

NEUROLOGIX INC/DE  
Form 10-Q  
August 11, 2011

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 June 30, 2011

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: 000-13347

NEUROLOGIX, INC.

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

06-1582875  
(I.R.S. Employer Identification No.)

One Bridge Plaza, Fort Lee, NJ 07024  
(Address of principal executive offices)

(201) 592-6451  
(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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting

Edgar Filing: NEUROLOGIX INC/DE - Form 10-Q

company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

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

Accelerated filer

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 August 8, 2011, 27,997,701 shares of common stock were outstanding.

---

TABLE OF CONTENTS

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
<b>Item 1. Financial Statements (Unaudited)</b>	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Stockholders' Equity (Deficit)	5
Statements of Cash Flows	10
Notes to Unaudited Financial Statements	11
<b>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	<b>19</b>
<b>Item 3. Quantitative and Qualitative Disclosures About Market Risk</b>	<b>24</b>
<b>Item 4. Controls and Procedures</b>	<b>24</b>
<b>PART II. OTHER INFORMATION</b>	<b>25</b>
<b>Item 1. Legal Proceedings</b>	<b>25</b>
<b>Item 6. Exhibits</b>	<b>25</b>

## Item 1. Financial Statements (Unaudited)

NEUROLOGIX, INC.  
(A Development Stage Company)  
**BALANCE SHEETS**  
(Amounts in thousands, except share and per share amounts)

	June 30, 2011 (Unaudited)	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$3,453	\$ 8,055
Prepaid expenses and other current assets	319	481
<b>Total current assets</b>	<b>3,772</b>	<b>8,536</b>
Equipment, less accumulated depreciation of \$704 and \$682 at June 30, 2011 and December 31, 2010, respectively	49	71
Intangible assets, less accumulated amortization of \$426 and \$364 at June 30, 2011 and December 31, 2010, respectively	1,137	1,065
Other assets	5	5
<b>Total assets</b>	<b>\$4,963</b>	<b>\$ 9,677</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$3,375	\$ 2,302
Notes payable, net of discount	6,078	4,695
<b>Total current liabilities</b>	<b>9,453</b>	<b>6,997</b>
Derivative financial instruments, at estimated fair value – warrants	4,174	6,840
<b>Total liabilities</b>	<b>13,627</b>	<b>13,837</b>
<b>Commitments and contingencies</b>		
Stockholders' deficit:		
Preferred stock; 5,000,000 shares authorized		
Series A – Convertible, \$0.10 par value; 650 shares designated, 645 shares issued and outstanding at June 30, 2011 and December 31, 2010, with an aggregate liquidation preference of \$1	-	-
Series C – Convertible, \$0.10 par value; 700,000 shares designated, 275,235 and 278,849 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively, with an aggregate liquidation preference of \$7,752 and \$8,369 at June 30, 2011 and December 31, 2010, respectively	28	28
Series D – Convertible, \$0.10 par value; 792,100 shares designated, 734,898 shares issued and outstanding at June 30, 2011 and December 31, 2010, with an aggregate liquidation preference of \$31,355 and \$32,547 at June 30, 2011 and December 31, 2010, respectively	73	73
Common Stock:		
\$0.001 par value; 100,000,000 shares authorized, 27,997,701 and 27,918,148 issued and outstanding at June 30, 2011 and December 31, 2010, respectively	28	28
Additional paid-in capital	58,003	57,474
Deficit accumulated during the development stage	(66,796 )	(61,763 )
<b>Total stockholders' deficit</b>	<b>(8,664 )</b>	<b>(4,160 )</b>

Total liabilities and stockholders' deficit	\$4,963	\$ 9,677
---	---------	----------

See accompanying notes to unaudited financial statements.

NEUROLOGIX, INC.  
(A Development Stage Company)  
STATEMENTS OF OPERATIONS  
(UNAUDITED)

(Amounts in thousands, except share and per share amounts)

	Six Months Ended June 30,		Three Months Ended June 30,		For the period February 12, 1999 (inception) through June 30, 2011
	2011	2010	2011	2010	June 30, 2011
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:					
Research and development	3,252	3,399	2,025	1,542	36,748
General and administrative expenses	1,713	1,983	883	699	23,927
Loss from operations	(4,965 )	(5,382 )	(2,908 )	(2,241 )	(60,675 )
Other (expense) income:					
Dividend, interest and other income	-	1	-	1	1,885
Interest expense-related parties	(2,734 )	-	(1,366 )	-	(3,600 )
Change in estimated fair value of derivative financial instruments – warrants	2,666	(2,588 )	1,323	(2,232 )	(569 )
Other (expense) income, net	(68 )	(2,587 )	(43 )	(2,231 )	(2,284 )
Net loss	(5,033 )	(7,969 )			