

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 28, 2014

Commission File Number: **000-53290**

CHROMADEX 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 X 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 X 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 X

(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 X

Number of shares of common stock of the registrant: 106,478,593 outstanding as of August 11, 2014.

CHROMADEX
CORPORATION

2014 QUARTERLY REPORT ON FORM 10-Q

TABLE
OF CONTENTS

PART I – FINANCIAL INFORMATION (UNAUDITED)	
<u>ITEM 1. FINANCIAL STATEMENTS:</u>	1
<u>Condensed Consolidated Balance Sheets as of June 28, 2014 and December 28, 2013 (Unaudited)</u>	1
<u>Condensed Consolidated Statements of Operations for the three months ended June 28, 2014 and June 29, 2013 (Unaudited)</u>	2
<u>Condensed Consolidated Statements of Operations for the six months ended June 28, 2014 and June 29, 2013 (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Stockholders Equity for the six months ended June 28, 2014 (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 28, 2014 and June 29, 2013 (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>	17
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	23
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	23
PART II – OTHER INFORMATION	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	24
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	24
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	24
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	24
<u>ITEM 5. OTHER INFORMATION</u>	24
<u>ITEM 6. EXHIBITS</u>	24
<u>SIGNATURES</u>	24

PART**I – FINANCIAL INFORMATION (UNAUDITED)**

IT

EM

1. FINANCIAL STATEMENTS**ChromaDex****Corporation and Subsidiaries****Condensed Consolidated Balance Sheets (Unaudited)****June 28, 2014 and December 28, 2013**

	<u>June 28, 2014</u>	<u>December 28, 2013</u>
Assets		
Current Assets		
Cash	\$ 1,280,627	\$ 2,261,336
Trade receivables, less allowance for doubtful accounts and returns		
June 28, 2014 \$25,000; December 28, 2013 \$9,000	2,121,161	838,793
Other receivable	-	215,000
Inventories	2,873,028	2,204,125
Prepaid expenses and other assets	307,322	271,445
Total current assets	<u>6,582,138</u>	<u>5,790,699</u>
Leasehold Improvements and Equipment, net	<u>1,218,351</u>	<u>1,063,239</u>
Other Noncurrent Assets		
Deposits	47,984	43,460
Long-term investment in affiliate	773,801	1,887,844
Intangible assets, net	255,937	201,650
Total other noncurrent assets	<u>1,077,722</u>	<u>2,132,954</u>
Total assets	<u>\$ 8,878,211</u>	<u>\$ 8,986,892</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 2,758,264	\$ 1,440,910
Accrued expenses	738,408	656,707
Current maturities of capital lease obligations	159,641	138,887
Customer deposits and other	263,270	546,044
Deferred rent, current	60,531	55,586
Total current liabilities	<u>3,980,114</u>	<u>2,838,134</u>
Capital lease obligations, less current maturities	<u>404,081</u>	<u>280,342</u>
Deferred rent, less current	<u>175,496</u>	<u>202,965</u>
Total liabilities	<u>4,559,691</u>	<u>3,321,441</u>
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$.001 par value; authorized 150,000,000 shares; issued and outstanding June 28, 2014 104,715,842 and December 28, 2013 104,524,738 shares	104,716	104,525
Additional paid-in capital	41,851,099	39,697,063
Accumulated deficit	(37,637,295)	(34,136,137)
Total stockholders' equity	<u>4,318,520</u>	<u>5,665,451</u>
Total liabilities and stockholders' equity	<u>\$ 8,878,211</u>	<u>\$ 8,986,892</u>

See Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)

**ChromaDex
Corporation and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
For the Three Month Periods Ended June 28, 2014 and June 29, 2013**

	<u>June 28, 2014</u>	<u>June 29, 2013</u>
Sales, net	\$ 3,856,154	\$ 2,706,896
Cost of sales	<u>2,457,388</u>	<u>1,746,158</u>
Gross profit	<u>1,398,766</u>	960,738
Operating expenses:		
Sales and marketing	571,548	631,559
General and administrative	<u>2,468,646</u>	<u>1,342,280</u>
Operating expenses	<u>3,040,194</u>	<u>1,973,839</u>
Operating loss	<u>(1,641,428)</u>	<u>(1,013,101)</u>
Nonoperating income (expense):		
Interest income	305	296
Interest expense	<u>(12,019)</u>	<u>(8,061)</u>
Nonoperating expenses	<u>(11,714)</u>	<u>(7,765)</u>
Net loss	<u>\$ (1,653,142)</u>	<u>\$ (1,020,866)</u>
Basic and Diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Basic and Diluted weighted average common shares outstanding	<u>106,185,584</u>	<u>99,833,963</u>

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 28, 2014 and June 29, 2013**

	<u>June 28, 2014</u>	<u>June 29, 2013</u>
Sales, net	\$ 6,930,292	\$ 5,041,462
Cost of sales	<u>4,546,518</u>	<u>3,407,884</u>
Gross profit	<u>2,383,774</u>	<u>1,633,578</u>
Operating expenses:		
Sales and marketing	1,036,115	1,360,983
General and administrative	4,806,309	2,702,181
Loss from investment in affiliate	<u>21,543</u>	<u>-</u>
Operating expenses	<u>5,863,967</u>	<u>4,063,164</u>
Operating loss	<u>(3,480,193)</u>	<u>(2,429,586)</u>
Nonoperating income (expense):		
Interest income	945	500
Interest expense	<u>(21,910)</u>	<u>(15,852)</u>
Nonoperating expenses	<u>(20,965)</u>	<u>(15,352)</u>
Net loss	<u>\$ (3,501,158)</u>	<u>\$ (2,444,938)</u>
Basic and Diluted loss per common share	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Basic and Diluted weighted average common shares outstanding	<u>106,130,972</u>	<u>97,230,043</u>

See Notes to Condensed Consolidated Financial Statements.

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Unaudited)
For the Six Month Period Ended June 28, 2014

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Stockholders'
			Capital		Equity
Balance, December 28, 2013	<u>104,524,738</u>	<u>\$ 104,525</u>	<u>\$ 39,697,063</u>	<u>\$ (34,136,137)</u>	<u>\$ 5,665,451</u>
Exercise of stock options	34,363	34	27,066	-	27,100
Share-based compensation	-	-	949,943	-	949,943
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,848,016)</u>	<u>(1,848,016)</u>
Balance, March 29, 2014	<u>104,559,101</u>	<u>\$ 104,559</u>	<u>\$ 40,674,072</u>	<u>\$ (35,984,153)</u>	<u>\$ 4,794,478</u>
Exercise of stock options	24,136	24	17,971	-	17,995
Share-based compensation	6,000	6	1,030,689	-	1,030,695
Stock issued to settle outstanding payable balance	126,605	127	128,367	-	128,494
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,653,142)</u>	<u>(1,653,142)</u>
Balance, June 28, 2014	<u>104,715,842</u>	<u>\$ 104,716</u>	<u>\$ 41,851,099</u>	<u>\$ (37,637,295)</u>	<u>\$ 4,318,520</u>

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 28, 2014 and June 29, 2013

	<u>June 28, 2014</u>	<u>June 29, 2013</u>
Cash Flows From Operating Activities		
Net loss	\$ (3,501,158)	\$ (2,444,938)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of leasehold improvements and equipment	106,832	134,325
Amortization of intangibles	15,713	10,621
Share-based compensation expense	2,036,269	728,349
Gain on exchange of equipment	(17,301)	-
Loss from investment in affiliate	21,543	-
Changes in operating assets and liabilities:		
Trade receivables	(1,282,368)	770,994
Other receivable	215,000	-
Inventories	(668,903)	(206,824)
Prepaid expenses and other assets	(96,032)	(51,010)
Accounts payable	1,445,848	(907,337)
Accrued expenses	81,701	(150,095)
Customer deposits and other	(282,774)	26,557
Deferred rent	(22,524)	3,298
Net cash used in operating activities	(1,948,154)	(2,086,060)
Cash Flows From Investing Activities		
Purchases of leasehold improvements and equipment	(23,370)	(39,011)
Purchase of intangible assets	(70,000)	(40,000)
Proceeds from sale of assets	-	750,000
Proceeds from sale of equipment	1,356	-
Proceeds from investment in affiliate	1,092,500	-
Net cash provided by investing activities	1,000,486	670,989
Cash Flows From Financing Activities		
Proceeds from exercise of stock options	45,095	131,769
Proceeds from exercise of warrants	-	1,638,748
Principal payments on capital leases	(78,136)	(48,815)
Net cash (used in) provided by financing activities	(33,041)	1,721,702
Net (decrease) increase in cash	(980,709)	306,631
Cash Beginning of Period	2,261,336	520,000
Cash Ending of Period	<u>\$ 1,280,627</u>	<u>\$ 826,631</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	\$ 21,910	\$ 15,852
Supplemental Schedule of Noncash Investing Activity		
Capital lease obligation incurred for purchases of equipment	\$ 222,629	\$ 171,851
Retirement of fully depreciated equipment	\$ 56,110	\$ -
Supplemental Schedule of Noncash Operating Activity		
Stock issued to settle outstanding payable balance	\$ 128,494	\$ -
Supplemental Schedule of Noncash Share-based Compensation		
Stock awards issued for services rendered in prior period	\$ -	\$ 14,560
Changes in prepaid expenses associated with share-based compensation	\$ 55,631	\$ 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 receivable	\$ -	\$ 2,157,804

See Notes to Condensed Consolidated Financial Statements.

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 28, 2014 and results of operations and cash flows for the three and six months ended June 28, 2014 and June 29, 2013. 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 28, 2013 appearing in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “Commission”) on March 27, 2014. Operating results for the six months ended June 28, 2014 are not necessarily indicative of the results to be achieved for the full year ending on January 3, 2015. 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 28, 2013 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. Nature of Business and Liquidity

Nature of business: The Company is a natural products company that discovers, acquires, develops and commercializes proprietary-based ingredient technologies through its business model that utilizes its wholly owned business units, including ingredient technologies, natural product fine chemicals (known as “phytochemicals”), chemistry and analytical testing services, and product regulatory and safety consulting (as Spherix Consulting). The Company provides science-based solutions to the nutritional supplement, food and beverage, animal health, cosmetic and pharmaceutical industries. The Company acquired Spherix Consulting, Inc. on December 3, 2012, which provides scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks.

Liquidity: The Company has incurred a loss from operations of approximately \$3,480,000 and a net loss of approximately \$3,501,000 for the six-month period ended June 28, 2014. As of June 28, 2014, cash totaled approximately \$1,281,000. 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 March, 2015. 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 expenses. The inability to raise additional financing may have a material adverse effect on the future performance of the Company.

Note 3. Significant Accounting Policies

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, and will end on January 3, 2015.

Changes in accounting estimate: During the six-month period ended June 28, 2014, the Company evaluated assumptions for estimating the fair value of the Company's stock options. The Company uses the Black-Scholes based option valuation model, which requires assumptions on (i) volatility, (ii) expected dividends, (iii) expected term and (iv) risk-free rate. While evaluating the assumptions on volatility, the Company determined that the historical volatility of the Company's common stock needs to be considered when estimating the expected volatility. Previously, the Company calculated expected volatility based on publicly held companies in similar industries and did not consider the historical volatility of the Company's common stock, as the historical measurement period that was available to compute the volatility rate of the Company's common stock was shorter than the expected life of the options.

For the stock options granted during the six-month period ended June 28, 2014, the Company calculated expected volatility rate based on the combined volatility of publicly held companies in similar industries and volatility of the Company's common stock. A 20-25% weight was assigned to the volatility of the Company's common stock as the historical volatility of the Company's common stock covers only the period since June 2008 in a thinly traded market. The weighted average expected volatility for the stock options granted during the six-month period ended June 28, 2014 using this revised calculation method was approximately 73%. The weighted average expected volatility would have been approximately 30%, if we calculated based on only publicly held companies in similar industries.

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. Labor and overhead has been added to inventory that was manufactured or characterized by the Company. The amounts of major classes of inventory as of June 28, 2014 and December 28, 2013 are as follows:

	June 28, 2014	December 28, 2013
Reference standards	\$ 1,707,272	\$ 1,769,160
Bulk ingredients	1,421,756	694,965
	3,129,028	2,464,125
Less valuation allowance	256,000	260,000
	\$ 2,873,028	\$ 2,204,125

Recent accounting standards: In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers: Topic 606 (ASU 2014-09), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 is effective for us in our first quarter of fiscal 2018 using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU 2014-09. We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements.

Note 4. Loss Per Share Applicable to Common Stockholders

The following table sets forth the computations of loss per share amounts applicable to common stockholders for the three and six months ended June 28, 2014 and June 29, 2013:

	Three Months Ended		Six Months Ended	
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Net loss	\$ (1,653,142)	\$ (1,020,866)	\$ (3,501,158)	\$ (2,444,938)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average common shares outstanding ⁽¹⁾ :	106,185,584	99,833,963	106,130,972	97,230,043
Potentially dilutive securities:				
Stock options ⁽²⁾	14,686,002	13,422,152	14,686,002	13,422,152
Warrants ⁽²⁾	-	939,047	-	939,047

(1) Includes 1,680,000 nonvested restricted stock as these restricted stock are participating securities and have voting and dividend rights.

(2) The impact of stock options and warrants on earnings per share is antidilutive in a period of loss.

Note 5. Investment in Affiliate

During the year ended December 28, 2013, the Company entered into an asset purchase and sale agreement with NeutriSci International Inc. (“NeutriSci”) and consummated the sale of BluScience consumer product line to NeutriSci. The Company is using the cost recovery method to account the sale transaction, which was estimated at approximately \$3,157,804. The consideration received consisted of following: (a) a \$1,000,000 cash payment; (b) a \$2,500,000 senior convertible secured note (convertible into 625,000 shares Series I Preferred Stock); and (c) 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 the date of the transaction.

The Company has previously applied the equity method of accounting due to a significant influence that it had obtained from the financial instruments noted above, and the carrying value, which includes the Senior Note, was reflected as long-term investment in affiliate in the Company’s consolidated balance sheet at the date of transaction. The initial carrying value of this investment recognized at the date of transaction 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. The 669,708 shares of Series I Preferred Shares and the senior convertible secured note were accounted for as one long-term investment in NeutriSci. 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.

Sale of Senior Secured Convertible Note

On December 30, 2013, the Company assigned the Senior Note to an unrelated third party for \$1,250,000. \$2,275,000 remained outstanding on the Senior Note at the date of the assignment. The Company also paid legal fees of \$7,500 out of the proceeds of the purchase price. The Company also agreed to transfer to the third party a number of shares of preferred stock of NeutriSci having a value of \$500,000 upon the earlier of (a) December 31, 2014; or (b) the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange. There is no recourse provision to the Company associated with the assignment of the note. In connection with the assignment of the note, the Company paid Palladium Capital Advisors, LLC (“Palladium”), a placement agent, a cash fee of \$150,000 and agreed to transfer to Palladium a number of shares of preferred stock of NeutriSci having a value of \$50,000 upon the consummation by NeutriSci of any action resulting in the shares of its common stock being listed on an exchange. The net proceeds received from the assignment of the Senior Note have been charged against the carrying value of the long-term investment in affiliate. As of June 28, 2014, the Company has not transferred preferred stock of NeutriSci to either the unrelated party or Palladium.

Subsequent to the consummation of the sale of BluScience consumer product line, NeutriSci has issued additional 950 shares of Series I Preferred Shares pursuant to anti-dilution provision. As of June 28, 2014, the Company holds a total of 670,658 shares of Series I Preferred Shares.

Loss of Significant Influence

As a result of the assignment of the Senior Note described above, the Company no longer has a significant influence on NeutriSci as of December 30, 2013. As a result, the Company has discontinued applying equity method of accounting and has applied cost method of accounting from December 30, 2013. The adjusted carrying amount as of December 30, 2013 became the new cost figure for the investment and no retrospective adjustments to the financial statements have been made.

The Company had elected to record equity method adjustments in losses on the investment in NeutriSci, with a three-month lag, as the financial information of NeutriSci was not available in a timely manner. The equity method adjustment for the previously unaccounted NeutriSci’s operations from October 1, 2013 to December 31, 2013 is recorded during the six-month period ended June 28, 2014, and is incorporated into the adjusted carrying amount of the investment.

[Table of Contents](#)

Sales, gross profit, net loss of NeutriSci for the three months ended December 31, 2013 and the changes in carrying value and the Company ownership percentage through December 30, 2013 are summarized as follows:

	December 31, 2013
Sales	\$ 60,575
Gross profit	33,619
Net loss	<u>\$ (435,208)</u>

Changes in Carrying Value and Ownership Percentage for ChromaDex Corporation

	Carrying Value	Ownership Percentage
At December 28, 2013	\$ 1,887,844	4.9%
Company's share of NeutriSci's loss for the three-month period ended December 31, 2013; previously not recognized due to a three-month lag	(21,543)	-
Proceeds from assignment of the Senior Note	<u>(1,092,500)</u>	<u>-</u>
At December 30, 2013	<u>\$ 773,801</u>	<u>4.9%</u>

Valuation assessment of Investment

As of June 28, 2014, the Company has determined that there is no other-than-temporary impairment of the carrying amounts of its investment in NeutriSci. The Company will continue to monitor NeutriSci's performance and evaluate if there are any such events or indicators to consider.

Note 6. Leasehold Improvements and Equipment

Leasehold improvements and equipment consisted of the following:

	June 28, 2014	December 28, 2013
Laboratory equipment	\$ 3,021,510	\$ 2,782,364
Leasehold improvements	495,240	491,125
Computer equipment	328,216	372,851
Furniture and fixtures	13,039	18,313
Office equipment	7,877	7,877
Construction in progress	<u>37,702</u>	<u>40,126</u>
	3,903,584	3,712,656
Less accumulated depreciation	<u>2,685,233</u>	<u>2,649,417</u>
	<u>\$ 1,218,351</u>	<u>\$ 1,063,239</u>

Depreciation expense on leasehold improvements and equipment included in the consolidated statement of operations for the six months ended June 28, 2014 and June 29, 2013 was approximately \$107,000 and \$134,000, respectively.

During the six months ended June 28, 2014, the Company disposed of approximately \$56,000 of fully depreciated equipment.

Note 7. Share-Based Compensation

7A. Employee Share-Based Compensation

Stock Option Plans

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 28, 2014.

Six Months Ended June 28, 2014

Expected volatility	72.82%
Expected dividends	0.00%
Expected term	5.7 years
Risk-free rate	1.85%

The weighted average fair value of options granted during the six months ended June 28, 2014 was \$0.91.

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 of approximately 3 to 5 years following grant date after a passage of a service period.

The following table summarizes service period based stock options activity at June 28, 2014 and changes during the six months then ended:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 28, 2013	12,113,655	\$ 1.06	7.43	
Options Granted	1,948,987	1.38	10.00	
Options Classification from Employee to Non-Employee	(113,151)	0.76		
Options Exercised	(58,499)	0.77		
Options Expired	(253,900)	1.00		
Options Forfeited	(111,541)	1.10		
Outstanding at June 28, 2014	<u>13,525,551</u>	<u>\$ 1.11</u>	<u>7.48</u>	<u>\$ 3,582,000</u>
Exercisable at June 28, 2014	<u>8,833,463</u>	<u>\$ 1.13</u>	<u>6.69</u>	<u>\$ 2,354,000</u>

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of \$1.30 on the last day of business for the period ended June 28, 2014.

As of June 28, 2014, there was approximately \$2,464,000 of total unrecognized compensation expense expected to be recognized over a weighted average period of 2.19 years.

Restricted Stock

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

The following table summarizes activity of restricted stock awards granted to employees at June 28, 2014 and changes during the six months then ended:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at December 28, 2013	500,000	\$ 0.69
Granted	1,090,000	1.41
Vested	-	-
Forfeited	-	-
Unvested shares at June 28, 2014	<u>1,590,000</u>	<u>\$ 1.18</u>
Expected to Vest as of June 28, 2014	<u>1,590,000</u>	<u>\$ 1.18</u>

On January 2, 2014, the Company awarded an aggregate of 1,090,000 shares of restricted stock to the Company's officers and members of the board of directors. These shares shall vest upon the earlier to occur of the following: (i) the market price of the Company's stock exceeds a certain price, or (ii) one of other certain triggering events, including the termination of the officers and members of the board of directors without cause for any reason. The fair values of these restricted stock awards were estimated at the date of award using the Company's stock price. The expense related the restricted stock award will be amortized over the period of six months through July 1, 2014, as the Company determined the requisite service period to be 6 months as that is when they are eligible to vest.

As of June 28, 2014, there was approximately \$25,000 of total unrecognized expense related to restricted stock awards granted. That cost is expected to be recognized by July 1, 2014.

Employee Option and Restricted Stock Compensation

The Company recognized compensation expense of approximately \$1,021,000 and \$1,970,000 in general and administrative expenses in the statement of operations for the three and six months ended June 28, 2014, respectively, and \$286,000 and \$573,000 for the three and six months ended June 29, 2013, respectively.

7B. Non-Employee Share-Based Compensation

Stock Option Plans

The following table summarizes activity of stock options granted to non-employees at June 28, 2014 and changes during the six months then ended:

		Weighted Average		
	Number of Shares	Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 28, 2013	847,300	\$ 1.44	5.74	
Options Granted	-	-		
Options Classification from Employee to Non-Employee	113,151	0.76		
Options Exercised	-	-		
Options Forfeited	-	-		
Outstanding at June 28, 2014	<u>960,451</u>	<u>\$ 1.36</u>	<u>5.58</u>	<u>\$ 109,000</u>
Exercisable at June 28, 2014	<u>960,451</u>	<u>\$ 1.36</u>	<u>5.58</u>	<u>\$ 109,000</u>

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of \$1.30 on the last day of business for the period ended June 28, 2014.

Restricted Stock

Restricted stock awards granted by the Company to non-employees generally have a time vesting condition tied to the respective service agreements. The restricted stock awards to non-employees are accounted for using the fair value approach. The fair value of vested non-employee restricted stock awards during the six months ended June 28, 2014 was approximately \$8,000, which represents the market value of the Company's common stock on the vesting date.

[Table of Contents](#)

The following table summarizes activity of restricted stock awards to non-employees at June 28, 2014 and changes during the six months then ended:

	Shares	Weighted Average Fair Value
Unvested shares at December 28, 2013	-	\$ -
Granted	96,000	1.30
Vested	(6,000)	1.30
Forfeited	-	-
Unvested shares expected to vest at June 28, 2014	<u>90,000</u>	<u>\$ 1.30</u>

As of June 28, 2014, there was approximately \$115,000 of total unrecognized compensation expense related to restricted stock awards to non-employees. That cost is expected to be recognized over a period of 3.7 years as of June 28, 2014.

Non-Employee Option and Restricted Stock Compensation

The Company recognized share-based compensation expense of approximately \$16,000 and \$66,000 in general and administrative expenses in the statement of operations for the three and six months ended June 28, 2014, respectively, and \$90,000 and \$155,000 for the three and six months ended June 29, 2013, respectively.

Note 8. Stock Issuance

On June 11, 2014, the Company issued 44,605 shares of common stock to a vendor to settle an outstanding payable balance of \$52,188.

On June 18, 2014, the Company issued 82,000 shares of common stock to a vendor to settle an outstanding payable balance of \$76,306 and prepayment of 6 months of \$3,000 per month monthly retainer fees through December, 2014.

Note 9. Business Segmentation

Since the year ended December 28, 2013, the Company has generated significant revenue from its ingredients operations and has made operational changes, including changes in the organizational structure to support the ingredients operations. As a result, on December 29, 2013, the Company began segregating its financial results for ingredients operations, and has following three reportable segments.

- Core standards, and contract services segment includes supply of phytochemical reference standards, which are small quantities of plant-based compounds typically used to research an array of potential attributes, reference materials, and related contract services.
- Ingredients segment develops and commercializes proprietary-based ingredient technologies and supplies these ingredients to the manufacturers of consumer products in various industries including the nutritional supplement, food and beverage and animal health industries.
- 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.

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.

[Table of Contents](#)

Three months ended June 28, 2014	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Net sales	\$ 1,856,950	\$ 1,721,872	\$ 277,332	\$ -	\$ 3,856,154
Cost of sales	1,295,530	1,043,538	118,320	-	2,457,388
Gross profit	561,420	678,334	159,012	-	1,398,766
Operating expenses:					
Sales and marketing	221,797	310,386	39,365	-	571,548
General and administrative	-	-	-	2,468,646	2,468,646
Loss from investment in affiliate	-	-	-	-	-
Operating expenses	221,797	310,386	39,365	2,468,646	3,040,194
Operating income (loss)	\$ 339,623	\$ 367,948	\$ 119,647	\$ (2,468,646)	\$ (1,641,428)
Three months ended June 29, 2013	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Net sales	\$ 1,830,197	\$ 674,175	\$ 202,524	\$ -	\$ 2,706,896
Cost of sales	1,200,670	413,743	131,745	-	1,746,158
Gross profit	629,527	260,432	70,779	-	960,738
Operating expenses:					
Sales and marketing	407,911	222,536	1,112	-	631,559
General and administrative	-	-	-	1,342,280	1,342,280
Operating expenses	407,911	222,536	1,112	1,342,280	1,973,839
Operating income (loss)	\$ 221,616	\$ 37,896	\$ 69,667	\$ (1,342,280)	\$ (1,013,101)
Six months ended June 28, 2014	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Net sales	\$ 3,592,833	\$ 2,858,181	\$ 479,278	\$ -	\$ 6,930,292
Cost of sales	2,489,165	1,761,715	295,638	-	4,546,518
Gross profit	1,103,668	1,096,466	183,640	-	2,383,774
Operating expenses:					
Sales and marketing	434,572	550,346	51,197	-	1,036,115
General and administrative	-	-	-	4,806,309	4,806,309
Loss from investment in affiliate	-	-	-	21,543	21,543
Operating expenses	434,572	550,346	51,197	4,827,852	5,863,967
Operating income (loss)	\$ 669,096	\$ 546,120	\$ 132,443	\$ (4,827,852)	\$ (3,480,193)

[Table of Contents](#)

Six months ended June 29, 2013	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Net sales	\$ 3,403,758	\$ 1,252,128	\$ 445,862	\$ (60,285)	\$ 5,041,462
Cost of sales	2,352,210	776,186	278,533	955	3,407,884
Gross profit (loss)	1,051,547	475,942	167,329	(61,240)	1,633,578
Operating expenses:					
Sales and marketing	792,854	434,370	2,600	131,159	1,360,983
General and administrative	-	-	-	2,702,181	2,702,181
Operating expenses	792,854	434,370	2,600	2,833,340	4,063,164
Operating income (loss)	\$ 258,693	\$ 41,572	\$ 164,729	\$ (2,894,580)	\$ (2,429,586)

At June 28, 2014	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Total assets	\$ 3,216,680	\$ 3,019,217	\$ 171,262	\$ 2,471,052	\$ 8,878,211

At December 28, 2013	Core Standards and Contract Services segment	Ingredients segment	Scientific and Regulatory Consulting segment	Other	Total
Total assets	\$ 2,952,270	\$ 1,083,856	\$ 139,765	\$ 4,811,001	\$ 8,986,892

Note 10. Commitments and Contingencies

Capitalized Lease Obligation

On March 30, 2014, the Company entered into a financing transaction to purchase laboratory equipment. Under the lease terms, the Company will make monthly future lease payments, including interest, of approximately \$5,000 for 60 months, for a total payment of approximately \$271,000. The Company has recorded a capital lease of approximately \$223,000. The equipment will be utilized in our core standards and contract services segment.

Employment Agreement with Troy Rhonemus

On March 6, 2014, the Company entered into an Employment Agreement (the “Rhonemus Agreement”) with Mr. Troy Rhonemus pursuant to which Mr. Rhonemus was appointed to serve as the Chief Operating Officer of the Company. The Rhonemus Agreement provides for a base salary of \$180,000, and provides for an annual cash bonus (based on performance targets) of up to 30% of his base salary (30% of this salary being the “Maximum Annual Bonus”), and provides for option grants of 250,000 shares of Common Stock. The option grants were awarded on February 21, 2014 at an exercise price of \$1.75 per share, which vest 33% one year from the date of grant with the remainder vesting in 24 equal monthly installments thereafter. Upon termination, Mr. Rhonemus will be entitled to any accrued but unpaid base salary and any accrued but unpaid welfare and retirement benefits up to the termination date. In addition, if Mr. Rhonemus leaves the Company for “Good Reason” (as defined in the Rhonemus Agreement), he will also be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary. In the event the Company terminates Mr. Rhonemus’ employment “without Cause,” Mr. Rhonemus will be entitled to severance equal to two weeks of base salary for each full year of service to a maximum of eight weeks of the base salary, or, if Mr. Rhonemus enters into a standard separation agreement, Mr. Rhonemus will receive continuation of base salary and health benefits, together with applicable fringe benefits as provided until the expiration of the term or renewal term then in effect, however, that in the case of medical and dental insurance, until the expiration of 12 months from the date of termination.

Legal Proceedings

The Company from time to time is involved in legal proceedings in the ordinary course of our business, which can include employment claims, product claims and patent infringements. We do not believe that any of these claims and proceedings against us as they arise are likely to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations.

During the six-month period ended June 28, 2014, the Company settled and paid approximately \$125,000 to a certain claimant. This payment was recognized in general and administrative expenses in the statements of operations for the six-month period ended June 28, 2014.

Note 11. Subsequent Events

On July 1, 2014, the Company awarded 65,000 shares of common stock with a deemed fair value of \$1.29 per share to a certain non-employee for services to be provided.

From June 29, 2014 through August 11, 2014, 17,751 of stock options with exercise prices of \$0.50 ~ \$0.945 per share have been exercised and the Company received proceeds of \$13,974.

**I
T
EM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

GENERAL

This Quarterly Report on Form 10-Q (the "Form 10-Q") 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 2014 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 28, 2013 and filed with the Commission on March 27, 2014 and in future reports the Company files with the Commission. Readers of this Form 10-Q 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.

Overview

We discover, acquire, develop and commercialize proprietary-based ingredient technologies through our business model which utilizes our wholly-owned synergistic business units. These units include the 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. 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. Through our subsidiary Spherix Consulting, Inc., we also provide scientific and regulatory consulting to the clients in the food, supplement and pharmaceutical industries to manage potential health and regulatory risks.

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 U.S. generally accepted accounting principles. 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.

[Table of Contents](#)

By curtailing certain expenditures, we anticipate that our current cash and cash generated from operations will be sufficient to meet our projected operating plans through March, 2015. We may, however, seek additional capital prior to March, 2015, both to meet our projected operating plans after March, 2015 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 those of our existing stockholders. 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 we may be unable to fulfill our customers' requirements. This may cause a loss of future revenue streams as well as require us to look for third party vendors to provide these services. These vendors may not be available, or charge fees that prevent us from pricing competitively within our markets.

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 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.

Results of Operations

We generated net sales of \$6,930,292 for the six-month period ended June 28, 2014 as compared to \$5,041,462 for the six-month period ended June 29, 2013. We incurred a net loss of \$3,501,158 for the six-month period ended June 28, 2014 as compared with a net loss of \$2,444,938 incurred for the six-month period ended June 29, 2013. This equated to a \$0.03 basic and diluted loss per share for the six-month period ended June 28, 2014 as compared with a \$0.03 basic and diluted loss per share for the six-month period ended June 29, 2013.

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.

Net Sales

Net sales consist of gross sales less discounts and returns. Net sales increased by 42% to \$3,856,154 for the three-month period ended June 28, 2014 as compared to \$2,706,896 for the three-month period ended June 29, 2013. The core standards and contract services segment generated net sales of \$1,856,950 for the three-month period ended June 28, 2014. This is an increase of 1%, compared to \$1,830,197 for three-month period ended June 29, 2013. The ingredients segment generated net sales of \$1,721,872 for the three-month period ended June 28, 2014. This is an increase of 155%, compared to \$674,175 for the three-month period ended June 29, 2013. This increase was largely due to the sales of our recently launched ingredients, "NIAGEN" and "PUREENERGY," which we hardly had any sales in the comparable period in 2013. The scientific and regulatory consulting segment generated net sales of \$277,332 for the three-month period ended June 28, 2014. This is an increase of 37%, compared to \$202,524 for the three-month period ended June 29, 2013. There were more consulting projects completed during the three-month period ended June 28, 2014 than during the comparable period in 2013.

For the six-month period ended June 28, 2014, net sales increased by 37% to \$6,930,292 as compared to \$5,041,462 for the six-month period ended June 29, 2013. The core standards and contract services segment generated net sales of \$3,592,833 for the six-month period ended June 28, 2014. This is an increase of 6%, compared to \$3,403,758 for the six-month period ended June 29, 2013. This increase was primarily due to increased sales of phytochemical references standards. The ingredients segment generated net sales of \$2,858,181 for the six-month period ended June 28, 2014. This is an increase of 128%, compared to \$1,252,128 for the six-month period ended June 29, 2013. The sales of our recently launched ingredients, "NIAGEN" and "PUREENERGY," were the main reason for this increase in sales. The scientific and regulatory consulting segment generated net sales of \$479,278 for the six-month period ended June 28, 2014. This is an increase of 7%, compared to \$445,862 for the six-month period ended June 29, 2013. There were more consulting projects completed during the six-month period ended June 28, 2014 than during the comparable period in 2013.

Cost of Sales

Cost of sales include raw materials, labor, overhead, and delivery costs. Cost of sales for the three-month period ended June 28, 2014 was \$2,457,388 as compared with \$1,746,158 for the three-month period ended June 29, 2013. As a percentage of net sales, this represented a 1% decrease for the three-month period ended June 28, 2014 compared to the three-month period ended June 29, 2013. The cost of sales as a percentage of net sales for the core standards and contract services segment for the three-month period ended June 28, 2014 was 70% compared to 66% for the three-month period ended June 29, 2013. This percentage increase in cost of sales is largely due to decreased sales in analytical testing and contract services area, which the sales decreased about 15% compared to the comparable period in 2013. Fixed labor costs make up the majority of costs for analytical testing and contract services and these fixed labor costs did not decrease in proportion to sales. The cost of sales as a percentage of net sales for the ingredients segment for the three-month period ended June 28, 2014 was 61%. This percentage was also 61% for the comparable period in 2013. The cost of sales as a percentage of net sales for the scientific and regulatory consulting segment for the three-month period ended June 28, 2014 was 43% compared to 65% for the three-month period ended June 29, 2013. The percentage decrease in cost of sales is largely due to increased sales as fixed labor costs make up the majority of costs for the consulting segment.

Cost of sales for the six-month period ended June 28, 2014 was \$4,546,518 versus \$3,407,884 for the six-month period ended June 29, 2013. As a percentage of net sales, this represented 2% decrease for the six-month period ended June 28, 2014 compared to the six-month period ended June 29, 2013. The cost of sales as a percentage of net sales for the core standards and contract services segment for the six-month period ended June 28, 2014 was 69%. This percentage was also 69% for the comparable period in 2013. The cost of sales as a percentage of net sales for the ingredients segment for the six-month period ended June 28, 2014 was 62%. This percentage was also 62% for the comparable period in 2013. The cost of sales as a percentage of net sales for the scientific and regulatory consulting segment for the six-month period ended June 28, 2014 was 62%, compared to 62% for the six-month period ended June 29, 2013. The cost of sales as a percentage of net sales for the six-month period ended June 28, 2014 did not change much compared to the comparable period in 2013 for each of the business segment, however, the cost of sales as a percentage of net sales decreased overall as our revenue mix changed with increased revenue from ingredients segment.

Gross Profit

Gross profit 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 to \$1,398,766 for the three-month period ended June 28, 2014 from \$960,738 for the three-month period ended June 29, 2013. For the core standards and contract services segment, our gross profit decreased 11% to \$561,420 for the three-month period ended June 28, 2014 from \$629,527 for the three-month period ended June 29, 2013. The decreased sale of analytical testing and contract services which resulted in a lower labor utilization rate as well as decreased fixed cost coverage was the main reason for the decrease in gross profit. For the ingredients segment, our gross profit increased to \$678,334 for the three-month period ended June 28, 2014 from \$260,432 for the three-month period ended June 29, 2013. The increased sales from the recently launched ingredients, "NIAGEN" and "PUREENERGY" was the main reason for the increase in gross profit. For the scientific and regulatory consulting segment, our gross profit increased 125% to \$159,012 for the three-month period ended June 28, 2014 from \$70,779 for the three-month period ended June 29, 2013. The increase in sales which resulted in a higher labor utilization rate was the reason for the increase in gross profit.

Our gross profit increased to \$2,383,774 for the six-month period ended June 28, 2014 from \$1,633,578 for the six-month period ended June 29, 2013. For the core standards and contract services segment, our gross profit increased 5% to \$1,103,668 for the six-month period ended June 28, 2014 from \$1,051,547 for the six-month period ended June 29, 2013. The increased sales was the primary reason for the increase in gross profit. For the ingredients segment, our gross profit increased to \$1,096,466 for the six-month period ended June 28, 2014 from \$475,942 for the six-month period ended June 29, 2013. The increased sales from the recently launched ingredients, "NIAGEN" and "PUREENERGY" was the main reason for the increase in gross profit. For the scientific and regulatory consulting segment, our gross profit increased 10% to \$183,640 for the six-month period ended June 28, 2014 from \$167,329 for the six-month period ended June 29, 2013. The increase in sales which resulted in a higher labor utilization rate was the reason for the increase in gross profit.

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 28, 2014 were \$571,548 as compared to \$631,559 for the three-month period ended June 29, 2013. For the core standards and contract services segment, sales and marketing expenses for the three-month period ended June 28, 2014 decreased to \$221,797 as compared to \$407,911 for the three-month period ended June 29, 2013. This decrease was largely due to operational changes in sales and marketing staff and a decrease in marketing and advertising spend. For the ingredients segment, sales and marketing expenses for the three-month period ended June 28, 2014 increased to \$310,386 as compared to \$222,536 for the three-month period ended June 29, 2013. The increase was largely due to increased marketing efforts for our line of proprietary ingredients. For the scientific and regulatory consulting segment, sales and marketing expenses for the three-month period ended June 28, 2014 were \$39,365, compared to \$1,112 for the three-month period ended June 29, 2013.

Sales and marketing expenses for the six-month period ended June 28, 2014 were \$1,036,115 as compared to \$1,360,983 for the six-month period ended June 29, 2013. For the core standards and contract services segment, sales and marketing expenses for the six-month period ended June 28, 2014 decreased to \$434,572 as compared to \$792,854 for the six-month period ended June 29, 2013. This decrease was largely due to operational changes in sales and marketing staff and a decrease in marketing and advertising spend. For the ingredients segment, sales and marketing expenses for the six-month period ended June 29, 2013 increased to \$550,346 as compared to \$434,370 for the six-month period ended June 29, 2013. The increase was largely due to increased marketing efforts for our line of proprietary ingredients. For the scientific and regulatory consulting segment, sales and marketing expenses for the six-month period ended June 28, 2014 were \$51,197, compared to \$2,600 for the six-month period ended June 29, 2013. Lastly, we incurred \$131,159 in sales and marketing expenses for our BluScience product line during the six-month period ended June 29, 2013. We did not have such expenses for the comparable period in 2014 as we sold the BluScience product line on March 28, 2013.

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 28, 2014 were \$2,468,646 and \$4,806,309 compared to \$1,342,280 and \$2,702,181 for the three- and six-month periods ended June 29, 2013. One of the factors that contributed to this increase is an increase in share-based compensation. For the three- and six-month periods ended June 28, 2014, our share-based compensation increased to \$1,036,608 and \$2,036,269, respectively, compared to \$376,759 and \$728,349 for the comparable periods in 2013. During the three- and six-month periods ended June 28, 2014, the Company recognized expenses for the 1,090,000 shares of restricted stock granted to the Company's officers and members of the board of directors, which resulted in the increase in share-based compensation expense. Another factor that contributed to the increase in general and administrative expenses is an increase in research and development expenses for our line of proprietary ingredients. Our research and development expenses increased to \$122,865 and \$207,653 for the three- and six-month periods ended June 28, 2014, as compared to \$29,505 and \$36,855 for the three- and six-month periods ended June 29, 2013. Lastly, there was one-time expense of \$125,000 during the three-month period ended June 28, 2014, which we have paid as a settlement fee to a certain claimant.

Non-operating income- Interest Income

Interest income consists of interest earned on money market accounts. Interest income for the three- and six-month periods ended June 28, 2014 was \$305 and \$945 as compared to \$296 and \$500 for the three- and six-month periods ended June 29, 2013.

Non-operating Expenses- Interest Expense

Interest expense consists of interest on capital leases. Interest expense for the three- and six-month periods ended June 28, 2014 was \$12,019 and \$21,910 as compared to \$8,061 and \$15,852 for the three- and six-month periods ended June 29, 2013. Interest expense increased as we entered into a new capital lease of approximately \$223,000 on March 30, 2014.

Depreciation and Amortization

Depreciation expense for the six-month period ended June 28, 2014, was approximately \$106,832 as compared to \$134,325 for the six-month period ended June 29, 2013. 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 28, 2014, was approximately \$15,713 as compared to \$10,621 for the six-month period ended June 29, 2013. We amortize intangible assets using a straight-line method over 10 years.

Liquidity and Capital Resources

From inception and through June 28, 2014, we have incurred aggregate losses of approximately \$38 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.

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 and service expansion and curtail certain selling, general and administrative expenses. Any inability to raise additional financing would have a material adverse effect on us.

While we anticipate that our current levels of capital, along with curtailment of certain expenses, will be sufficient to meet our projected operating plans through March, 2015, we may seek additional capital prior to March, 2015, both to meet our projected operating plans through and after March, 2015 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 March, 2015, 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 28, 2014 was approximately \$1,948,000 as compared to approximately \$2,086,000 for the six months ended June 29, 2013. Along with the net loss, an increase in trade receivables and inventories were the largest uses of cash during the six months ended June 28, 2014. Net cash used in operating activities for the six months ended June 29, 2013 largely reflects a decrease in accounts payable 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 investing activities

Net cash provided by investing activities was approximately \$1,000,000 for the six months ended June 28, 2014, compared to approximately \$671,000 for the six months ended June 29, 2013. Net cash provided by investing activities for the six months ended June 28, 2014 mainly consisted of proceeds from the assignment of the Senior Note issued by NeutriSci to an unrelated third party. NeutriSci originally issued the Senior Note to the Company as a part of the consideration for the purchase of the BluScience product line. Net cash provided by investing activities for the six months ended June 29, 2013 mainly consisted of cash consideration received from NeutriSci from the sale of BluScience product line.

Net cash (used in) provided by financing activities

Net cash used in financing activities was approximately \$33,000 for the six months ended June 28, 2014, compared to approximately \$1,722,000 provided by for the six months ended June 29, 2013. Net cash used in financing activities for the six months ended June 28, 2014 mainly consisted of principal payments on capital leases. Net cash provided by financing activities for the six months ended June 29, 2013 mainly consisted of proceeds from exercise of warrants.

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 28, 2014, 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 28, 2013 and filed with the Commission on March 27, 2014.

**ITE
M**

3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable

**I
TE**

M 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 effective as of June 28, 2014.

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.

P
ART
II - OTHER INFORMATION

ITE
M
1. LEGAL PROCEEDINGS

We are not involved in any legal proceedings which management believes may have a material adverse effect on our business, financial condition, operations, cash flows, or prospects. The Company from time to time is involved in legal proceedings in the ordinary course of our business, which can include employment claims, product claim, patent infringement, etc. We do not believe that any of these claims and proceedings against us as they arise are likely to have, individually or in the aggregate, a material adverse effect on our financial condition or results of operations.

IT
EM
2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On June 11, 2014, we issued 44,605 shares of common stock to a vendor to settle an outstanding payable balance of \$52,188.

On June 18, 2014, we issued unregistered securities as set forth below:

- 82,000 shares of common stock to a vendor in full satisfaction of \$76,306 in outstanding fees and prepayment of 6 months of \$3,000 per month monthly retainer fees
- 96,000 shares of common stock to a vendor, of which 90,000 remain unvested as of June 28, 2014
- options to purchase 350,000 shares of common stock at an exercise price of \$1.25 per share to executive officers, which vest 25% one year from the date of grant with the remainder vesting in 36 equal monthly installments thereafter
- options to purchase 615,000 shares of common stock at an exercise price of \$1.25 per share to directors that shall vest in 12 equal monthly installments from the date of grant

I
TE
M 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITE
M
4. MINE SAFETY DISCLOSURES

Not applicable.

ITE
M
5. OTHER INFORMATION

None.

ITEM
6
. EXHIBITS

<u>Exhibit No.</u>	<u>Description of Exhibits</u>
10.1	Exclusive License Agreement, effective as of May 16, 2014 between Dartmouth College and ChromaDex, Inc. ⁽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) A redacted version of this Exhibit is filed herewith. An un-redacted version of this Exhibit has been separately filed with the Commission pursuant to an application for confidential treatment. The confidential portions of the Exhibit have been omitted and are marked by an asterisk.

[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: August 12, 2014

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

CHROMADEX, INC. - DARTMOUTH EXCLUSIVE LICENSE AGREEMENT

This Agreement, effective this 16th day of May 2014, between

TRUSTEES OF DARTMOUTH COLLEGE, a non-profit educational and research institution existing under the laws of the State of New Hampshire, and being located at Hanover, New Hampshire 03755, hereinafter called **Dartmouth**,

and

CHROMADEX, INC., a corporation of the State of California, with a principal place of business at 10005 Muirlands Blvd., Suite G, Irvine, California 92618; hereinafter called **Company**.

WHEREAS, Dartmouth, under the direction of principal investigator Charles Brenner, Ph.D. has developed Nicotinamide Riboside Assay System and its uses; and

WHEREAS, Dartmouth represents that it has the right to grant licenses granted in this Agreement; and

WHEREAS, Company wishes to obtain a license under the terms and conditions hereinafter set forth, and to use its expertise and resources to manufacture and market the technology;

NOW THEREFORE, in consideration of the premises and the faithful performance of the covenants herein contained, IT IS AGREED:

ARTICLE I. Definitions

Section 1.01 Dartmouth Patent Rights. "Dartmouth Patent Rights" shall mean United States Patent Nos. 8,197,807, 8,114,626 and 8,383,086, Australian Patent No. 2006238858, Canadian Patent Application Serial No. 2,609,633 filed October 4, 2006, and any Foreign Patents issuing therefrom, and any reissues, reexaminations or extensions thereof. Dartmouth shall be the assignee and owner of all such Patents and Patent Applications.

Section 1.02 Licensed Products. "Licensed Products" shall mean any products or processes covered by or made, in whole or in part in a given territory, by the use of Dartmouth Patent Rights.

Section 1.03 Field. The "Field" of this Agreement shall mean human and animal therapeutics.

Section 1.04 Territory. The "Territory" shall mean worldwide.

Section 1.05 Subsidiary. "Subsidiary" shall mean a legal entity at least 50% of the voting stock of which is owned directly or indirectly by Company.

Section 1.06 Agreement. "Agreement" shall mean this License Agreement.

Section 1.07 Net Sales. "Net Sales" shall mean the total amount invoiced by the Company, and/or its subsidiaries and sublicensees in connection with sales of the Licensed Products to any person or entity that is not a subsidiary or a sublicensee of the Company pursuant to this Agreement, after the deduction of all the following to the extent applicable to such sales;

- (a) all trade, case and quantity credits, discounts, refunds or rebates;
- (b) allowances or credits for returns;

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

- (c) sales taxes (including value-added, use and other similar taxes);
- (d) import and export duties actually paid; and
- (e) outbound freight, transport, and transit insurance charges actually paid or allowed.

Section 1.08 Effective Date. "Effective Date" shall mean the date first written above and shall be the Effective Date of this Agreement.

Section 1.10 Calendar Quarter. "Calendar Quarter" shall mean the three months periods ending on March 31, June 30, September 30 and December 31 of each year.

ARTICLE II. Grant

Section 2.01 License Grant. Dartmouth hereby grants to Company and its Subsidiaries an exclusive, royalty-bearing license under Dartmouth Patent Rights to make, have made, use, and/or sell Licensed Products in the Field in the Territory subject to any rights which may be required to be granted to the Government of the United States of America pursuant to 35 U.S.C. §§200-211. Notwithstanding the foregoing, Dartmouth expressly reserves a non-transferable royalty-free right to use the Dartmouth Patent Rights in the Field by its faculty, staff and researchers, for educational and research purposes only. Company agrees during the period of exclusivity of this license in the United States that any Licensed Product produced for sale in the United States will be manufactured substantially in the United States to the extent it is commercially reasonable.

Section 2.02 Sublicenses. Company shall have the right to grant sublicenses to third parties under Dartmouth Patent Rights to make, have made, use and sell the Licensed Products provided that such sublicenses shall be in writing and expressly subject to the terms of this Agreement. Company agrees to use reasonable commercial efforts to ensure the performance hereunder by its sublicensees. Dartmouth shall receive copies of all sublicense agreements. Upon termination of this Agreement, any such sublicenses will revert directly to Dartmouth and any and all sublicense agreements shall survive termination of this Agreement and remain in full force and effect.

Section 2.03 Patents. Dartmouth shall control all future preparation, filing, prosecution and maintenance of Dartmouth Patent Rights however Dartmouth shall consult with the Company on all matters pertaining to such preparation, filing, prosecution and maintenance of Dartmouth Patent Rights and Dartmouth agrees that the Company's input shall be reasonably considered. Dartmouth shall invoice and Company shall reimburse Dartmouth for all verifiable expenses in connection with these activities. Late payments shall be subject to an interest charge of one and one half percent (1 1/2%) per month. If Company chooses to discontinue prosecution or maintenance of any United States Patent or Patent Application, which is a subject of Dartmouth Patent Rights, it will so inform Dartmouth within a reasonable time before implementation of such decision. Dartmouth then shall have the right to prosecute or maintain such Patent or Patent Application on its own and at its own expense, in which case license to Company under such Patent or Patent Application will terminate. If Dartmouth chooses to discontinue prosecution or maintenance of any United States Patent or Patent Application, which is a subject of Dartmouth Patent Rights licensed hereby to the Company prior to expiration or termination of this Agreement, it will so inform COMPANY within a reasonable time before implementation of such decision. COMPANY then shall have the right to prosecute or maintain such Patent or Patent Application on its own and at its own expense, in which case the rights to the Patent and Patent applications shall be transferred to the Company, pending US Government and third parties rights, and Dartmouth shall execute and deliver to the Company or to a third party designated by the Company any and all documents necessary to effect said transfer. Said transfer of rights shall be effectuated only so long as termination is not due to Company's breach of the Agreement, bankruptcy or any wrongful action on Company's part.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

If COMPANY decides not to support maintaining foreign applications, Dartmouth reserves the right to file or maintain such applications on its own, in which case the license to COMPANY in the particular territory will terminate. If Dartmouth chooses to discontinue prosecution or maintenance of foreign patent application, which is a subject of Dartmouth Patent Rights licensed hereby to the Company prior to expiration or termination of this Agreement, it will so inform COMPANY within a reasonable time before implementation of such decision. COMPANY then shall have the right to prosecute or maintain such foreign patent or patent application on its own and at its own expense, in which case the rights to the foreign patent and patent applications shall be transferred to the Company, pending US Government and third parties rights, and Dartmouth shall execute and deliver to the Company or to a third party designated by the Company any and all documents necessary to effect said transfer. Said transfer of rights shall be effectuated only so long as termination is not due to Company's breach of the Agreement, bankruptcy or any wrongful action on Company's part.

ARTICLE III.

Confidentiality and Representations

Section 3.01 Mutual Confidentiality. Company and Dartmouth realize that some information received by one party from the other pursuant to this Agreement shall be confidential. It is therefore agreed that any information received by one party from the other, and clearly designated in writing as "CONFIDENTIAL" at the time of transfer, shall not be disclosed by either party to any third party and shall not be used by either party for purposes other than those contemplated by this Agreement for a period of three (3) years from the termination of the Agreement, unless or until --

(a) said information shall become known to third parties not under any obligation of confidentiality to the disclosing party, or shall become publicly known through no fault of the receiving party, or

(b) said information was already in the receiving party's possession prior to the disclosure of said information to the receiving party, except in cases when the information has been covered by a preexisting Confidentiality Agreement, or

(c) said information shall be subsequently disclosed to the receiving party by a third party not under any obligation of confidentiality to the disclosing party, or

(d) said information is approved for disclosure by prior written consent of the disclosing party, or

(e) said information is required to be disclosed by court order or governmental law or regulation, provided that the receiving party, gives the disclosing party prompt notice of any such requirement and cooperates with the disclosing party in attempting to limit such disclosure.

Section 3.02 Corporate Action. Dartmouth and Company each represent and warrant to the other party that they have full power and authority to enter into this Agreement and carry out the transactions contemplated hereby, and that all necessary corporate action had been duly taken in this regard.¹

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

ARTICLE IV. Due Diligence

Section 4.01 Milestones. Company has represented to Dartmouth, to induce Dartmouth to issue this license, that it will commit itself to a diligent program of exploiting the Licensed Products so that public utilization will result therefrom. As evidence thereof, Company shall adhere to the following milestones timeline from the Effective Date:

[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

Achievement of the above milestones shall be accompanied by the following non-creditable, non-refundable payments from the Company to Dartmouth:

[*]	\$[*]
[*]	\$[*]
[*]	\$[*]
[*]	\$[*]
[*]	\$[*]
[*]	\$[*]

It is acknowledged that if the milestones are not accomplished by the dates specified in this Section 4.01, the licenses shall terminate unless payments in the above amounts are made to Dartmouth within thirty (30) days of the specified dates in accordance with Section 9.02.

ARTICLE V. Payments, Records and Reports

Section 5.01 Payments. For the rights and privileges granted under this license, Company shall pay to Dartmouth

(a) an earned royalty of [*]% based on the value of Net Sales of the Licensed Products by the Company In the event that a Licensed Product is sold in a finished dosage form in combination with one or more other active ingredients or other components (a "Combination Product"), the Net Sales, for the purpose of determining royalty payments for the Combination Product, shall be determined by multiplying the Net Sales (as defined herein) of the Combination Product by the fraction $A/(A+B)$, where A is gross selling price in a particular country of the Licensed Product when sold separately in finished form and B is the gross selling price in that country of the other product(s) sold separately in finished form. In the event that the gross selling price cannot be separately determined for both the Licensed Product and the other product(s) in such Combination Product, Net Sales for purposes of determining royalty payments for such Combination Product shall be agreed by both Parties in writing based on the relative value contributed by each component, and such agreement shall not be unreasonably withheld.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

If the Company is required to enter into an agreement with a third party to make, use or sell a Licensed Product, and such agreement requires that the Company pay royalties to such third party, the royalty set forth in this section shall be multiplied by the "Royalty Rate Adjustment" which is calculated as follows: the Royalty Rate Adjustment equals the fraction $A\% / (A\%+B\%)$, where "A%" equals the unadjusted percentage of Net Sales payable to Dartmouth and "B%" equals the unadjusted total percentage of net sales payable as royalties to such third parties.

Notwithstanding the foregoing, under no circumstances shall the royalty payable to Dartmouth be less than [%] of the unadjusted royalty rate of [%]; and

(b) a non-refundable, non-creditable, one-time license access fee of \$[*] due upon execution of this Agreement; and

(c) non-refundable, non-creditable annual license maintenance fees, as follows:

\$[*] due upon [%] of the Effective Date
\$[*] due upon [%] of the Effective Date
\$[*] on [%]; and

(d) Company shall pay the following percentages of any consideration received from each sublicense (e.g., license issue fees, license maintenance fees, lump sum payments in lieu of royalty payments, stocks, earned royalty on sublicensee's sales, etc.) received from each sublicensee of Company for the grant of a sublicense determined by the date of the sublicense and payable upon Company's receipt of the consideration thereof:

[*]	[*]%
[*]	[*]%
[*]	[*]%
[*]	[*]%
[*]	[*]%

If the Company is required to enter into an agreement with a third party to make, use or sell a Licensed Product, and such agreement requires that the Company pay a share of sublicense income to such third party, the percentages set forth in this section shall be multiplied by the "Sublicense Share Adjustment" which is calculated as follows: the Sublicense Share Adjustment equals the fraction $A\% / (A\%+B\%)$, where "A%" equals the unadjusted percentage of sublicense income payable to Dartmouth, per the above schedule, and "B%" equals the unadjusted total percentage of sublicense income payable to such third parties. Notwithstanding the foregoing, under no circumstances shall the sublicense share payable to Dartmouth be less than [%] of the unadjusted share, and the Dartmouth earned royalty on the sale of Licensed Product by a sublicensee shall not be less than [%] of the Net Sales .

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section 5.02 Reports.² Company shall render to Dartmouth:

(a) within forty five (45) days after the end of each Calendar Quarter a written account of all quantities of Licensed Products subject to royalty hereunder sold by Company, any Subsidiary, and any sublicensee during such Calendar Quarter, the calculation of royalty thereon, and sufficient data for Dartmouth to verify the calculation, including gross sales and allowable deductions to derive to Net Sales figures, and shall simultaneously pay in United States dollars to Dartmouth the royalty due with respect to such sales. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the United States on the date of royalty payments by Company. Such report shall be certified as correct by an officer of Company. If no Licensed Products subject to royalty hereunder have been sold by Company, its Subsidiaries and its sublicensees during any such quarter, Company shall so report in writing to Dartmouth within forty five (45) days after the end of said quarter. Late payments shall be subject to an interest charge of one and one half percent (1 1/2%) per month.

(b) within sixty (60) days after the close of each License Year written annual reports which shall include but not limited to: reports of progress on research and development, regulatory approvals, manufacturing, sublicensing, marketing and sales during preceding twelve (12) months as well as plans for coming year. Company shall also provide any reasonable additional data Dartmouth requires to evaluate Company's performance.

(c) within thirty (30) days of occurrence report of the date of first sale of Licensed Products in each country.

Section 5.03 Books of Accounts. Company, its Subsidiaries and sublicensees shall keep full, true and accurate books of accounts and other records containing all particulars which may be necessary for the purpose of ascertaining and verifying the royalties payable to Dartmouth by Company hereunder. Upon Dartmouth's request, Company, its Subsidiaries and sublicensees shall permit an independent Certified Accountant selected by Dartmouth (except one to whom Company has some reasonable objection), to have access (no more than once annually) during ordinary business hours and upon reasonable notice to such records of Company, its Subsidiaries and sublicensees as may be necessary to determine, for any quarter ending not more than three (3) years prior to the date of such request, the correctness of any report and/or payment made under this Agreement. In the event that any such inspection shows an underreporting and underpayment in excess of five percent (5%) for any twelve (12) month period, then Company shall pay the cost of such examination.

ARTICLE VI. Technical Assistance and Commercial Development

Section 6.01 Technical Assistance. Throughout the term of the Agreement, Dartmouth agrees to permit Company and its designees to consult with its employees and agents regarding developments and enhancements made subsequent to the Effective Date relating to the Licensed Products, at such times and places as may be mutually agreed upon; provided that Company agrees to make suitable arrangements with, and to compensate the Dartmouth employees and agents for such consultation.

Section 6.02 Commercial Development. During the term of this Agreement, Company agrees to use commercially reasonable efforts to effectively manufacture and market Licensed Products. Such efforts will include sublicensing, development of promotional literature, mailings, and journal advertisements.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section 6.03 Name. Except as may be required by law, judicial process or the rules and regulations of any governmental or governing body, the Company shall not use and shall not permit to be used by any other person or entity the name of Dartmouth nor any adaptation thereof, or the name of Dartmouth's employees, in any advertising, promotional or sales literature, or for any other purpose without prior written permission of Dartmouth, such permission not to be unreasonably withheld, except that Company may state that it is licensed by Dartmouth under Dartmouth Patent Rights and that Company may refer to publications by Dartmouth personnel which relate to the Dartmouth Patent Rights.

ARTICLE VII. Indemnity, Insurance, Disclaimers

Section 7.01 Indemnity. Company shall defend and indemnify and hold Dartmouth and its trustees, officers, agents and employees (the "Indemnitees") harmless from any judgements and other liabilities based upon claims or causes of action against Dartmouth or its employees which arise out of alleged negligence in the development, manufacture or sale of Licensed Products by Company, its Subsidiaries, and sublicensees, or from the use by the end users of Licensed Products, except to the extent that such judgements or liabilities arise in whole or in part from the gross negligence, bad faith or willful misconduct of Dartmouth or its employees, provided that Dartmouth promptly notifies Company of any such claim coming to its attention and that it cooperates with Company in the defense of such claim. If any such claims or causes of action are made, Dartmouth shall be defended by counsel to Company, subject to Dartmouth's approval, which shall not be unreasonably withheld or delayed. Dartmouth reserves the right to be represented by its own counsel at its own expense.

Section 7.02 Insurance. At such time as any product, process, service relating to, or developed pursuant to, this Agreement is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by Company or by a sublicensee, Subsidiary or agent of Company, Company shall at its sole cost and expense, procure and maintain comprehensive general liability insurance in amounts not less than \$2,000,000 per incident and naming the Indemnitees as additional insureds. Such comprehensive general liability insurance shall provide (i) product liability coverage and (ii) broad form contractual liability coverage for Company's indemnification under this Agreement. If Company elects to self-insure all or part of the limits described above (including deductibles or retentions which are in excess of \$250,000 annual aggregate) such self-insurance program must be acceptable to Dartmouth and Dartmouth Risk Manager. Such insurance will be considered primary as to any other valid and collectible insurance, but only as to acts of the named insured. The minimum amounts of insurance coverage required shall not be construed to create a limit of Company's liability with respect to its indemnification under this Agreement.

Company shall provide Dartmouth with written evidence of such insurance upon request of Dartmouth. Company shall provide Dartmouth with written notice at least fifteen (15) days prior to the cancellation, non-renewal or material change in such insurance; if Company does not obtain replacement insurance providing comparable coverage within such fifteen (15) day period, Dartmouth shall have the right to terminate this Agreement effective at the end of such fifteen (15) day period without notice or any additional waiting periods.

Company shall maintain such comprehensive general liability insurance beyond the expiration or termination of this Agreement during (i) the period that any product, process, or service, relating to, or developed pursuant to, this Agreement is being commercially distributed or sold by Company or by a sublicensee, Subsidiary or agent of Company and (ii) a reasonable period after the period referred to in (i) above which in no event shall be less than fifteen (15) years.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section 7.03 Disclaimer. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation by Dartmouth as to the validity or scope of any Patent Rights;

(b) a warranty or representation that any Licensed Products manufactured, used or sold will be free from infringement of patents, copyrights, or rights of third parties, except that Dartmouth represents that it has no knowledge of any existing issued patents or copyrights which might be infringed;

(c) except as provided in Section 7.01, an agreement to defend against actions or suits of any nature brought by any third parties.

DARTMOUTH MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF LICENSED PRODUCTS

ARTICLE VIII. Infringement Matters

Section 8.01 Infringement by Third Parties. Company shall give Dartmouth prompt notice of any incident of infringement of Dartmouth Patent Rights coming to its attention. The parties shall thereupon confer together as to what steps are to be taken to stop or prevent such infringement. Company shall be entitled to commence proceedings in its own name against the infringer, in which event Company shall be responsible for all legal costs incurred, without recourse to Dartmouth, however Dartmouth agrees to appear as a party in any such proceedings if requested by COMPANY and such request is not unreasonably burdensome on Dartmouth. Company also agrees to reimburse Dartmouth for out of pocket costs spent in connection with said request. Financial recoveries from any such litigation will first be applied to reimburse Company for its litigation expenditures and percentages in accordance with Sections 5.01(a) and/or (d), whichever is applicable, of additional recoveries will be paid to Dartmouth. If Company chooses not to commence litigation within ninety (90) days from the date the parties confer regarding the infringement, Dartmouth may commence proceedings against the infringer, in which case Dartmouth shall be responsible for any legal costs incurred and will be entitled to retain any damages recovered. In any action to enforce Dartmouth Patent Rights, either party, at the request and expense of the other party shall cooperate to the fullest extent reasonably possible. Company may not settle any infringement action in any way detrimental to Dartmouth Patent Rights without the expressed written consent of Dartmouth.

ARTICLE IX. Duration and Termination

Section 9.01 Term. This Agreement shall become effective upon the date first written above, and unless sooner terminated in accordance with any of the provisions herein, shall remain in full force during the life of the last to expire patents under Dartmouth Patent Rights contemplated by this agreement in the last to expire territory. Upon the termination of the Agreement Company shall have the right to sell the remainder of the Licensed Product on hand, provided the sales will be subject to the royalty payments of this Agreement.

Section 9.02 Termination - Breach. In the event that either party defaults or breaches any of the provisions of this Agreement, the other party shall have the right to terminate this Agreement by giving written notice to the defaulting party, provided, however, that if the said defaulting party cures said default within thirty (30) days after said notice shall have been given, this Agreement shall continue in full force and effect. If said default is the subject to a dispute, the parties shall abide by Section 10.05. The failure on the part of either of the parties hereto to exercise or enforce any right conferred upon it hereunder shall not be deemed to be a waiver of any such right nor operate to bar the exercise or enforcement thereof at any time or times thereafter.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section 9.03 Termination at Will. Company shall have the right to terminate this Agreement by giving three (3) months advance written notice to Dartmouth to that effect and paying a termination fee of \$[*]. Upon termination, a final report shall be submitted and royalty and other payments due under Article V, as well as unreimbursed patent expenses per Section 2.03 due Dartmouth become immediately payable.

Upon receipt of the termination notice, Dartmouth shall be free to start negotiations with a third party for the rights granted herein.³

Section 9.04 Insolvency. In the event that Company shall become insolvent, shall make and assignment for the benefit of creditors, or shall file a petition for bankruptcy, the Agreement shall terminate.

Section 9.05 Prior Obligations and Survivability. Termination of this Agreement for any reason shall not release either party from any obligation theretofore accrued. Sections 3.01, 5.01 – 5.03, 7.01 – 7.03, 9.03, 10.01 – 10.09 shall survive the termination of this Agreement.

ARTICLE X. Miscellaneous

Section 10.01 Governing Law. This Agreement shall be construed, governed, interpreted and enforced according to the laws of the State of New York.

Section 10.02 Notices. Any notice or communication required or permitted to be given by either party hereunder, shall be deemed sufficiently given, if mailed by certified mail, return receipt requested, and addressed to the party to whom notice is given as follows:

If to Company, to:
Frank Jaksch, CEO
ChromaDex, Inc.
10005 Muirlands Blvd Suite G
Irvine, CA 92618

If to Dartmouth, to:
Alla Kan
Director
Technology Transfer Office
Dartmouth College
11 Rope Ferry Road
Hanover, NH 03755

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Section 10.03. Assignment. Neither party shall assign or transfer this Agreement without the express prior written consent of the other. For purposes of this Agreement, an assignment or transfer of this Agreement by Company shall be deemed to occur in connection with (a) an express assignment or transfer or (b) a general assignment for the benefit of creditors or in connection with any bankruptcy or other debtor relief law. This section will not be deemed to prohibit an assignment or transfer of this Agreement in connection to a merger or consolidation to which Company is a party (regardless of whether Company is the surviving corporation) or to any other transaction pursuant to which a change would occur in the "ultimate parent entity" of Company, applying the rules in effect from time to time under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Section 10.04 Entire Agreement. This Agreement represents the entire Agreement between the parties as of the effective date hereof, and may only be subsequently altered or modified by an instrument in writing. This agreement cancels and supersedes any and all prior oral or written agreements between the parties which relate to the subject matter of this Agreement.

Section 10.05 Mediation and Arbitration. Both parties agree that they shall attempt to resolve any dispute arising from this Agreement through mediation. Both parties agree that at least one employee, capable of negotiating an agreement on behalf of his employer, shall, within three weeks of receipt of written notification of a dispute, meet with at least one employee of the other party who is also capable of negotiating an agreement on behalf of his employer. If no agreement can be reached, both parties agree to meet again within a four week period after the initial meeting to negotiate in good faith to resolve the dispute. If no agreement can be reached after this second meeting, both parties agree to submit the dispute to binding arbitration under the Rules of the American Arbitration Association before a single arbitrator.

Section 10.06 Waiver. A failure by one of the parties to this Agreement to assert its rights for or upon any breach or default of this Agreement shall not be deemed a waiver of such rights nor shall any such waiver be implied from acceptance of any payment. No such failure or waiver in writing by any one of the parties hereto with respect to any rights, shall extend to or affect any subsequent breach or impair any right consequent thereon.

Section 10.07 Severability. The parties agree that it is the intention of neither party to violate any public policy, statutory or common laws, and governmental or supranational regulations; that if any sentence, paragraph, clause or combination of the same is in violation of any applicable law or regulation, or is unenforceable or void for any reason whatsoever, such sentence, paragraph, clause or combinations of the same shall be inoperative and the remainder of the Agreement shall remain binding upon the parties.

Section 10.08 Marking. Upon Dartmouth's direction and consultation, the Company agrees to mark Licensed Products with all applicable trademarks, and patent numbers

Section 10.09 Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not constitute a part hereof.

[*] Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portion.

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BASED UPON A REQUEST FOR CONFIDENTIAL TREATMENT AND THE NON-PUBLIC INFORMATION HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, in duplicate originals, by their respective officers hereunto duly authorized, the day and year herein written.

THE TRUSTEES OF DARTMOUTH COLLEGE

By: /s/ Alla Kan
Date: May 16, 2014
Name: Alla Kan
Title: Director, Technology Transfer Office

CHROMADEX, INC.

By: /s/ Frank Jaksch
Date: June 2, 2014
Name: Frank Jaksch
Title: Chief Executive Officer

Certification of the Chief Executive Officer
Pursuant to
§240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amended

I, Frank L. Jaksch Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of ChromaDex Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15a-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2014

/s/ FRANK L. JAKSCH JR.
Frank L. Jaksch Jr.
Chief Executive Officer

Certification of the Chief Financial Officer
Pursuant to
§240.13a-14 or §240.15d-14 of the Securities Exchange Act of 1934, as amended

I, Thomas C. Varvaro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ChromaDex Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15a-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2014

/s/ THOMAS C. VARVARO
Thomas C. Varvaro
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with this quarterly report of ChromaDex Corporation (the "Company") on Form 10-Q for the quarter ended June 28, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Frank L. Jaksch Jr., Chief Executive Officer of the Company, and Thomas C. Varvaro, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 12, 2014

/s/ FRANK L. JAKSCH JR.
Frank L. Jaksch Jr.
Chief Executive Officer

/s/ THOMAS C. VARVARO
Thomas C. Varvaro
Chief Financial Officer

