

ChromaDex Corp.
Form 10-Q/A
December 05, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q /A
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 29, 2013

Commission File Number: 000-53290

CHROMADDEX CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

26-2940963
(I.R.S. Employer Identification No.)

10005 Muirlands Blvd. Suite G, Irvine, California
(Address of Principal Executive Offices)

92618
(Zip Code)

Registrant's telephone number, including area code: (949) 419-0288

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 (Section 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

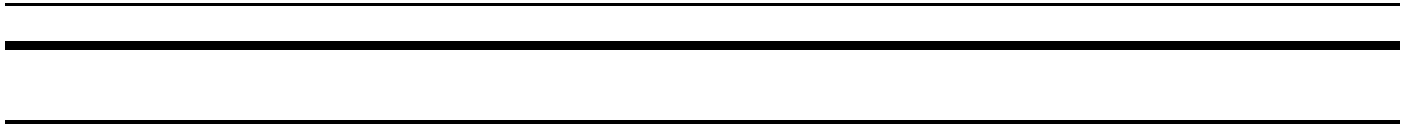
Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer or smaller reporting company. See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if 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

Edgar Filing: ChromaDex Corp. - Form 10-Q/A

Number of shares of common stock of the registrant: 101,307,164 outstanding as of August 12, 2013.



CHROMADDEX CORPORATION

2013 QUARTERLY REPORT ON FORM 10- Q/A

TABLE OF CONTENTS

	Page
PART I – FINANCIAL INFORMATION (UNAUDITED)	
<u>ITEM 1. FINANCIAL STATEMENTS:</u>	1
<u>CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 29, 2013 AND DECEMBER 29, 2012 (UNAUDITED)</u>	1
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 29, 2013 AND JUNE 30, 2012 (UNAUDITED)</u>	2
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 29, 2013 AND JUNE 30, 2012 (UNAUDITED)</u>	3
<u>CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY FOR THE SIX MONTHS ENDED JUNE 29, 2013 (UNAUDITED)</u>	4
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 29, 2013 AND JUNE 30, 2012 (UNAUDITED)</u>	5
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)</u>	6
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	22
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	28
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	28
PART II – OTHER INFORMATION	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	29
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	29
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	29
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	29
<u>ITEM 5. OTHER INFORMATION</u>	29
<u>ITEM 6. EXHIBITS</u>	30
<u>SIGNATURES</u>	

Table of Contents

Explanatory Note

This Quarterly Report on Form 10-Q/A of ChromaDex Corporation (the “Company”) for the quarterly period ended June 29, 2013 includes restated condensed consolidated balance sheet as of June 29, 2013, condensed consolidated statements of operations for the three and six months ended June 29, 2013, condensed consolidated statement of cash flows for the six months ended June 29, 2013 and restated notes to such condensed consolidated financial statements. This restatement is to reflect a correction in the manner in which the Company has accounted for the sale of the BluScience assets to NeutriSci International, Inc. (“NeutriSci”). The value of the equity and the senior secured convertible note that the Company received from NeutriSci as part of the purchase price were originally accounted for at their stated values which resulted in the Company recognizing a gain on the sale of the BluScience assets. Due to the inability to make a reliably determinable estimate of the fair value of the NeutriSci equity securities and the ultimate collectability of the note received as consideration, management has determined that the proper accounting for the sale transaction is the cost recovery method. Under the cost recovery method, no gain on the sale will be recognized until the Company’s cost basis in the net assets sold has been recovered. In addition, the Company originally accounted for its investment in NeutriSci under the cost method and the Company has now determined that the equity method should have been used. The restatement of the Company’s previously issued condensed consolidated financial statements to reflect its correction in accounting for the sale of BluScience assets to NeutriSci is referred to herein as the “Restatement.”

For further information regarding the Restatement, see the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on November 21, 2013 (the “Restatement 8-K”), and for detailed financial information with respect to the Restatement, see Note 2 of the notes to condensed consolidated financial statements included in this Quarterly Report on Form 10-Q/A.

The following items of the Form 10-Q have been modified or revised in this Form 10-Q/A to reflect the Restatement:

- Part I, Item 1. Financial Statements;
- Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations;
- Part I, Item 4. Controls and Procedures; and
- Part II, Item 6. Exhibits

The Company’s Chief Executive Officer and Chief Financial Officer have provided currently dated certifications pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 in connection with this Amendment on Form 10-Q/A; the certifications are filed as Exhibits 31.1, 31.2 and 31.3.

This amended Quarterly Report on Form 10-Q/A sets forth the original Quarterly Report on Form 10-Q in its entirety, except as required to reflect the effects of the Restatement. Except for disclosures affected by the Restatement, this amended Quarterly Report on Form 10-Q/A speaks as of the original filing date of May 10, 2013 and does not modify or update disclosures in the Form 10-Q, including the nature and character of such disclosures, to reflect events occurring or items discovered after the original filing date of the Form 10-Q.

This amended Quarterly Report on Form 10-Q/A should be read in conjunction with the Company’s other filings, as amended, made with the Securities and Exchange Commission subsequent to December 29, 2012, including the Restatement 8-K, the Company’s Annual Report on Form 10-K for the year ended December 29, 2012, as filed with the SEC on March 29, 2013 and the Company’s amended Quarterly Report on Form 10-Q/A for the three month period ended March 30, 2013, as filed with the SEC concurrently with this amended Quarterly Report on Form 10-Q/A.

PART I – FINANCIAL INFORMATION (UNAUDITED)

ITEM 1. FINANCIAL STATEMENTS

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
June 29, 2013 and December 29, 2012

	June 29, 2013 (Restated, Note 2)	December 29, 2012
Assets		
Current Assets		
Cash	\$ 826,631	\$ 520,000
Trade receivables, less allowance for doubtful accounts and returns June 29, 2013 \$17,000; December 29, 2012 \$450,000	1,186,529	1,940,539
Non-trade receivable	250,000	-
Inventories	1,944,597	5,205,304
Prepaid expenses and other assets	436,455	261,297
Total current assets	4,644,212	7,927,140
Leasehold Improvements and Equipment, net	1,012,963	936,426
Other Noncurrent Assets		
Deposits	41,192	34,773
Long-term investment in affiliate (Note 4)	2,157,804	-
Intangible assets, net	165,561	136,182
Total other noncurrent assets	2,364,557	170,955
Total assets	\$ 8,021,732	\$ 9,034,521
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 2,152,023	\$ 3,428,233
Accrued expenses	711,503	876,158
Current maturities of capital lease obligations	110,382	77,259
Customer deposits and other	336,824	310,267
Deferred rent, current	51,743	71,042
Total current liabilities	3,362,475	4,762,959
Capital lease obligations, less current maturities	238,287	148,374
Deferred rent, less current	152,456	129,859
Stockholders' Equity		
Common stock, \$.001 par value; authorized 150,000,000 shares; issued and outstanding June 29, 2013 100,807,164 and December 29, 2012 92,140,062 shares	100,807	92,140
Additional paid-in capital	36,329,257	33,617,801

Edgar Filing: ChromaDex Corp. - Form 10-Q/A

Accumulated deficit	(32,161,550)	(29,716,612)
Total stockholders' equity	4,268,514	3,993,329
Total liabilities and stockholders' equity	\$ 8,021,732	\$ 9,034,521

See Notes to Condensed Consolidated Financial Statements.

-1-

Table of Contents

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
For the Three Month Periods Ended June 29, 2013 and June 30, 2012

	June 29, 2013 (Restated, Note 2)	June 30, 2012
Sales	\$ 2,706,896	\$ 2,670,611
Cost of sales	1,746,158	1,905,916
Gross profit	960,738	764,695
Operating expenses:		
Sales and marketing	631,559	1,868,418
General and administrative	1,342,280	2,883,728
Operating expenses	1,973,839	4,752,146
Operating loss	(1,013,101)	(3,987,451)
Nonoperating income (expense):		
Interest income	296	1,056
Interest expense	(8,061)	(7,562)
Nonoperating expenses	(7,765)	(6,506)
Net loss	\$ (1,020,866)	\$ (3,993,957)
Basic and Diluted net loss per common share	\$ (0.01)	\$ (0.04)
Basic and Diluted weighted average common shares outstanding	99,833,963	91,362,664

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
For the Six Month Periods Ended June 29, 2013 and June 30, 2012

	June 29, 2013 (Restated, Note 2)	June 30, 2012
Sales	\$ 5,041,462	\$ 4,455,617
Cost of sales	3,407,884	4,295,136
Gross profit	1,633,578	160,481
Operating expenses:		
Sales and marketing	1,360,983	3,727,080
General and administrative	2,702,181	4,845,639
Operating expenses	4,063,164	8,572,719
Operating loss	(2,429,586)	(8,412,238)
Nonoperating income (expense):		
Interest income	500	2,255
Interest expense	(15,852)	(15,827)
Nonoperating expenses	(15,352)	(13,572)
Net loss	\$ (2,444,938)	\$ (8,425,810)
Basic and Diluted net loss per common share	\$ (0.03)	\$ (0.10)
Basic and Diluted weighted average common shares outstanding	97,230,043	88,034,429

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Unaudited)
Six Months Ended June 29, 2013

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance, December 29, 2012	92,140,062	\$ 92,140	\$ 33,617,801	\$ (29,716,612)	\$ 3,993,329
Exercise of stock options	13,538	14	6,755	-	6,769
Exercise of warrants	3,414,283	3,414	713,585	-	716,999
Share-based compensation	440,000	440	548,212	-	548,652
Net loss, as restated (Note 2)	-	-	-	(1,424,072)	(1,424,072)
Balance, March 30, 2013, as restated (Note 2)	96,007,883	\$ 96,008	\$ 34,886,353	\$ (31,140,684)	\$ 3,841,677
Exercise of stock options	250,000	250	124,750	-	125,000
Exercise of warrants	4,389,281	4,389	917,360	-	921,749
Share-based compensation	160,000	160	400,794	-	400,954
Net loss, as restated (Note 2)	-	-	-	(1,020,866)	(1,020,866)
Balance, June 29, 2013, as restated (Note 2)	100,807,164	\$ 100,807	\$ 36,329,257	\$ (32,161,550)	\$ 4,268,514

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the Six Month Periods Ended June 29, 2013 and June 30, 2012

	June 29, 2013 (Restated, Note 2)	June 30, 2012
Cash Flows From Operating Activities		
Net loss	\$ (2,444,938)	\$ (8,425,810)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of leasehold improvements and equipment	134,325	166,748
Amortization of intangibles	10,621	6,799
Share-based compensation expense	728,349	1,264,524
Loss from disposal of equipment	-	1,879
Changes in operating assets and liabilities:		
Trade receivables	770,994	(264,536)
Inventories	(206,824)	(2,348,197)
Prepaid expenses and other assets	(51,010)	369,527
Accounts payable	(907,337)	1,151,141
Accrued expenses	(150,095)	(213,521)
Customer deposits and other	26,557	(30,081)
Deferred rent	3,298	(30,034)
Net cash used in operating activities	(2,086,060)	(8,351,561)
Cash Flows From Investing Activities		
Purchases of leasehold improvements and equipment	(39,011)	(12,214)
Purchase of intangible assets	(40,000)	(2,000)
Proceeds from sale of assets	750,000	-
Net cash provided by (used in) investing activities	670,989	(14,214)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock, net of issuance costs	-	10,158,438
Proceeds from exercise of stock options	131,769	-
Proceeds from exercise of warrants	1,638,748	45,000
Principal payments on capital leases	(48,815)	(44,806)
Net cash provided by financing activities	1,721,702	10,158,632
Net increase in cash	306,631	1,792,857
Cash Beginning of Period	520,000	420,152
Cash Ending of Period	\$ 826,631	\$ 2,213,009
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 15,852	\$ 15,827
Supplemental Schedule of Noncash Investing Activity		
Capital lease obligation incurred for the purchase of equipment	\$ 171,851	\$ 50,786

Supplemental Schedule of Noncash Share-based Compensation

Stock awards issued for services prior to the period	\$	14,560	\$	-
Changes in stock and warrant awards issued for future services	\$	206,697	\$	-

Supplemental Schedule of Noncash Activities Related to

Sale of BluScience Consumer Product Line

Assets transferred	\$	3,526,677	\$	-
Liabilities transferred	\$	368,873	\$	-
Carrying value of long-term investment in affiliate, net of \$750,000 cash proceeds and \$250,000 non-trade receivable	\$	2,157,804	\$	-

See Notes to Condensed Consolidated Financial Statements.

Table of Contents

Note 1. Interim Financial Statements

The accompanying financial statements of ChromaDex Corporation (the "Company") and its wholly owned subsidiaries, ChromaDex, Inc., ChromaDex Analytics, Inc. and Spherix Consulting, Inc. include all adjustments, consisting of normal recurring adjustments and accruals, that, in the opinion of the management of the Company, are necessary for a fair presentation of the Company's financial position as of June 29, 2013 and results of operations and cash flows for the three and six months ended June 29, 2013 and June 30, 2012. These unaudited interim financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 29, 2012 appearing in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "Commission") on March 29, 2013. Operating results for the six months ended June 29, 2013 are not necessarily indicative of the results to be achieved for the full year ending on December 28, 2013. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The balance sheet at December 29, 2012 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

Note 2. Restatement of Previously Issued Financial Statements

On November 18, 2013, during the review of the interim financial statements, the Company determined that the previously issued financial statements for the three month period and the six month period ending March 30, 2013 and June 29, 2013, respectively, contained in the Company's Quarterly Reports on Form 10-Q ("Quarterly Reports") for the period ended March 30, 2013 (as filed with the Securities and Exchange Commission on May 10, 2013) and June 29, 2013 (as filed with the Securities and Exchange Commission on August 13, 2013), respectively, should no longer be relied upon certain non-cash errors in the Quarterly Reports and that those financial statements (the "Financial Statements") would be restated to make the necessary accounting adjustments .

The financial statements filed for the three month period ended March 30, 2013 and the six month period ended June 29, 2013 contained a misstatement pertaining to the accounting treatment of the sale of the BluScience assets to NeutriSci International, Inc. ("NeutriSci") (See Note 4). The value of the equity and the senior secured convertible note that the Company received from NeutriSci as part of the purchase price were originally accounted for at their stated values which resulted in the Company recognizing a gain on the sale of the BluScience assets. Due to the inability to make a reliably determinable estimate of the fair value of the NeutriSci equity securities and the ultimate collectability of the note received as consideration, management has determined that the proper accounting for the sale transaction is the cost recovery method. Under the cost recovery method, no gain on the sale will be recognized until the Company's cost basis in the net assets sold has been recovered. In addition, the Company originally accounted for its investment in NeutriSci under the cost method where it has now been determined that the equity method should have been used. The Company expects all amendments and restatements to the Financial Statements affected to be non-cash in nature.

The Company has determined that the restatements of its Financial Statements resulted from a material weakness in its internal control over financial reporting, specifically related to its process and procedures related to the accounting for sale of assets in exchange for non-cash consideration. More information regarding the Company's controls and procedures is set forth in Part I, Item 4 of this Form 10-Q/A.

The restatement adjustments to the previously issued financial statements for the six month period ended June 29, 2013 are as follows:

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Balance Sheet (Unaudited)
June 29, 2013

	Previously Reported	Restatement Adjustments	As Restated
Assets			
Current Assets			
Cash	\$ 826,631	\$ -	\$ 826,631
Trade receivables	1,186,529	-	1,186,529
Non-trade receivable	250,000	-	250,000
Note receivable, current	1,623,508	(1,623,508)	-
Inventories	1,944,597	-	1,944,597
Prepaid expenses and other assets	436,455	-	436,455
Total current assets	6,267,720	(1,623,508)	4,644,212
Leasehold Improvements and Equipment, net	1,012,963	-	1,012,963
Other Noncurrent Assets			
Deposits	41,192	-	41,192
Note receivable, less current	779,205	(779,205)	-
Long-term equity investment	2,678,832	(2,678,832)	-
Long-term investment in affiliate	-	2,157,804	2,157,804
Intangible assets, net	165,561	-	165,561
Total other noncurrent assets	3,664,790	(1,300,233)	2,364,557
Total assets	\$ 10,945,473	\$ (2,923,741)	\$ 8,021,732
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable	\$ 2,152,023	\$ -	\$ 2,152,023
Accrued expenses	711,503	-	711,503
Current maturities of capital lease obligations	110,382	-	110,382
Customer deposits and other	336,824	-	336,824
Deferred rent, current	51,743	-	51,743
Total current liabilities	3,362,475	-	3,362,475
Capital lease obligations, less current maturities	238,287	-	238,287
Deferred rent, less current	152,456	-	152,456
Stockholders' Equity			
Common stock	100,807	-	100,807
Additional paid-in capital	36,329,257	-	36,329,257
Accumulated deficit	(29,237,809)	(2,923,741)	(32,161,550)
Total stockholders' equity	7,192,255	(2,923,741)	4,268,514
Total liabilities and stockholders' equity	\$ 10,945,473	\$ (2,923,741)	\$ 8,021,732

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Operations (Unaudited)
For the Three Month Periods Ended June 29, 2013

	Previously Reported	Restatement Adjustments	As Restated
Sales	\$ 2,706,896	\$ -	\$ 2,706,896
Cost of sales	1,746,158	-	1,746,158
Gross profit	960,738	-	960,738
Operating expenses:			
Sales and marketing	631,559	-	631,559
General and administrative	1,342,280	-	1,342,280
Operating expenses	1,973,839	-	1,973,839
Operating loss	(1,013,101)	-	(1,013,101)
Nonoperating income (expense):			
Interest income	31,440	(31,144)	296
Interest expense	(8,061)	-	(8,061)
Nonoperating income (expenses)	23,379	(31,144)	(7,765)
Net loss	\$ (989,722)	\$ (31,144)	\$ (1,020,866)
Basic and Diluted net loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)
Basic and Diluted weighted average common shares outstanding	99,833,963	-	99,833,963

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Operations (Unaudited)
For the Six Month Period Ended June 29, 2013

	Previously Reported	Restatement Adjustments	As Restated
Sales	\$ 5,041,462	\$ -	\$ 5,041,462
Cost of sales	3,407,884	-	3,407,884
Gross profit	1,633,578	-	1,633,578
Operating expenses:			
Sales and marketing	1,360,983	-	1,360,983
General and administrative	2,702,181	-	2,702,181
Gain on sale of assets	(2,891,917)	2,891,917	-
Operating expenses	1,171,247	2,891,917	4,063,164
Operating income (loss)	462,331	(2,891,917)	(2,429,586)
Nonoperating income (expense):			
Interest income	32,324	(31,824)	500
Interest expense	(15,852)	-	(15,852)
Nonoperating income (expenses)	16,472	(31,824)	(15,352)
Net income (loss)	\$ 478,803	\$ (2,923,741)	\$ (2,444,938)
Basic net income (loss) per common share	\$ 0.00	\$ (0.03)	\$ (0.03)
Diluted net income (loss) per common share	\$ 0.00	\$ (0.03)	\$ (0.03)
Basic weighted average common shares outstanding	97,230,043	-	97,230,043
Diluted weighted average common shares outstanding	97,486,066	(256,023)	97,230,043

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flows (Unaudited)
For the Six Month Period Ended June 29, 2013

	Previously Reported	Restatement Adjustments	As Restated
Cash Flows From Operating Activities			
Net income (loss)	\$ 478,803	\$ (2,923,741)	\$ (2,444,938)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation of leasehold improvements and equipment	134,325	-	134,325
Amortization of intangibles	10,621	-	10,621
Share-based compensation expense	728,349	-	728,349
Gain on sale of assets	(2,891,917)	2,891,917	-
Interest added to note receivable	(31,824)	31,824	-
Changes in operating assets and liabilities:			
Trade receivables	770,994	-	770,994
Inventories	(206,824)	-	(206,824)
Prepaid expenses and other assets	(51,010)	-	(51,010)
Accounts payable	(907,337)	-	(907,337)
Accrued expenses	(150,095)	-	(150,095)
Customer deposits and other	26,557	-	26,557
Deferred rent	3,298	-	3,298
Net cash used in operating activities	(2,086,060)	-	(2,086,060)
Cash Flows From Investing Activities			
Purchases of leasehold improvements and equipment	(39,011)	-	(39,011)
Purchase of intangible assets	(40,000)	-	(40,000)
Proceeds from sale of assets	750,000	-	750,000
Net cash provided by investing activities	670,989	-	670,989
Cash Flows From Financing Activities			
Proceeds from exercise of stock options	131,769	-	131,769
Proceeds from exercise of warrants	1,638,748	-	1,638,748
Principal payments on capital leases	(48,815)	-	(48,815)
Net cash provided by financing activities	1,721,702	-	1,721,702
Net increase in cash	306,631	-	306,631
Cash Beginning of Period	520,000	-	520,000
Cash Ending of Period	\$ 826,631	\$ -	\$ 826,631

Note 3. Nature of Business and Significant Accounting Policies

Nature of business: The Company is a natural products company that discovers, acquires, develops and commercializes proprietary ingredient technologies through its business model that utilizes its wholly owned business units, including ingredient technologies, natural product fine chemicals, chemistry and analytical testing services, and product regulatory and safety consulting. The Company provides science-based solutions to the nutritional supplement, food and beverage, animal health, cosmetic and pharmaceutical industries at various terms.

Basis of presentation: The financial statements and accompanying notes have been prepared on a consolidated basis and reflect the consolidated financial position of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated from these financial statements. The Company's fiscal year ends on the Saturday closest to December 31, and the Company's normal fiscal quarters end on the Saturday 13 weeks after the last fiscal year end or fiscal quarter end. Every fifth or sixth fiscal year, the inclusion of an extra week occurs due to the Company's floating year-end date. The fiscal year 2014 will include 53 weeks instead of the normal 52 weeks.

Trade accounts receivable: Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on monthly and quarterly reviews of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowances for doubtful accounts for the periods ended June 29, 2013 and December 29, 2012 were \$17,000 and \$450,000, respectively. Of the allowance amount of \$450,000 for the period ended December 29, 2012, \$433,000 represents a hold on the receivables placed by a retailer that carried the Company's BluScience retail consumer line. The hold was placed by the retailer as an offset in the event of future returns of the Company's products and the hold was treated as a reduction of revenue. On March 28, 2013, the Company sold the BluScience retail consumer line to NeutriSci and the related trade accounts receivable including the allowance have been transferred to NeutriSci. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

Inventories: Inventories are comprised of raw materials, work-in-process and finished goods. They are stated at the lower of cost, determined by the first-in, first-out method (FIFO) method, or market. The inventory on the balance sheet is recorded net of valuation allowances of \$225,000 and \$366,000 for the periods ended June 29, 2013 and December 29, 2012, respectively. Labor and overhead has been added to inventory that was manufactured or characterized by the Company. On March 28, 2013, the Company sold the BluScience retail consumer line to NeutriSci and related dietary supplements inventory have been transferred to NeutriSci. The amounts of major classes of inventory as of June 29, 2013 and December 29, 2012 are as follows:

	June 29, 2013	December 29, 2012
Natural product fine chemicals	\$ 1,656,702	\$ 1,614,755
Bulk ingredients	512,895	432,230
Dietary supplements – raw materials	-	401,809
Dietary supplements – work in process	-	465,253
Dietary supplements – finished goods	-	2,657,257
	2,169,597	5,571,304
Less valuation allowance	225,000	366,000
	\$ 1,944,597	\$ 5,205,304

Table of Contents

Earnings per share: Potentially dilutive common shares consist of the incremental common shares issuable upon the exercise of common stock options and warrants for all periods. For the three- and six-month periods ended June 29, 2013 and June 30, 2012, the basic and diluted shares reported are equal because the common share equivalents are anti-dilutive due to the net loss. Below is a tabulation of the potentially dilutive securities that were “in the money” for the three- and six-month periods ended June 29, 2013 and June 30, 2012.

	Three Months Ended		Six Months Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Basic weighted average common shares outstanding	99,833,963	91,362,664	97,230,043	88,034,429
Warrants and options in the money, net	319,587	5,693,386	256,023	6,101,236
Weighted average common shares outstanding assuming dilution	100,153,550	97,056,050	97,486,066	94,135,665

Total warrants and options that were not “in the money” at June 29, 2013 and June 30, 2012 were 11,595,211 and 15,071,066, respectively.

Long-term investment in affiliate: The Company accounts for its investment in affiliate under the equity method. The Company records equity method adjustments in gains (losses) on equity method investments, net, and may do so with up to a three-month lag, pending on the timely availability of financial information of the investee. Equity method adjustments include: our proportionate share of investee income or loss, gains or losses resulting from investee capital transactions, and other adjustments required by the equity method. The long-term investment in affiliate is subject to a periodic impairment review and is considered to be impaired when a decline in carrying value is judged to be other-than-temporary. Evidence of a loss in value might include (i) absence of an ability recover the carrying amount of the investment or (ii) inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

Note 4. Sale of Product Line and Investment in Affiliate

On March 28, 2013, the Company entered into an asset purchase and sale agreement with NeutriSci and consummated the sale of BluScience consumer product line to NeutriSci. The Company is using the cost recovery method to account for the sale transaction, which is estimated at approximately \$ 3,157,804. The consideration received consists of following: (a) a \$250,000 cash payment, which NeutriSci paid as a deposit in February 2013; (b) an additional \$250,000 cash payment, which was paid at the closing of the sale; (c) an additional cash payment of \$500,000 due no later than 60 days after the closing of the sale, which \$250,000 was paid as of June 29, 2013 and an additional \$200,000 was paid on July 12, 2013; (d) a \$2,500,000 senior convertible secured note (convertible into 625,000 shares Series I Preferred Stock as described below) payable in quarterly installments of \$416,667 beginning August 15, 2013; and (e) 669,708 shares of Series I Preferred Shares that are convertible into 2,678,832 Class “A” common shares of NeutriSci, representing an aggregate of 19% of the NeutriSci shares at a deemed price for each Class A common share of \$1.00 per share. The transaction documents contain certain equity blockers that preclude the Company's ownership in NeutriSci in excess of 9.99% and 19% without obtaining a waiver from NeutriSci. The Company will continue to generate revenue through a royalty on 6% of future net sales of BluScience products as well as a supply agreement with NeutriSci for the Company's patented pTeroPure pterostilbene. As of June 29, 2013, the Company did not have any sales to NeutriSci under this supply agreement for pTeroPure pterostilbene.

The Company has applied the equity method of accounting for the 669,708 shares of Series I Preferred Shares that are convertible into 2,678,832 Class “A” common shares of NeutriSci and the carrying value, which includes the senior convertible secured note, is reflected as long-term investment in affiliate in the Company's consolidated balance sheet as of June 29, 2013. The initial carrying value of this investment recognized, as restated, as of March 28, 2013 was

\$2,157,804, which is the Company's unrecovered cost or the difference between the net assets transferred to NeutriSci and the initial monetary consideration received. Although, (i) other contemporaneous third party investments in NeutriSci's Class "A" common shares were \$1.00 per share and (ii) the face value of the senior convertible secured note was \$2,500,000, management believed that \$2,157,804 was the appropriate aggregate carrying value for the investment in affiliate, considering the fact that NeutriSci is a start-up company and has historically recorded significant operating losses. The Company is unable to determine NeutriSci's likelihood of repaying the note, and because of this significant uncertainty, the amount of collectability of the senior convertible secured note is not ascertainable. There is a significant uncertainty in the realization of value of the Series I Preferred Shares as well. Consequently, management deemed it appropriate to consider that both the 669,708 shares of Series I Preferred Shares and the senior convertible secured note as one long term investment in affiliate. Under the cost recovery method, no gain on the sale will be recognized until the Company's cost basis in the net assets transferred has been recovered. Prospective collection of payments under the note will be charged against the carrying value of the long-term investment in affiliate. The below table illustrates how the carrying value was determined.

-12-

Table of Contents

	At March 28, 2013
Assets transferred	
Trade receivables, less allowance for returns	\$ (16,984)
Inventories	3,467,530
Prepaid expenses and other assets	76,131
Total assets transferred	3,526,677
Liabilities transferred	
Accounts payable	368,873
Total liabilities transferred	368,873
Total net assets transferred	\$ 3,157,804
Initial monetary consideration received	
Cash	\$ 500,000
Non-trade receivable	500,000
Total initial monetary consideration received	\$ 1,000,000
Carrying Value of Long Term Investment in Affiliate	\$ 2,157,804

The Company has elected to record equity method adjustments in gains (losses) on the investment in NeutriSci, with a three-month lag, as the financial information of NeutriSci was not available in a timely manner. At such, for the Company's three- and six-month periods ended June 29, 2013, the Company did not record equity method adjustments corresponding to the three-month lag after closing the investment on March 28, 2013. When the financial information is available at a later time, the Company will use NeutriSci's financial statements for the period beginning on April 1, 2013. This will not cover the three-day period from March 28, 2013 to March 30, 2013, which is also a portion of the Company's investment period since the Company's investment started from March 28, 2013. However, the Company has determined that the amount of any impact to the Company for the three day period not covered was immaterial as NeutriSci did not have any significant transactions.

As of June 29, 2013, \$250,000 cash payment remained unpaid and this amount is reflected as non-trade receivable in the Company's consolidated balance sheet as of June 29, 2013. Of this unpaid amount, a partial payment of \$200,000 was received on July 12, 2013.

The senior secured convertible note is secured by the Security Agreement, dated March 28, 2013 entered into between the Company and NeutriSci whereby NeutriSci granted the Company a security interest in substantially all of NeutriSci's assets, including inventory, to secure its obligations pursuant to the note. In the event of default, the note can also be convertible into Series I Preferred Shares of NeutriSci at the option of ChromaDex. Each Series I Preferred Share can be convertible into 4 Class A common shares of NeutriSci. The conversion price will be (a) \$4.00 per Series I Preferred Share prior to a Public Offering (as defined in the note); or (b) the closing price of Series I Preferred Share or four times the closing price of Class A common share on a stock exchange immediately prior to the conversion date.

Table of Contents

Under the asset purchase and sale agreement entered into as of March 28, 2013 with the Company, NeutriSci is obligated to file an initial public offering prospectus with a securities commission in Canada no later than September 24, 2013 (or 180 days from the closing date of March 28, 2013) and to concurrently seek approval of the listing of its common shares on the TSX Venture Exchange or similar stock exchange in Canada.

As of June 29, 2013, the Company has determined that there is no other-than-temporary impairment, as the Company is not aware of any other-than-temporary impairment triggering events or indicators. The Company will continue to monitor NeutriSci's performance and evaluate if there are any such events or indicators to consider.

Note 5. Leasehold Improvements and Equipment

Leasehold improvements and equipment consisted of the following:

	June 29, 2013	December 29, 2012
Laboratory equipment	\$ 2,563,238	\$ 2,439,688
Leasehold improvements	403,971	403,971
Computer equipment	370,692	363,739
Furniture and fixtures	18,313	18,313
Office equipment	7,877	7,877
Construction in progress	186,439	106,080
	3,550,530	3,339,668
Less accumulated depreciation	2,537,567	2,403,242
	\$ 1,012,963	\$ 936,426

Note 6. Employee Share-Based Compensation

Stock Option Plans

At the discretion of the Company's compensation committee (the "Compensation Committee"), and with the approval of the Company's board of directors (the "Board of Directors"), the Company may grant options to purchase the Company's common stock to certain individuals from time to time. Management and the Compensation Committee determine the terms of awards which include the exercise price, vesting conditions and expiration dates at the time of grant. Expiration dates for stock options are not to exceed 10 years from their date of issuance. The Company, under its Second Amended and Restated 2007 Equity Incentive Plan, is authorized to issue stock options that total no more than 20% of the shares of common stock issued and outstanding, as determined on a fully diluted basis. Beginning in 2007, stock options were no longer issuable under the Company's 2000 Non-Qualified Incentive Stock Plan. The remaining amount available for issuance under the Second Amended and Restated 2007 Equity Incentive Plan totaled 6,164,537 at June 29, 2013. The stock option awards generally vest ratably over a four-year period following grant date after a passage of time. However, some stock option awards are performance based and vest based on the achievement of certain criteria established by the Compensation Committee, subject to approval by the Board of Directors.

The fair value of the Company's stock options was estimated at the date of grant using the Black-Scholes based option valuation model. The table below outlines the weighted average assumptions for options granted to employees during the six months ended June 29, 2013

Six Months Ended June 29, 2013

Volatility	32.68	%
Expected dividends	0.00	%
Expected term	6.1	years

Risk-free rate

1.18 %

-14-

The Company calculated expected volatility from the volatility of publicly held companies in similar industries, as the historical volatility of the Company's common stock does not cover the period equal to the expected life of the options. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. The expected term of the options represents the estimated period of time until exercise and is based on historical experience of awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. The estimation process for the fair value of performance based stock options was the same as for service period based options.

1) Service Period Based Stock Options

The majority of options granted by the Company are comprised of service based options granted to employees. These options vest ratably over a defined period following grant date after a passage of a service period.

The following table summarizes service period based stock options activity at June 29, 2013 and changes during the six months then ended:

	Number of Shares	Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	12,202,558	\$ 1.08		
Options Granted	310,000	0.68		
Options Exercised	(13,538)	0.50		
Options Expired	(75,000)	0.50		
Options Forfeited	(149,168)	1.24		
Outstanding at June 29, 2013	12,274,852	\$ 1.08	7.86	\$375,554
Exercisable at June 29, 2013	6,035,944	\$ 1.24	6.48	\$202,092

Table of Contents

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of \$0.78 on the last day of business for the period ended June 29, 2013. The weighted average fair value of options granted during the six months ended June 29, 2013 and June 30, 2012 was \$0.24 and \$0.30 respectively. The aggregate intrinsic value for options exercised during the six months ended June 29, 2013 was \$2,437. There were no options exercised during the three months ended June 29, 2013 and the three and six months ended June 30, 2012.

2) Performance Based Stock Options

The Company also grants stock option awards that are performance based and vest based on the achievement of certain criteria established from time to time by the Compensation Committee. If these performance criteria are not met, the compensation expenses are not recognized and the expenses that have been recognized will be reversed.

The following table summarizes performance based stock options activity at June 29, 2013 and changes during the six months then ended:

	Number of Shares	Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	145,834	\$1.59		
Options Granted	200,000	0.63		
Options Exercised	-	-		
Options Expired	-	-		
Options Forfeited	(45,834)	1.59		
Outstanding at June 29, 2013	300,000	\$0.95	9.00	\$30,200
Exercisable at June 29, 2013	52,084	\$1.59	7.85	\$-

The aggregate intrinsic value in the table above are before income taxes, based on the Company's closing stock price of \$0.78 on the last day of business for the period ended June 29, 2013. The weighted average fair value of options granted during the six months ended June 29, 2013 was \$0.22. The Company did not grant any performance based stock options during the three months ended June 29, 2013 and the three and six months ended June 30, 2012.

As of June 29, 2013, there was \$1,945,157 of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for employee stock options. That cost is expected to be recognized over a weighted average period of 2.44 years as of June 29, 2013. The realized tax benefit from stock options for the six months ended June 29, 2013, and June 30, 2012 was \$0, based on the Company's full valuation allowance against its deferred tax assets.

Restricted Stock

Restricted stock awards granted by the Company to employees have vesting conditions that are unique to each award.

Table of Contents

The following table summarizes activity of restricted stock awards granted to employees at June 29, 2013 and changes during the six months then ended:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at December 29, 2012	500,000	\$ 0.69
Granted	-	-
Vested	-	-
Forfeited	-	-
Unvested shares at June 29, 2013	500,000	\$ 0.69
Expected to Vest as of June 29, 2013	500,000	\$ 0.69

As of June 29, 2013, the Company did not have any unrecognized compensation expense related to restricted stock awards to employees.

For employee share-based compensation, the Company recognized share-based compensation expense of \$286,417 and \$572,951 in general and administrative expenses in the statement of operations for the three and six months ended June 29, 2013, respectively. The Company recognized \$939,960 and \$643,825 in share-based compensation expense for the three and six months ended June 30, 2012, respectively.

Note 7. Non-Employee Share-Based Compensation

Stock Option Plans

At the discretion of management, working with the Compensation Committee, and with approval of the Board of Directors, the Company may grant options to purchase the Company's common stock to certain individuals from time to time who are not employees of the Company. These options are granted under the Second Amended and Restated 2007 Equity Incentive Plan of the Company and are granted on the same terms as those being issued to employees. Stock options granted to non-employees are accounted for using the fair value approach. The fair value of non-employee option grants are estimated using the Black-Scholes option-pricing model and are re-measured over the vesting term until earned. The estimated fair value is expensed over the applicable service period.

The following table summarizes activity of stock options granted to non-employees at June 29, 2013 and changes during the six months then ended:

	Number of Shares	Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 29, 2012	1,097,300	\$ 1.23		
Options Granted	-	-		
Options Exercised	(250,000)	0.50		
Options Forfeited	-	-		
Outstanding at June 29, 2013	847,300	\$ 1.44	6.23	\$ 11,670

Exercisable at June 29, 2013	847,300	\$1.44	6.23	\$11,670
------------------------------	---------	--------	------	----------

Table of Contents

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of \$0.78 on the last day of business for the period ended June 29, 2013. The aggregate intrinsic value for options exercised during the three and six months ended June 29, 2013 were \$35,000 for both periods as there were no options exercised during the three months ended March 30, 2013. There were no options exercised during the three and six months ended June 30, 2012.

As of June 29, 2013, the Company did not have any unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the plans for non-employee stock options.

Stock Awards

From time to time, the Company awards shares of its common stock to non-employees for services provided or to be provided. If the fair value of services received is more reliably measurable than the fair value of the stock awarded, the fair value of the services received is used to measure the award. In contrast, if the fair value of the stock issued is more reliably measurable, than the fair value of services received, the award is measured based on the fair value of the stock awarded. Since these stock awards are fully vested and non-forfeitable, upon issuance the measurement date for the award is usually reached on the date of the award. The measured fair value of the award is amortized over the period the service is provided.

During the three and six months ended June 29, 2013, the Company awarded an aggregate of 160,000 and 600,000 shares of the Company's common stock to non-employees, respectively. The fair values of the awards were based on the trading price of the Company's stock on the date of issuance. The expense the Company recognized for stock awards was \$88,071 and \$150,249 for the three and six months ended June 29, 2013, respectively. As of June 29, 2013, there was \$230,276 of total unrecognized compensation expense related to stock awarded to the non-employees. During the three and six months ended June 30, 2012, the Company awarded an aggregate of 265,000 and 454,557 shares, respectively, and recognized a total expense of \$181,260 and \$308,176, respectively.

Warrant Awards

During the three and six months ended June 29, 2013, the Company recognized an expense of \$1,334 and \$4,094, respectively, for the warrants that were previously awarded during the year ended December 29, 2012. The Company did not award any new warrants during the three and six months ended June 29, 2013. As of June 29, 2013, the Company did not have any unrecognized compensation expense related to warrants awarded to the non-employee.

For non-employee share-based compensation, the Company recognized share-based compensation expense of \$90,342 and \$155,398 in general and administrative expenses in the statement of operations for the three and six months ended June 29, 2013, respectively. The Company recognized \$258,578 and \$620,700 in share-based compensation expense for the three and six months ended June 30, 2012, respectively.

Note 8. Warrants

During the three and six months ended June 29, 2013, 4,389,281 and 7,803,564 warrants with an exercise price of \$0.21 per share were exercised, respectively, and the Company received proceeds of \$921,749 and \$1,638,748 from exercise of these warrants, respectively. These warrants were issued during the year ended January 1, 2011 pursuant to a subscription agreement entered into by the holders of such warrants and the Company on April 22, 2010.

In addition, during the three and six months ended June 29, 2013, 533,067 and 1,314,303 warrants issued during the year 2008 with an exercise price of \$3.00 per share expired, respectively.

Edgar Filing: ChromaDex Corp. - Form 10-Q/A

At June 29, 2013, the following warrants were outstanding and exercisable:

Warrants granted in connection with :	Weighted Average Exercise Prices	Number Outstanding And Exercisable At June 29, 2013	Weighted Average Remaining Contractual Life
2008 Private placement equity offering	\$ 3.00	404,047	0.8 month
2012 Placement agent commission	\$ 0.85	285,000	13.1 months
2012 Non-employee award	\$ 0.75	250,000	13.3 months
	\$ 1.75	939,047	7.9 months

-18-

Table of Contents

Note 9. Business Segmentation

Since the year ended December 29, 2012, the Company began segregating its financial results for Spherix Consulting, Inc. (“Spherix”), which the Company acquired on December 3, 2012. Spherix provides scientific and regulatory consulting. The Company has following three reportable segments.

- Core standards, contract services and ingredients segment includes supply of phytochemical reference standards, which are small quantities of plant-based compounds typically used to research an array of potential attributes, and reference materials, related contract services, and proprietary ingredients.
- Scientific and regulatory consulting segment which consist of providing scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks.
- Retail dietary supplement products segment which consist of the supply of the BluScience line of dietary supplement products containing the Company's proprietary ingredients to various retail distribution channels. On March 28, 2013, the Company entered into an asset purchase and sale agreement with NeutriSci and consummated the sale of BluScience consumer product line to NeutriSci.

The “Other” classification includes corporate items not allocated by the Company to each reportable segment. Further, there are no intersegment sales that require elimination. The Company evaluates performance and allocates resources based on reviewing gross margin by reportable segment.

Three months ended June 29, 2013	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Net sales	\$ 2,504,372	\$ 202,524	\$ -	\$ -	\$ 2,706,896
Cost of sales	1,614,413	131,745	-	-	1,746,158
Gross profit	889,959	70,779	-	-	960,738
Operating expenses:					
Sales and marketing	630,447	1,112	-	-	631,559
General and administrative	-	-	-	1,342,280	1,342,280
Operating expenses	630,447	1,112	-	1,342,280	1,973,839
Operating income (loss)	\$ 259,512	\$ 69,667	\$ -	\$ (1,342,280)	\$ (1,013,101)

Three months ended June 30, 2012	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Net sales	\$ 2,150,585	\$ -	\$ 520,026	\$ -	\$ 2,670,611

Edgar Filing: ChromaDex Corp. - Form 10-Q/A

Cost of sales	1,528,203	-	377,713	-	1,905,916
Gross profit	622,382	-	142,313	-	764,695
Operating expenses:					
Sales and marketing	536,572	-	1,331,846	-	1,868,418
General and administrative	-	-	-	2,883,728	2,883,728
Operating expenses	536,572	-	1,331,846	2,883,728	4,752,146
Operating income (loss)	\$ 85,810	\$ -	\$ (1,189,533)	\$ (2,883,728)	\$ (3,987,451)

Table of Contents

Six months ended June 29, 2013	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment (Restated, Note 2)	Other	Total (Restated, Note 2)
Net sales	\$ 4,655,885	\$ 445,862	\$ (60,285)	\$ -	\$ 5,041,462
Cost of sales	3,128,396	278,533	955	-	3,407,884
Gross profit (loss)	1,527,489	167,329	(61,240)	-	1,633,578
Operating expenses:					
Sales and marketing	1,227,224	2,600	131,159	-	1,360,983
General and administrative	-	-	-	2,702,181	2,702,181
Operating expenses	1,227,224	2,600	131,159	2,702,181	4,063,164
Operating income (loss)	\$ 300,265	\$ 164,729	\$ (192,399)	\$ (2,702,181)	\$ (2,429,586)
Six months ended June 30, 2012	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Net sales	\$ 4,005,333	\$ -	\$ 450,284	\$ -	\$ 4,455,617
Cost of sales	2,874,825	-	1,420,311	-	4,295,136
Gross profit (loss)	1,130,508	-	(970,027)	-	160,481
Operating expenses:					
Sales and marketing	1,011,516	-	2,715,564	-	3,727,080
General and administrative	-	-	-	4,845,639	4,845,639
Operating expenses	1,011,516	-	2,715,564	4,845,639	8,572,719
Operating income (loss)	\$ 118,992	\$ -	\$ (3,685,591)	\$ (4,845,639)	\$ (8,412,238)
At June 29, 2013	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other (Restated, Note 2)	Total (Restated, Note 2)
Total assets	\$ 3,924,625	\$ 95,584	\$ -	\$ 4,001,523	\$ 8,021,732

Edgar Filing: ChromaDex Corp. - Form 10-Q/A

At December 29,
2012

	Core Standards, Contract Services and Ingredients segment	Scientific and Regulatory Consulting segment	Retail Dietary Supplement Products segment	Other	Total
Total assets	\$ 3,542,355	\$ 72,573	\$ 4,331,866	\$ 1,087,727	\$ 9,034,521

-20-

Table of Contents

Note 10. Management's Plans for Continuing Operations

The Company has incurred a net loss of \$2,444,938 for the six-month period ended June 29, 2013 and an operating loss of \$2,429,586 for the six-month period ended June 29, 2013. One of the factors that contributed to this loss is share-based compensation expense. The Company's share-based compensation expense totaled \$728,349 for the six months ended June 29, 2013. In addition to the stock options granted to employees, the Company has been awarding shares of its common stock to non-employees as compensation of the services provided. Another factor that contributed to the loss is the investment in additional personnel and marketing expenses to implement its business plan to expand the line of proprietary ingredients. This has resulted in higher selling, marketing and patent related expenses compared to prior years. Management has also implemented additional strategic operational structure changes, which it believes, will allow the Company to achieve profitability with future growth without incurring significant additional overhead costs. Management's anticipation of future growth is largely related to the demand of the line of proprietary ingredients offered by the Company. The Company also incurred an operating loss of \$192,399 from BluScience operations, without the gain on sale of BluScience consumer production line. Increase in trade accounts receivable allowance for possible future returns was the main reason for the loss from BluScience operations as the increase in allowance was treated as a reduction of revenue.

By curtailing certain expenditures, management believes it will be able to support operations of the Company with its current cash and cash from operations through December, 2013. In addition, on July 12, 2013, the Company received a partial payment of \$200,000 from NeutriSci from the sale of BluScience consumer product line and may have prospective collections up to \$883,334 from NeutriSci prior to December, 2013.

If the Company determines that it shall require additional financing to further enable it to achieve its long-term strategic objectives, there can be no assurance that such financing will be available on terms favorable to it or at all. If adequate financing is not available, the Company will further delay, postpone or terminate product and service expansion and curtail certain selling, general and administrative operations. The inability to raise additional financing may have a material adverse effect on the future performance of the Company.

Note 11. Income Taxes

At June 29, 2013 and December 29, 2012, the Company maintained a full valuation allowance against the entire net deferred income tax balance after considering relevant factors, including recent operating results, the likelihood of the utilization of net operating loss tax carry forwards, and the ability to generate future taxable income. The Company expects to maintain a full valuation allowance on its entire net deferred tax assets in 2013, resulting in an effective tax rate of zero for the six months ended June 29, 2013.

Note 12. Subsequent Events

On July 9, 2013, Company entered in a three year supply agreement with Thorne Reseach, Inc. ("Thorne") pursuant to which Thorne will purchase and market the Company's patented nicotinamide riboside which is branded as NIAGEN™. Under the terms of the agreement, Thorne has received marketing rights for NIAGEN™ for use in nutritional supplements exclusively for the direct to healthcare-practitioner channel in the United States and Canada, provided that Thorne purchases a minimum of \$3.5 million of NIAGEN™ product over the next three years.

On August 1, 2013, the Company entered in License Agreement (the "Agreement") with Green Molecular S.L., Inc. ("Green Molecular"), a Spanish corporation, pursuant to which Green Molecular granted the Company an exclusive, worldwide right and license (the "License Rights") to use and practice certain patent rights and to make, have made, use and sell certain products, including the compound pterostilbene, as it is used in dietary supplement products. In consideration of the License Rights, the Company has agreed to pay to Green Molecular earned royalties on net sales

of all licensed products (including sales by sublicensees and affiliates), as well as a percentage of attributed income from sublicensing agreements. ChromaDex is subject to minimum annual maintenance or royalty payments to Green Molecular during the term of the Agreement. The Company has agreed upon a plan to develop, commercialize and market licensed products under that Agreement and will make certain payments to Green Molecular in connection with the achievement of certain milestone events relating to product development and regulatory approvals in accordance with the terms of the Agreement.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

This Quarterly Report on Form 10-Q/A (the "Form 10-Q/A") contains "forward-looking statements," as defined in Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect the Company's current expectations of the future results of its operations, performance and achievements. Forward-looking statements are covered under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company has tried, wherever possible, to identify these statements by using words such as "anticipates," "believes," "estimates," "expects," "plans," "intends" and similar expressions. These statements reflect management's current beliefs and are based on information now available to it. Accordingly, these statements are subject to certain risks, uncertainties and contingencies that could cause the Company's actual results, performance or achievements in 2013 and beyond to differ materially from those expressed in, or implied by, such statements. Such statements, include, but are not limited to, statements contained in this Form 10-Q relating to our business, financial performance, business strategy, recently announced transactions and capital outlook. Important factors that could cause actual results to differ materially from those in the forward-looking statements include: a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products; the ability to protect our intellectual property rights; the impact of any litigation or infringement actions brought against us; competition from other providers and products; risks in product development; the inability to raise capital to fund continuing operations; changes in government regulation; the ability to complete customer transactions, and other factors relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these or other risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned. Additional risks, uncertainties, and other factors are set forth under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ending December 29, 2012 and filed with the Commission on March 29, 2013 and in future reports the Company files with the Commission. Readers of this Form 10-Q/A should not place undue reliance on any forward-looking statements. Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

You should read the following discussion and analysis of the financial condition and results of operations of the Company together with the financial statements and the related notes presented in Item 1 of this Form 10-Q/A. The financial statements previously issued for the three month period ended March 30, 2013 and six month period ended June 29, 2013, which were filed with SEC on May 10, 2013 and August 13, 2013, respectively, contained a misstatement pertaining to the accounting treatment of the sale of the BluScience assets to NeutriSci. The value of the equity and the senior secured convertible note that the Company received from NeutriSci as part of the purchase price were originally accounted for at the stated values of the consideration received for recognizing a gain on the sale of the BluScience assets. Due to the inability to make a reliably determinable estimate of the fair value of the NeutriSci equity securities and the ultimate collectability of the note received as consideration, management has determined that the proper accounting for the sale transaction is the cost recovery method. Under the cost recovery method, no gain on the sale will be recognized until the Company's cost basis in the net assets sold has been recovered. The Company originally accounted for its investment in NeutriSci under the cost method where it has now been determined that the equity method should have been used. The Company expects all amendments and restatements to the Financial Statements affected to be non-cash in nature. The discussion and analysis for the results of operations for the six months ended June 29, 2013 gives effect to the Restatement, which is to reflect a correction in the manner in which the Company has accounted for the sale of BluScience assets to NeutriSci. More information regarding the Restatement and the impact of the correction of errors is set forth in Part 1, Item 1, Note 2 of this Form 10-Q/A.

Overview

We supply phytochemical reference standards, which are small quantities of plant-based compounds typically used to research an array of potential attributes, and reference materials, related contract services, and proprietary ingredients. We perform chemistry-based analytical services at our laboratory in Boulder, Colorado, typically in support of quality control or quality assurance activities within the dietary supplement industry. On December 3, 2012, we acquired Spherix Consulting, Inc., which provides scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks. In 2011, we launched the BluScience retail dietary supplement products containing one of the proprietary ingredients, pTeroPure, which we also sell as an ingredient for incorporation into the products of other companies. However, on March 28, 2013, we entered into an asset purchase and sale agreement with NeutriSci and consummated the sale of BluScience consumer product line to NeutriSci.

Table of Contents

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues, if any, and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The discussion and analysis for the results of operations for the three and six months ended June 29, 2013 gives effect to the Restatement, which is to reflect a correction in the manner in which the Company has accounted for the sale of BluScience assets to NeutriSci.

By curtailing certain expenditures, we anticipate that our current cash and cash generated from operations and the cash payment of \$200,000 received from NeutriSci on July 12, 2013 from the sale of BluScience consumer product line and prospective collections up to \$883,334 from NeutriSci prior to December, 2013 (see Liquidity and Capital Resources below in Item 2 of this Quarterly Report on Form 10-Q/A) will be sufficient to meet our projected operating plans through the end of December, 2013. We may, however, seek additional capital prior to the end of December, 2013, both to meet our projected operating plans through and after December, 2013 and/or to fund our longer term strategic objectives.

Additional capital may come from public and/or private stock or debt offerings, borrowings under lines of credit or other sources. These additional funds may not be available on favorable terms, or at all. Furthermore, if we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution and the new equity or debt securities we issue may have rights, preferences and privileges senior to our common stock. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our products or proprietary technologies, or to grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, obtain the required regulatory clearances or approvals, achieve long term strategic objectives, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. Any of these events could adversely affect our ability to achieve our development and commercialization goals, which could have a material and adverse effect on our business, results of operations and financial condition. If we are unable to establish small to medium scale production capabilities through our own plant or through collaboration with third parties on acceptable terms, we may be unable to fulfill our customers' requirements. This may cause a loss of future revenue streams as well as require us to seek third party vendors to provide these services. These vendors may not be available, or may charge fees that prevent us from pricing our products competitively within our markets.

We have licensed to OPKO Health, Inc. ("OPKO"), a multi-national biopharmaceutical and diagnostics company, certain new product offerings and health care technologies for distribution and business development throughout Latin America. The initial product to be commercialized is our proprietary product pterostilbene. We believe that partnering with OPKO provides a unique opportunity to enter the Latin American market and we see this market as potentially offering the Company significant long-term economic prospects.

Some of our operations are subject to regulation by various state and federal agencies. In addition, we expect a significant increase in the regulation of our target markets. Dietary supplements are subject to FDA, FTC and U.S. Department of Agriculture ("USDA") regulations relating to composition, labeling and advertising claims. These regulations may in some cases, particularly with respect to those applicable to new ingredients, require a notification that must be submitted to the FDA along with evidence of safety. There are similar regulations related to food

additives.

-23-

Table of Contents

Results of Operations

We generated net sales of \$5,041,462 for the six-month period ended June 29, 2013 as compared to \$4,455,617 for the six-month period ended June 30, 2012. We incurred a net loss of \$2,444,938 for the six-month period ended June 29, 2013 as compared with a net loss of \$8,425,810 incurred for the six-month period ended June 30, 2012. This equated to a \$0.03 loss per basic and diluted share for the six-month period ended June 29, 2013 as compared with a \$0.10 loss per basic and diluted share for the six-month period ended June 30, 2012.

Over the next two years, we plan to continue to increase research and development efforts for our line of proprietary ingredients, subject to available financial resources. However, we presently do not have the necessary resources (financial and otherwise) to do so. We also intend to continue to expand our service capacity through hiring and to implement accreditation and certification programs related to quality initiatives. In addition, we plan to expand our chemical library program and to either establish a Good Manufacturing Practice compliant pilot plant to support small to medium scale production of target compounds or collaborate with a company that has these capabilities. There can be no assurance, however, that we will actually implement any of these plans.

Net Sales

Net sales consist of gross sales less promotions, discounts and returns. Net sales increased by 1% to \$2,706,896 for the three-month period ended June 29, 2013 as compared to \$2,670,611 for the three-month period ended June 30, 2012. The core standards, contract services and ingredients segment generated net sales of \$2,504,372 for the three-month period ended June 29, 2013. This is an increase of 16%, compared to \$2,150,585 for three-month period ended June 30, 2012. This increase was largely due to increased sales of analytical testing and contract services. The retail dietary supplement products segment did not have any sales for the three-month period ended June 29, 2013 as we sold the BluScience product line to NeutriSci on March 28, 2013. For the three-month period ended June 30, 2012, the retail dietary supplement products segment generated net sales of \$520,026. The scientific and regulatory consulting segment generated net sales of \$202,524 for the three-month period ended June 29, 2013. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

For the six-month period ended June 29, 2013, net sales increased by 13% to \$5,041,462 as compared to \$4,455,617 for the six-month period ended June 30, 2012. The core standards, contract services and ingredients segment generated net sales of \$4,655,885 for the six-month period ended June 29, 2013. This is an increase of 16%, compared to \$4,005,333 for the six-month period ended June 30, 2012. This increase was primarily due to increased sales of chemical and analytical testing services as well as our proprietary ingredients and other bulk dietary supplement grade raw materials. The retail dietary supplement products segment generated negative net sales of \$60,285 for the six-month period ended June 29, 2013. The gross sales for this segment was \$557,111, however, sales deductions for promotions and returns, including additional trade accounts receivable allowance for possible future returns totaled \$617,396. For the six-month period ended June 30, 2012, the retail dietary supplement products segment generated net sales of \$450,284. The gross sales for this segment was \$2,728,527, however, sales deductions for promotions and discounts related to the launch of BluScience products to retail distribution channels totaled \$2,278,243. The scientific and regulatory consulting segment generated net sales of \$445,862 for the six-month period ended June 29, 2013. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Cost of Sales

Cost of sales include raw materials, labor, overhead, and delivery costs. Cost of sales for the three-month period ended June 29, 2013 was \$1,746,158 as compared with \$1,905,916 for the three-month period ended June 30, 2012. As a percentage of net sales, this represented a 7% decrease for the three-month period ended June 29, 2013 compared to

the three-month period ended June 30, 2012. The cost of sales as a percentage of net sales for the core standards, contract services and ingredients segment for the three-month period ended June 29, 2013 was 64% compared to 71% for the three-month period ended June 30, 2012. This percentage decrease in cost of sales is largely due to increased sales of chemical and analytical testing and contract services. Fixed labor costs make up the majority of costs for analytical testing and contract services and these fixed labor costs did not increase in proportion to sales. The retail dietary supplement products segment did not have any cost of sales for the three-month period ended June 29, 2013 as we sold the product line to NeutriSci on March 28, 2013. For the three-month period ended June 30, 2012, the cost of sales as a percentage of net sales for the retail dietary supplement products segment was 73%. The cost of sales as a percentage of net sales for the scientific and regulatory consulting segment for the three-month period ended June 29, 2013 was 65%. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Table of Contents

Cost of sales for the six-month period ended June 29, 2013 was \$3,407,884 versus \$4,295,136 for the six-month period ended June 30, 2012. As a percentage of net sales, this represented 29% decrease for the six-month period ended June 29, 2013 compared to the six-month period ended June 30, 2012. The cost of sales as a percentage of net sales for the core standards contract services and ingredients segment for the six-month period ended June 29, 2013 was 67% compared to 72% for the six-month period ended June 30, 2012. This percentage decrease in cost of sales is largely due to increased sales of chemical and analytical testing and contract services. Fixed labor costs make up the majority of costs for analytical testing and contract services and these fixed labor costs did not increase in proportion to sales. The cost of sales for the retail dietary supplement products segment were greater than net sales for six-month periods ended June 29, 2013 and June 30, 2012. This is due to promotions, discounted sales and returns which resulted in substantially lower net sales compared to gross sales. The costs of sales for the retail dietary supplement products segment for the six-month periods ended June 29, 2013 and June 30, 2012 were \$955 and \$1,420,311 respectively, while the net sales were negative \$60,285 and \$450,284 respectively. The cost of sales as a percentage of net sales for the scientific and regulatory consulting segment for the six-month period ended June 29, 2013 was 62%. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Gross Profit (Loss)

Gross profit (loss) is net sales less the cost of sales and is affected by a number of factors including product mix, competitive pricing and costs of products and services. Our gross profit increased 26% to \$960,738 for the three-month period ended June 29, 2013 from \$764,695 for the three-month period ended June 30, 2012. For the core standards, contract services and ingredients segment, our gross profit increased 43% to \$889,959 for the three-month period ended June 29, 2013 from \$622,382 for the three-month period ended June 30, 2012. The increased sale of analytical testing and contract services was the primary reason for the increase in gross profit. For retail dietary supplement products segment, we did not have any gross profit for the three-month period ended June 29, 2013 as we sold the product line to NeutriSci on March 28, 2013. For the three-month period ended June 30, 2012, we had a gross profit of \$142,313 for retail dietary supplement products segment. For the scientific and regulatory consulting segment, we had a gross profit of \$70,779 for the three-month period ended June 29, 2013. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Our gross profit increased to \$1,633,578 for the six-month period ended June 29, 2013 from \$160,481 for the six-month period ended June 30, 2012. For the core standards, contract services and ingredients segment, our gross profit increased 35% to \$1,527,489 for the six-month period ended June 29, 2013 from \$1,130,508 for the six-month period ended June 30, 2012. The increased sale of analytical testing and contract services was the primary reason for the increase in gross profit. For the retail dietary supplement products segment, we had a gross loss of \$61,240 for the six-month period ended June 29, 2013 and a gross loss of \$970,027 for the six-month period ended June 30, 2012. The gross loss for the six-month period ended June 30, 2012 was due to the sales promotions and sales discounts we offered in relation to the launch of BluScience products. For the scientific and regulatory consulting segment, we had a gross profit of \$167,329 for the six-month period ended June 29, 2013. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Operating Expenses-Sales and Marketing

Sales and Marketing Expenses consist of salaries, advertising and marketing expenses. Sales and marketing expenses for the three-month period ended June 29, 2013 were \$631,559 as compared to \$1,868,418 for the three-month period ended June 30, 2012. For the core standards, contract services and ingredients segment, sales and marketing expenses for the three-month period ended June 29, 2013 increased to \$630,447 as compared to \$536,572 for the three-month period ended June 30, 2012. This increase was largely due to the production of our new catalog as well as increased marketing efforts for our line of proprietary ingredients. For the retail dietary supplement products segment, we did not have any sales and marketing expenses for the three-month period ended June 29, 2013 as we sold the product line

to NeutriSci on March 28, 2013. For the three-month period ended June 30, 2012, sales and marketing expenses for the retail dietary supplement products segment were \$1,331,846. During the three-month period ended June 30, 2012, we conducted a national advertising campaign through television and radio media in support of the launch of BluScience products. For the scientific and regulatory consulting segment, sales and marketing expenses for the three-month period ended June 29, 2013 were \$1,112. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Table of Contents

Sales and marketing expenses for the six-month period ended June 29, 2013 were \$1,360,983 as compared to \$3,727,080 for the six-month period ended June 30, 2012. For the core standards, contract services and ingredients segment, sales and marketing expenses for the six-month period ended June 29, 2013 increased to \$1,227,224 compared to \$1,011,516 for the six-month period ended June 30, 2012. This increase was largely due to the production of our new catalog, an increase in staff and increased marketing efforts for our line of proprietary ingredients. For the retail dietary supplement products segment, sales and marketing expenses for the six-month period ended June 29, 2013 decreased to \$131,159 compared to \$2,715,564 for the six-month period ended June 30, 2012. During the six-month period ended June 30, 2012, we conducted a national advertising campaign through television and radio media in support of the launch of BluScience products. We did not conduct such an advertising campaign during the six-month period ended June 29, 2013. For the scientific and regulatory consulting segment, sales and marketing expenses for the six-month period ended June 29, 2013 were \$2,600. We did not have the scientific and regulatory consulting segment for the comparable period in 2012.

Operating Expenses-General and Administrative

General and Administrative Expenses consist of research and development, general company administration, IT, accounting and executive management. General and administrative expenses for the three- and six-month periods ended June 29, 2013 were \$1,342,280 and \$2,702,181 compared to \$2,883,728 and \$4,845,639 for the three- and six-month periods ended June 30, 2012. One of the factors that contributed to this decrease was departures of certain officers who were with the Company during the six-month period ended June 30, 2012. The Company did not hire new officers to fill the vacated positions. There were also one time severance expenses incurred due to the terminations of certain officers in 2012. Severance expenses incurred due to the terminations of certain officers for the three- and six-month periods ended June 30, 2012 were approximately \$361,000 and \$671,000, respectively. The Company did not incur such expense in the six-month period ended June 29, 2013. Another factor that contributed to the decrease in general and administrative expenses is a decrease in investor relations expense. Our investor relations expenses for the three- and six-month periods ended June 29, 2013 were \$61,179 and \$116,132 as compared to \$286,752 and \$605,293 for the three- and six-month periods ended June 30, 2012.

Non-operating income- Interest Income

Interest income consists of interest earned on money market accounts and note receivable. Interest income for the three- and six-month periods ended June 29, 2013 was \$ 296 and \$ 500 as compared to \$1,056 and \$2,255 for the three- and six-month periods ended June 30, 2012.

Non-operating Expenses- Interest Expense

Interest expense consists of interest on capital leases. Interest expense for the three- and six-month periods ended June 29, 2013 was \$8,061 and \$15,852 as compared to \$7,562 and \$15,827 for the three- and six-month periods ended June 30, 2012.

Depreciation and Amortization

Depreciation expense for the six-month period ended June 29, 2013, was approximately \$134,325 as compared to \$166,748 for the six-month period ended June 30, 2012. We depreciate our assets on a straight-line basis, based on the estimated useful lives of the respective assets. Amortization expense of intangible assets for the six-month period ended June 29, 2013, was approximately \$10,621 as compared to \$6,799 for the six-month period ended June 30, 2012. We amortize intangible assets using a straight-line method over 10 years.

Liquidity and Capital Resources

From inception and through June 29, 2013, we have incurred aggregate losses of approximately \$32.2 million. These losses are primarily due to expenses associated with the development and expansion of our operations. These operations have been financed through capital contributions and the issuance of common stock and warrants through private placements and through our registered direct offering

-26-

Table of Contents

Our Board of Directors periodically reviews our capital requirements in light of our proposed business plan. Our future capital requirements will remain dependent upon a variety of factors, including cash flow from operations, the ability to increase sales, increasing our gross profits from current levels, reducing sales and administrative expenses as a percentage of net sales, continued development of customer relationships, and our ability to market our new products successfully. However, based on our results from operations, we may determine that we need additional financing to implement our business plan. There can be no assurance that any such financing will be available on terms favorable to us or at all. Without adequate financing we may have to further delay or terminate product or service expansion plans. Any inability to raise additional financing would have a material adverse effect on us.

On March 28, 2013, we entered into an asset purchase and sale agreement with NeutriSci International Inc. and consummated the sale of BluScience consumer product line to NeutriSci. The Company is using the cost recovery method to account for the sale transaction, which is estimated at approximately \$3,157,804. The consideration received consists of following: (a) a \$250,000 cash payment, which NeutriSci paid as a deposit in February 2013; (b) an additional \$250,000 cash payment, which was paid at the closing of the sale; (c) an additional cash payment of \$500,000 due no later than 60 days after the closing of the sale, which \$250,000 was paid as of June 29, 2013 and an additional \$200,000 was paid on July 12, 2013; (d) a \$2,500,000 senior convertible secured note (convertible into 625,000 shares Series I Preferred Stock as described below) payable in quarterly installments of \$416,667 beginning August 15, 2013; and (e) 669,708 shares of Series I Preferred Shares that are convertible into 2,678,832 Class "A" common shares of NeutriSci, representing an aggregate of 19% of the NeutriSci shares at a deemed price for each Class A common share of \$1.00 per share. The transaction documents contain certain equity blockers that preclude our ownership in NeutriSci in excess of 9.99% and 19% without obtaining a waiver from NeutriSci.

While we anticipate that our current levels of capital, cash generated from operations and the cash payments received and prospective collections from the sale of BluScience consumer product line, along with curtailment of certain expenses, will be sufficient to meet our projected operating plans through the end of December, 2013, we may seek additional capital prior to December, 2013, both to meet our projected operating plans through and after December, 2013 and to fund our longer term strategic objectives. To the extent we are unable to raise additional cash or generate sufficient revenue to meet our projected operating plans prior to December, 2013, we will revise our projected operating plans accordingly.

Net cash used in operating activities

Net cash used in operating activities for the six months ended June 29, 2013 was approximately \$2,086,060 as compared to approximately \$8,351,561 for the six months ended June 30, 2012. Along with the net loss, a decrease in accounts payable and an increase in inventories were the largest uses of cash during the six months ended June 29, 2013. Net cash used in operating activities for the six months ended June 30, 2012 largely reflects increase in inventories along with the net loss.

We expect our operating cash flows to fluctuate significantly in future periods as a result of fluctuations in our operating results, shipment timetables, accounts receivable collections, inventory management, and the timing of our payments, among other factors.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was approximately \$670,989 for the six months ended June 29, 2013, compared to approximately \$14,214 used in for the six months ended June 30, 2012. Net cash provided by investing activities for the six months ended June 29, 2013 mainly consisted of proceeds from the sale of BluScience consumer product line. Net cash used in investing activities for the six months ended June 30, 2012 mainly consisted of purchases of leasehold improvements and equipment as well as purchases of intangible assets.

Net cash provided by financing activities

Net cash provided by financing activities was approximately \$1,721,702 for the six months ended June 29, 2013, compared to approximately \$10,158,632 for the six months ended June 30, 2012. Net cash provided by financing activities for the six months ended June 29, 2013 mainly consisted of proceeds from the exercise of warrants related to the 2010 private placement. Net cash provided by financing activities for the six months ended June 30, 2012 mainly consisted of proceeds from issuance of our common stock through registered direct offering and private placement.

-27-

Table of Contents

Dividend policy

We have not declared or paid any dividends on our common stock. We presently intend to retain earnings for use in our operations and to finance our business. Any change in our dividend policy is within the discretion of our Board of Directors and will depend, among other things, on our earnings, debt service and capital requirements, restrictions in financing agreements, if any, business conditions, legal restrictions and other factors that our Board of Directors deems relevant.

Off-Balance Sheet Arrangements

During the six months ended June 29, 2013, we had no off-balance sheet arrangements other than ordinary operating leases as disclosed in the “Financial Statements and Supplementary Data” section of the Company’s Annual Report on Form 10-K for the year ending December 29, 2012 and filed with the Commission on March 29, 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a – 15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this quarterly report. They have concluded that, based on such evaluation, our disclosure controls and procedures were not effective due to the material weakness in our internal control over financial reporting as of June 29, 2013.

The Company is still in the process of analyzing and addressing the material weakness that existed in its internal control over its financial reporting for the quarter ended June 29, 2013. On November 21, 2013, the Company has filed the Restatement 8-K that addresses in greater detail the nature of the material weakness identified by the Company’s management. The Company will file a full report of management on the registrant’s internal control over financial reporting with its Annual Report on Form 10-K for the fiscal year 2013.

Changes in Internal Control over Financial Reporting

There was no change in internal control over financial reporting (as defined in Rule 13a–15(f) promulgated under the Securities Exchange Act of 1934) that occurred during the Company’s second fiscal quarter that has materially affected or is reasonably likely to materially affect the Company’s internal control over financial reporting.

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

Exhibit No. Description of Exhibits

10.1	Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease, made as of May 7, 2013, between SCIF Portfolio II, LLC (“Lessor”) and ChromaDex, Inc. (“Lessee”) (1)
31.1	Certification of the Chief Executive Officer pursuant to §240.13a–14 or §240.15d–14 of the Securities Exchange Act of 1934, as amended
31.2	Certification of the Chief Financial Officer pursuant to §240.13a–14 or §240.15d–14 of the Securities Exchange Act of 1934, as amended
32.1	Certification pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002)

(1) Incorporated by reference to Exhibit 10.1 from the Current Report on Form 8-K filed with the SEC on May 7, 2013.

101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ChromaDex Corporation
(Registrant)

Date: December 5, 2013

/s/ THOMAS C. VARVARO
Thomas C. Varvaro
Duly Authorized Officer and Chief Financial Officer