address of principal executive offices, including zip code)

(208) 524-5300
(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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
(Do not check if a smaller reporting company)	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of May 5, 2017, the number of shares of common stock, \$.01 par value, outstanding was 406,730,902.

INTERNATIONAL ISOTOPES INC.

FORM 10-Q

For The Quarter Ended March 31, 2017

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Part I. Financial Information**Item 1. Financial Statements****INTERNATIONAL ISOTOPES INC. AND SUBSIDIARIES****Unaudited Condensed Consolidated Balance Sheets**

	March 31,		December 31,
	2017		2016
Assets			
Current assets			
Cash and cash equivalents	\$ 2,849,255	\$	314,520
Accounts receivable	946,192		774,275
Inventories	1,706,937		1,476,240
Prepays and other current assets	521,954		736,447
Total current assets	6,024,338		3,301,482
Long-term assets			
Restricted money market account	451,003		450,631
Property, plant and equipment, net	1,920,555		1,948,076
Investment	1,513,799		1,492,781
Patents and other intangibles, net	4,162,205		4,186,295
Total long-term assets	8,047,562		8,077,783
Total assets	\$ 14,071,900	\$	11,379,265
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 1,235,710	\$	941,659
Accrued liabilities	728,861		568,714
Convertible debt, net of debt discount	2,844,886		3,025,165
Current portion of unearned revenue	2,676,138		2,608,328
Current installments of notes payable	7,071		366,953
Total current liabilities	7,492,666		7,510,819
Long-term liabilities			
Obligation for lease disposal costs	471,319		468,974
Unearned revenues, net of current portion	364,440		364,440
Notes payable, net of current portion and debt discount	456,338		428,891
Mandatorily redeemable convertible preferred stock	3,758,820		850,000
Total long-term liabilities	5,050,917		2,112,305
Total liabilities	12,543,583		9,623,124
Stockholders' equity			

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Common stock, \$0.01 par value; 750,000,000 shares authorized; 406,705,724 and 404,999,758 shares issued and outstanding respectively	4,067,057	4,049,998
Additional paid in capital	120,142,870	119,595,535
Accumulated deficit	(122,725,827)	(121,939,561)
Equity attributable to International Isotopes Inc. stockholders	1,484,100	1,705,972
Equity attributable to noncontrolling interest	44,217	50,169
Total equity	1,528,317	1,756,141
Total liabilities and stockholders' equity	\$ 14,071,900	\$ 11,379,265

See accompanying notes to the unaudited condensed consolidated financial statements.

INTERNATIONAL ISOTOPES INC. AND SUBSIDIARIES**Unaudited Condensed Consolidated Statements of Operations**

	Three months ended March 31,	
	2017	2016
Sale of product	\$ 1,834,208	\$ 1,691,677
Cost of product	1,023,968	944,540
Gross profit	810,240	747,137
Operating costs and expenses:		
Salaries and contract labor	493,881	437,135
General, administrative and consulting	874,102	454,506
Research and development	124,670	148,608
Total operating expenses	1,492,653	1,040,249
Operating loss	(682,413)	(293,112)
Other income (expense):		
Other income	125	4,500
Equity in net income of affiliate	22,965	23,803
Interest income	421	93
Interest expense	(133,316)	(110,470)
Total other income (expense)	(109,805)	(82,074)
Net loss	(792,218)	(375,186)
Loss attributable to non-controlling interest	5,952	668
Net loss attributable to International Isotopes Inc.	\$ (786,266)	\$ (374,518)
Net loss per common share - basic and diluted	\$ -	\$ -
Weighted average common shares outstanding - basic and diluted	405,649,164	402,335,817

See accompanying notes to the unaudited condensed consolidated financial statements.

INTERNATIONAL ISOTOPES INC. AND SUBSIDIARIES**Unaudited Condensed Consolidated Statements of Cash Flows**

	Three months ended March 31,	
	2017	2016
Cash flows from operating activities:		
Net loss	\$ (792,218)	\$ (375,186)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Net income in equity method investment	(22,965)	(23,803)
Depreciation and amortization	55,585	54,008
Gain on disposal of property, plant and equipment	-	(4,500)
Accretion of obligation for lease disposal costs	2,345	2,298
Accretion of beneficial conversion feature and debt discount	62,322	48,880
Equity based compensation	16,819	38,554
Changes in operating assets and liabilities:		
Accounts receivable	(171,917)	282,382
Prepays and other current assets	214,493	31,534
Inventories	(230,697)	(67,115)
Unearned revenues	67,810	392,882
Accounts payable and accrued liabilities	467,298	(291,435)
Net cash (used in) provided by operating activities	(331,125)	88,499
Cash flows from investing activities:		
Restricted certificate of deposit	(372)	-
Proceeds from sale of property, plant and equipment	-	4,500
Dividends received from equity method investment	1,947	-
Purchase of property, plant and equipment	(3,974)	(16,781)
Net cash used in investing activities	(2,399)	(12,281)
Cash flows from financing activities:		