

INTERLEUKIN GENETICS INC  
Form 424B3  
November 15, 2016

**Filed pursuant to Rule 424(b)(3)**

**Registration No. 333-213595**

**PROSPECTUS SUPPLEMENT NO. 1**

**To Prospectus dated September 27, 2016**

**122,585,504 SHARES OF COMMON STOCK**

This prospectus supplement supplements the prospectus dated September 27, 2016, relating to the offering and resale by the selling stockholders of up to 122,585,504 shares of our common stock. We will not receive any proceeds from the sale of these shares by the selling stockholders.

This prospectus supplement incorporates into our prospectus the information contained in the attached Quarterly Report on Form 10-Q, which was filed with the Securities and Exchange Commission on November 14, 2016.

You should read this prospectus supplement in conjunction with the prospectus, including any supplements and amendments thereto. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement supersedes the information contained in the prospectus.

This prospectus supplement is not complete without, and may not be delivered or utilized except in connection with, the prospectus, including any supplements and amendments thereto.

Our common stock is traded on the OTCQB under the symbol "ILIU". On November 11, 2016, the closing sale price of our common stock on the OTCQB was \$0.11 per share.

**AN INVESTMENT IN OUR COMMON STOCK INVOLVES RISKS. SEE THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 4 OF THE PROSPECTUS.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus supplement is November 14, 2016

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND  
<sup>X</sup> EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2016**

**..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-32715**

**INTERLEUKIN GENETICS, INC.**

(Exact name of registrant in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**94-3123681**

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

**135 Beaver Street, Waltham, MA**

(Address of principal executive offices)

**02452**

(Zip Code)

Registrant's Telephone Number: **(781) 398-0700**

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 each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

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

As of November 11, 2016, there were 229,381,059 shares of Common Stock, \$0.001 par value per share, outstanding.

**INTERLEUKIN GENETICS, INC.**

**FORM 10-Q**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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**Smaller Reporting Company – Scaled Disclosure**

Pursuant to Item 10(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended, as indicated herein, we have elected to comply with the scaled disclosure requirements applicable to “smaller reporting companies”.

**PART I —FINANCIAL INFORMATION****Item 1. Financial Statements****INTERLEUKIN GENETICS, INC.****CONDENSED BALANCE SHEETS**

	September 30, 2016	December 31, 2015
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,344,296	\$ 4,706,018
Accounts receivable from related party	50,185	39,989
Trade accounts receivable	267,102	45,973
Inventory	78,141	124,583
Prepaid expenses	469,132	778,970
Total current assets	5,208,856	5,695,533
Fixed assets, net	537,214	643,900
Intangible assets, net	33,792	58,879
Other assets	28,001	93,208
Total assets	\$ 5,807,863	\$ 6,491,520
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 426,638	\$ 408,374
Accrued expenses	591,570	497,688
Deferred revenue	2,528,927	3,238,541
Short term debt	2,000,000	1,333,333
Total current liabilities	5,547,135	5,477,936
Long Term Debt	1,597,369	3,474,984
Total Liabilities	7,144,504	8,952,920
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, \$0.001 par value — 450,000,000 shares authorized; 229,331,060 and 172,887,221 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	229,333	172,889
Additional paid-in capital	132,993,793	126,354,036

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Accumulated deficit	(134,559,767	)	(128,988,325	)
Total stockholders' equity	(1,336,641	)	(2,461,400	)
Total liabilities and stockholders' equity	\$ 5,807,863		\$ 6,491,520	

The accompanying notes are an integral part of these financial statements.

## INTERLEUKIN GENETICS, INC.

## CONDENSED STATEMENTS OF OPERATIONS

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Genetic testing	\$ 269,459	\$ 248,873	\$ 881,324	\$ 921,610
Other	465,009	47,125	1,404,271	153,651
Total revenue	734,468	295,998	2,285,595	1,075,261
Cost of revenue	443,375	323,136	1,325,499	985,732
Gross profit	291,093	(27,138 )	960,096	89,529
Operating expenses:				
Research and development	418,100	411,902	1,350,641	978,970
Selling, general and administrative	1,677,467	1,413,702	4,701,727	4,631,718
Amortization of intangibles	8,362	19,414	25,087	58,242
Total operating expenses	2,103,929	1,845,018	6,077,455	5,668,930
Loss from operations	(1,812,836 )	(1,872,156 )	(5,117,359 )	(5,579,401 )
Other income (expense):				
Interest income	-	-	-	222
Interest expense	(68,377 )	(115,000 )	(292,086 )	(341,250 )
Interest expense Non-cash	(85,292 )	(38,354 )	(161,997 )	(115,061 )
Total other expense	(153,669 )	(153,354 )	(454,083 )	(456,089 )
Loss before income taxes	(1,966,505 )	(2,025,510 )	(5,571,442 )	(6,035,490 )
Benefit for income taxes	-	-	-	-
Net loss	\$ (1,966,505 )	\$ (2,025,510 )	\$ (5,571,442 )	\$ (6,035,490 )
Basic and diluted net loss per common share	\$ (0.01 )	\$ (0.01 )	\$ (0.03 )	\$ (0.03 )
Weighted average common shares outstanding, basic and diluted	212,206,982	172,841,047	186,206,721	172,788,286

The accompanying notes are an integral part of these financial statements.



**INTERLEUKIN GENETICS, INC.****CONDENSED STATEMENTS OF STOCKHOLDERS' DEFICIT****(Unaudited)**

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2015	-	\$ -	172,887,221	\$ 172,889	\$ 126,354,036	\$(128,988,325)	\$(2,461,400)
Net loss	-	-	-	-	-	(5,571,442 )	(5,571,442)
Common stock issued:							
Private Placement of common stock, net of offering costs of \$62,134	-	-	56,262,571	56,263	5,474,103	-	5,530,366
Exercise of stock options	-	-	1,316	1	65	-	66
Horizon Warrant	-	-	-	-	503,667	-	503,667
Danforth Warrant	-	-	-	-	8,885	-	8,885
Employee stock purchase plan	-	-	179,952	180	10,311	-	10,491
Stock-based compensation expense	-	-	-	-	642,726	-	642,726
Balance as of September 30, 2016	-	\$ -	229,331,060	\$ 229,333	\$ 132,993,793	\$(134,559,767)	\$(1,336,641)

The accompanying notes are an integral part of these financial statements.



**INTERLEUKIN GENETICS, INC.****CONDENSED STATEMENTS OF CASH FLOWS****(Unaudited)**

	For the Nine Months Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(5,571,442)	\$(6,035,490)
Adjustments to reconcile loss to net cash used in operating activities:		
Depreciation and amortization	186,300	214,180
Amortization of loan issuance costs and fair value of warrants	88,477	81,908
Stock-based compensation expense	642,726	651,791
Changes in operating assets and liabilities:		
Accounts receivable, net	(221,129 )	8,708
Receivable from related party	(10,196 )	(17,059 )
Inventory	46,442	12,482
Prepaid expenses and other current assets	309,838	(26,909 )
Accounts payable	18,264	62,283
Accrued expenses	45,263	65,992
Deferred revenue	(709,614 )	(228,773 )
Deferred liability	48,619	46,082
Net cash used in operating activities	(5,126,452)	(5,164,805)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital additions	(54,526 )	(41,057 )
Net cash used in investing activities	(54,526 )	(41,057 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from private placement of stock and warrants	5,592,500	-
Private placement offering costs	(62,134 )	(7,100 )
Payment of notes payable	(721,666 )	-
Proceeds from exercise of employee stock options	65	-
Proceeds from employee stock purchase plan	10,491	16,799
Net cash provided by financing activities	4,819,256	9,699
Net increase (decrease) in cash and cash equivalents	(361,722 )	(5,196,163 )
Cash and cash equivalents, beginning of period	4,706,018	11,466,807
Cash and cash equivalents, end of period	\$4,344,296	\$6,270,644
Cash paid for interest	\$292,086	\$352,500

The accompanying notes are an integral part of these financial statements.



**INTERLEUKIN GENETICS, INC.**

**NOTES TO CONDENSED FINANCIAL STATEMENTS**

**September 30, 2016**

**(UNAUDITED)**

**Note 1—Basis of Presentation**

Interleukin Genetics, Inc. (“the Company”) develops genetic tests for sale into the emerging personalized health market and performs testing services that can help individuals improve and maintain their health through preventive or therapeutic measures. The Company’s principal operations and markets are located in the United States.

The accompanying condensed financial statements include the accounts of the Company as of September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and September 30, 2015.

The financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial reporting. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. These unaudited condensed financial statements, which in the opinion of management reflect all adjustments (including normal recurring adjustments) necessary for a fair presentation, should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015. Operating results are not necessarily indicative of the results that may be expected for any future interim period or for the entire 2016 fiscal year.

For information regarding our critical accounting policies and estimates, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and Note 3 to our condensed financial statements contained herein.

**Note 2—Operating Matters and Liquidity**

The Company has experienced net operating losses since its inception through September 30, 2016. The Company had net losses of \$7.9 million and \$6.3 million for the years ended December 31, 2015 and 2014, respectively, and \$5.6 million for the nine months ended September 30, 2016, contributing to an accumulated deficit of \$134.6 million as of September 30, 2016.

The Company continues to take steps to reduce genetic test processing costs. Cost savings are primarily achieved through test process improvements. Management believes that the current laboratory space is adequate to process high volumes of genetic tests.

On December 23, 2014, the Company entered into a Securities Purchase Agreement (the “2014 Purchase Agreement”) with various accredited investors (the “2014 Investors”), pursuant to which the Company sold to the 2014 Investors in a private placement transaction (the “December 2014 Private Placement”) an aggregate of 50,099,700 shares of common stock at a price of \$0.1003 per share for gross proceeds of approximately \$5.025 million. The 2014 Investors also received warrants to purchase up to an aggregate of 50,099,700 shares of common stock an exercise price of \$0.1003 per share (the “2014 Warrants”). The 2014 Warrants vested immediately, are all currently exercisable and have a term of seven years.