

INTERNATIONAL ISOTOPES INC  
Form 10-Q  
November 13, 2012

**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 September 30, 2012

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*

**74-2763837**  
*(IRS Employer Identification  
Number)*

*or organization)*

**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, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

As of November 7, 2012, the number of shares of Common Stock, \$.01 par value, outstanding was 360,259,221.

**INTERNATIONAL ISOTOPES INC.**

**FORM 10-Q**

**For The Quarter Ended September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u> <u>No.</u>
<b>PART I FINANCIAL INFORMATION</b>	
<u>Item 1. Financial Statements</u>	
<u>Unaudited Condensed Consolidated Balance Sheets at September 30, 2012 and December 31, 2011</u>	3
<u>Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2012 and 2011</u>	4
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 4. Controls and Procedures</u>	26
<b>PART II OTHER INFORMATION</b>	
<u>Item 1A. Risk Factors</u>	26
<u>Item 6. Exhibits</u>	27
<u>Signatures</u>	28



**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****INTERNATIONAL ISOTOPES INC. AND SUBSIDIARIES****Unaudited Condensed Consolidated Balance Sheets**

Assets	September 30, 2012	December 31, 2011
Current assets		
Cash and cash equivalents	\$ 1,406,866	\$ 2,102,696
Accounts receivable	1,122,837	803,350
Inventories	1,401,416	1,465,293
Prepays and other current assets	813,565	127,006
Total current assets	4,744,684	4,498,345
Long-term assets		
Restricted certificate of deposit	203,177	428,886
Property, plant and equipment, net	2,322,400	1,967,154
Capitalized lease disposal costs, net	105,574	113,503
Investment	1,404,348	1,422,755
Patents and other intangibles, net	4,668,145	3,500,162
Total long-term assets	8,703,644	7,432,460
Total assets	\$ 13,448,328	\$ 11,930,805
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 1,811,417	\$ 1,833,843
Accrued liabilities	624,031	804,788
Current installments of notes payable	400,000	528,359
Total current liabilities	2,835,448	3,166,990
Long-term liabilities		
Convertible debt	2,691,615	-
Obligation for lease disposal costs	512,978	483,391
Mandatorily redeemable convertible preferred stock	850,000	850,000
Total long-term liabilities	4,054,593	1,333,391
Total liabilities	6,890,041	4,500,381
Stockholders' Equity	3,601,927	3,572,024

Edgar Filing: INTERNATIONAL ISOTOPES INC - Form 10-Q

Common stock, \$0.01 par value; 750,000,000 shares authorized; 360,192,010 and 357,202,750 shares issued and outstanding respectively		
Additional paid-in capital	116,539,237	115,719,376
Accumulated deficit	(113,691,398)	(111,994,492)
Equity attributable to International Isotopes Inc. stockholders	6,449,766	7,296,908
Equity attributable to noncontrolling interest	108,521	133,516
Total equity	6,558,287	7,430,424
Total liabilities and stockholders' equity	\$ 13,448,328	\$ 11,930,805

*See accompanying notes to condensed consolidated financial statements.*

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Sale of product	\$ 1,793,483	\$ 2,229,947	\$ 5,785,775	\$ 7,258,006
Cost of product	1,166,976	1,454,068	3,831,575	4,563,869
Gross profit	626,507	775,879	1,954,200	2,694,137
Operating costs and expenses:				
Salaries and contract labor	477,335	1,523,618	1,406,626	2,669,940
General, administrative and consulting	494,587	474,667	1,471,704	1,375,828
Research and development	215,632	1,239,345	780,487	4,238,229
Total operating expenses	1,187,554	3,237,630	3,658,817	8,283,997
Net operating loss	(561,047)	(2,461,751)	(1,704,617)	(5,589,860)
Other income (expense):				
Other income	22,729	3,181	47,811	6,339
Equity in net income of affiliate	13,943	43,451	45,925	119,697
Interest income	57	712	474	3,989
Interest expense	(80,266)	(2,463,326)	(111,493)	(2,794,967)
Total other income (expense)	(43,537)	(2,415,982)	(17,283)	(2,664,942)
Net loss	(604,584)	(4,877,733)	(1,721,900)	(8,254,802)
Less loss (income) attributable to non-controlling interest	13,058	6,557	24,995	(1,572)
Net loss attributable to International Isotopes Inc.	\$ (591,526)	\$ (4,871,176)	\$ (1,696,905)	\$ (8,256,374)
Net income (loss) per common share	\$ -	\$ (0.01)	\$ -	\$ (0.03)
		basic and		



diluted

Weighted average  
common shares  
outstanding -  
basic and diluted

360,187,745

335,249,349

359,931,058

327,291,515

*See accompanying notes to condensed consolidated financial statements.*

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

	<b>Nine months ended</b>	
	<b>September 30,</b>	
	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Net loss	\$ (1,721,900)	\$ (8,254,802)
Adjustments to reconcile net loss to net cash used in operating activities		
Net income in equity method investment	(45,925)	(119,697)
Depreciation and amortization	303,222	317,326
Gain on disposal of property, plant and equipment	-	(5,926)
Accretion of obligation for lease disposal costs	29,587	27,334
Accretion of beneficial conversion feature	14,127	292,863
Equity based compensation	222,958	1,429,839
Noncash interest expense	35,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(319,487)	(326,489)
Prepays and other assets	(547,440)	(37,823)
Inventories	63,877	106,567
Accounts payable and accrued liabilities	(203,183)	3,724,281
Net cash used in operating activities	(2,169,164)	(2,846,527)
Cash flows from investing activities:		
Restricted certificate of deposit	225,709	(420)
Due from related party	-	87,500
Dividends received from equity method investment	64,332	52,128
Proceeds from sale of property, plant and equipment	-	21,282
Purchase of property, plant and equipment	(1,818,522)	(160,273)
Net cash (used in) provided by investing activities	(1,528,481)	217
Cash flows from financing activities:		
Proceeds from sale of stock	60,274	9,550
Proceeds from exercise of warrants, net of issuance costs	-	1,543,750
Proceeds from issuance of debt	2,969,900	45,000
Principal payments on notes payable and capital leases	(28,359)	(471,707)
Net cash provided by financing activities	3,001,815	1,126,593
Net decrease in cash and cash equivalents	(695,830)	