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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 30, 2015

or

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File No. 001- 34280

American National Insurance Company

(Exact name of registrant as specified in its charter)

Texas	**74-0484030**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One Moody Plaza

Galveston, Texas 77550-7999

(Address of principal executive offices) (Zip Code)

(409) 763-4661

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

As of August 3, 2015, there were 26,894,169 shares of the registrant s voting common stock, $1.00 par value per share, outstanding.

AMERICAN NATIONAL INSURANCE COMPANY

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited and in thousands, except for share and per share data)

	June 30, 2015	December 31, 2014 (As Adjusted)
ASSETS		
Fixed maturity, bonds held-to-maturity, at amortized cost (Fair Value $8,184,118 and $8,652,913)	$ 7,834,732	$ 8,225,050
Fixed maturity, bonds available-for-sale, at fair value (Amortized cost $4,974,683 and $4,694,716)	5,131,957	4,921,807
Equity securities, at fair value (Cost $759,975 and $739,384)	1,516,244	1,516,978
Mortgage loans on real estate, net of allowance	3,311,017	3,359,586
Policy loans	405,400	405,979
Investment real estate, net of accumulated depreciation of $200,652 and $193,611	514,497	479,062
Short-term investments	430,242	431,000
Other invested assets	228,087	220,255
Total investments	19,372,176	19,559,717
Cash and cash equivalents	158,981	209,455
Investments in unconsolidated affiliates	318,216	311,779
Accrued investment income	176,295	185,943
Reinsurance recoverables	409,514	428,654
Prepaid reinsurance premiums	66,879	56,019
Premiums due and other receivables	315,970	280,587
Deferred policy acquisition costs	1,264,148	1,253,544
Property and equipment, net	119,514	110,794
Current tax receivable		8,669
Other assets	143,230	137,856
Separate account assets	974,233	1,001,515
Total assets	$ **23,319,156**	$ **23,544,532**
LIABILITIES		
Future policy benefits		
Life	$ 2,795,388	$ 2,770,232
Annuity	1,035,475	1,006,748
Accident and health	67,882	58,364
Policyholders account balances	10,475,859	10,781,285
Policy and contract claims	1,280,923	1,297,708

Unearned premium reserve	802,725	755,051
Other policyholder funds	354,334	344,090
Liability for retirement benefits	190,387	195,712
Notes payable	122,464	108,177
Current tax liability	6,792	
Deferred tax liabilities, net	277,220	287,175
Other liabilities	440,248	498,528
Separate account liabilities	974,233	1,001,515
Total liabilities	**18,823,930**	**19,104,585**
STOCKHOLDERS EQUITY		
Common stock, $1.00 par value, - Authorized 50,000,000, Issued 30,832,449 and 30,832,449, Outstanding 26,894,169 and 26,871,942 shares	30,832	30,832
Additional paid-in capital	12,898	9,248
Accumulated other comprehensive income	446,861	490,782
Retained earnings	4,095,306	3,998,642
Treasury stock, at cost	(101,805)	(101,941)
Total American National stockholders equity	4,484,092	4,427,563
Noncontrolling interest	11,134	12,384
Total stockholders equity	**4,495,226**	**4,439,947**
Total liabilities and stockholders equity	$ **23,319,156**	$ **23,544,532**

See accompanying notes to the consolidated financial statements.

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AMERICAN NATIONAL INSURANCE COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited and in thousands, except for share and per share data)

	Three months ended June 30, 2015	Three months ended June 30, 2014 (As Adjusted)	Six months ended June 30, 2015	Six months ended June 30, 2014 (As Adjusted)
PREMIUMS AND OTHER REVENUE				
Premiums				
Life	$ 75,071	$ 72,678	$ 147,153	$ 144,673
Annuity	25,088	46,653	66,531	113,589
Accident and health	51,135	55,379	102,972	110,715
Property and casualty	281,909	270,916	558,390	541,524
Other policy revenues	57,597	55,859	115,121	111,786
Net investment income	203,662	242,292	412,875	461,115
Net realized investment gains	16,768	1,751	56,070	28,197
Other-than-temporary impairments	(3,472)	(462)	(3,497)	(1,437)
Other income	9,748	9,720	18,458	17,060
Total premiums and other revenues	717,506	754,786	1,474,073	1,527,222
BENEFITS, LOSSES AND EXPENSES				
Policyholder benefits				
Life	91,184	82,485	179,188	173,765
Annuity	36,150	59,027	90,517	136,479
Claims incurred				
Accident and health	32,256	32,737	64,053	76,666
Property and casualty	211,920	204,725	404,172	383,237
Interest credited to policyholders account balances	69,215	91,794	144,968	175,206
Commissions for acquiring and servicing policies	103,557	103,949	196,672	202,384
Other operating expenses	123,203	120,517	246,661	239,041
Change in deferred policy acquisition costs	614	(6,370)	7,076	54
Total benefits, losses and expenses	668,099	688,864	1,333,307	1,386,832
Income before federal income tax and equity in earnings of unconsolidated affiliates	49,407	65,922	140,766	140,390
Less: Provision for federal income taxes				
Current	10,955	23,106	26,543	36,887

Deferred	4,093	(1,323)	14,391	7,804
Total provision for federal income taxes	15,048	21,783	40,934	44,691
Equity in earnings of unconsolidated affiliates, net of tax	300	12,797	37,080	12,735
Net income	34,659	56,936	136,912	108,434
Less**:** Net income (loss) attributable to noncontrolling interest, net of tax	(394)	(238)	(1,123)	(994)
Net income attributable to American National	**$ 35,053**	**$ 57,174**	**$ 138,035**	**$ 109,428**
Amounts available to American National common stockholders				
Earnings per share				
Basic	$ 1.30	$ 2.13	$ 5.14	$ 4.08
Diluted	1.30	2.11	5.12	4.06
Cash dividends to common stockholders	0.77	0.77	1.54	1.54
Weighted average common shares outstanding	26,877,833	26,802,896	26,847,936	26,799,648
Weighted average common shares outstanding and dilutive potential common shares	26,952,107	26,926,351	26,941,477	26,924,629

See accompanying notes to the consolidated financial statements.

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AMERICAN NATIONAL INSURANCE COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited and in thousands)

	Three months ended June 30, 2015	Three months ended June 30, 2014 (As Adjusted)	Six months ended June 30, 2015	Six months ended June 30, 2014 (As Adjusted)
Net income	$ 34,659	$ 56,936	$ 136,912	$ 108,434
Other comprehensive income (loss), net of tax				
Change in net unrealized gain (losses) on securities	(54,139)	72,925	(46,303)	106,759
Foreign currency transaction and translation adjustments	1,188	865	(650)	(101)
Defined pension benefit plan adjustment	1,589	717	3,032	1,434
Other comprehensive income (loss), net of tax	(51,362)	74,507	(43,921)	108,092
Total comprehensive income (loss)	**(16,703)**	**131,443**	**92,991**	**216,526**
Less: Comprehensive income (loss) attributable to noncontrolling interest	(394)	(238)	(1,123)	(994)
Total comprehensive income (loss) attributable to American National	**$ (16,309)**	**$ 131,681**	**$ 94,114**	**$ 217,520**

AMERICAN NATIONAL INSURANCE COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(Unaudited and in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014 (As Adjusted)
Common Stock		
Balance at beginning and end of the period	$ 30,832	$ 30,832
Additional Paid-In Capital		
Balance as of January 1,	9,248	4,650
Reissuance of treasury shares	2,997	1,621
Amortization of restricted stock	653	2,081
Balance at end of period	12,898	8,352

Accumulated Other Comprehensive Income		
Balance as of January 1,	490,782	413,712
Other comprehensive income (loss)	(43,921)	108,092
Balance at end of the period	446,861	521,804
Retained Earnings		
Balance as of January 1,	3,998,642	3,836,112
Net income attributable to American National	138,035	109,428
Cash dividends to common stockholders	(41,371)	(41,421)
Balance at end of the period	4,095,306	3,904,119
Treasury Stock		
Balance as of January 1,	(101,941)	(97,441)
Reinsurance (purchase) of treasury shares	136	(4,354)
Balance at end of the period	(101,805)	(101,795)
Noncontrolling Interest		
Balance as of January 1,	12,384	12,757
Contributions	27	255
Distributions	(154)	(5)
Loss attributable to noncontrolling interest	(1,123)	(994)
Cumulative tax adjustment		(507)
Balance at end of the period	11,134	11,506
Total Stockholders Equity	**$ 4,495,226**	**$ 4,374,818**

See accompanying notes to the consolidated financial statements.

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AMERICAN NATIONAL INSURANCE COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)

	Six months ended June 31, 2015	2014 (As Adjusted)
OPERATING ACTIVITIES		
Net income	$ 136,912	$ 108,434
Adjustments to reconcile net income to net cash provided by operating activities		
Net realized investment gains	(56,070)	(28,197)
Other-than-temporary impairments	3,497	1,437
Amortization of premiums, discounts and loan origination fees	1,098	5,636
Net capitalized interest on policy loans and mortgage loans	(15,668)	(16,268)
Depreciation	18,669	12,874
Interest credited to policyholders account balances	144,968	175,206
Charges to policyholders account balances	(115,121)	(111,786)
Deferred federal income tax expense	14,391	7,804
Equity in earnings of unconsolidated affiliates	(37,080)	(12,735)
Distributions from equity method investments	359	23,132
Changes in		
Policyholder liabilities	107,256	163,271
Deferred policy acquisition costs	7,076	54
Reinsurance recoverables	19,140	1,023
Premiums due and other receivables	(35,837)	(12,235)
Prepaid reinsurance premiums	(10,860)	3,278
Accrued investment income	9,648	(565)
Current tax receivable/payable	15,461	617
Liability for retirement benefits	(5,325)	(15,164)
Other, net	(62,163)	(49,949)
Net cash provided by operating activities	**140,351**	**255,867**
INVESTING ACTIVITIES		
Proceeds from sale/maturity/prepayment of		
Held-to-maturity securities	619,477	344,981
Available-for-sale securities	303,836	514,707
Investment real estate	13,413	25,278
Mortgage loans	399,600	299,528
Policy loans	28,702	28,171
Other invested assets	12,332	31,849
Disposals of property and equipment	817	1,012
Distributions from unconsolidated affiliates	79,514	1,150
Payment for the purchase/origination of		

Held-to-maturity securities	(205,446)	(218,764)
Available-for-sale securities	(600,818)	(655,266)
Investment real estate	(25,985)	(10,593)
Mortgage loans	(358,011)	(314,774)
Policy loans	(11,859)	(12,542)
Other invested assets	(25,386)	(8,623)
Additions to property and equipment	(17,614)	(8,128)
Contributions to unconsolidated affiliates	(55,550)	(14,907)
Change in short-term investments	758	153,878
Other, net	13,879	(2,022)
Net cash provided by investing activities	**171,659**	**154,935**
FINANCING ACTIVITIES		
Policyholders account deposits	461,687	528,732
Policyholders account withdrawals	(796,960)	(880,194)
Change in notes payable	14,287	(1,399)
Dividends to stockholders	(41,371)	(41,421)
Proceeds from (payments to) noncontrolling interest	(127)	250
Net cash used in financing activities	**(362,484)**	**(394,032)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,474)	16,770
Beginning of the period	209,455	117,946
End of period	**$ 158,981**	**$ 134,716**

See accompanying notes to the consolidated financial statements.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Nature of Operations

American National Insurance Company and its consolidated subsidiaries (collectively American National or the Company) offer a broad spectrum of insurance products, including individual and group life insurance, annuities, health insurance, and property and casualty insurance. Business is conducted in all 50 states, the District of Columbia and Puerto Rico.

Note 2 Summary of Significant Accounting Policies and Practices

The consolidated financial statements and notes thereto have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and are reported in U.S. currency. American National consolidates entities that are wholly-owned and those in which American National owns less than 100% but controls, as well as variable interest entities in which American National is the primary beneficiary. Intercompany balances and transactions with consolidated entities have been eliminated. Investments in unconsolidated affiliates are accounted for using the equity method of accounting. Certain amounts in prior years have been reclassified to conform to current year presentation.

The interim consolidated financial statements and notes herein are unaudited and reflect all adjustments which management considers necessary for the fair presentation of the interim consolidated statements of financial position, operations, comprehensive income, changes in stockholders equity, and cash flows.

The interim consolidated financial statements and notes should be read in conjunction with the annual consolidated financial statements and notes thereto included in American National s Annual Report on Form 10-K as of and for the year ended December 31, 2014. The consolidated results of operations for the interim periods should not be considered indicative of results to be expected for the full year.

The preparation of the consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported consolidated financial statement balances. Actual results could differ from those estimates.

Note 3 Recently Issued Accounting Pronouncements

Adoption of New Accounting Standards The Financial Accounting Standards Board (FASB) issued the following accounting guidance relevant to American National:

In January 2014, the FASB issued Accounting Standards Update (ASU) 2014-01, Accounting for Investments in Qualified Affordable Housing Projects. The new standard allows a proportional amortization approach and treats the net investment performance as a component of income tax expense. Previously, these investments were accounted for under the equity method that records changes to investment value as a component of investment income and generates a deferred tax balance until the investment terminates. American National adopted this standard effective January 1, 2015, with retrospective adoption back to January 1, 2013. Accordingly, upon adoption the investment in unconsolidated affiliate s asset was reduced by $7,504,000 with a release of a related deferred tax liability of $2,937,000 resulting in a $4,567,000 reduction in the opening balance of stockholders equity at January 1, 2015.

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Note 3 Recently Issued Accounting Pronouncements (Continued)

Financial statement amounts previously reported were revised as shown below (in thousands):

	As of December 31, 2014		
	As Reported	As Adjusted	Effect of Change
Investment in unconsolidated affiliates	$ 319,283	$ 311,779	$ (7,504)
Deferred tax liabilities, net	290,112	287,175	(2,937)
Retained earnings	4,003,209	3,998,642	(4,567)

	As Reported	As Adjusted	Effect of Change
Three months ended June 30, 2014			
Provision for federal income taxes, current	$ 22,345	$ 23,106	$ 761
Provision for federal income taxes, deferred	(787)	(1,323)	(536)
Equity in earnings of unconsolidated affiliates, net of tax	12,659	12,797	138
Net Income attributable to American National	57,261	57,174	(87)
Six months ended June 30, 2014			
Provision for federal income taxes, current	$ 34,705	$ 36,887	$ 2,182
Provision for federal income taxes, deferred	8,340	7,804	(536)
Equity in earnings of unconsolidated affiliates, net of tax	11,800	12,735	935
Net Income attributable to American National	110,139	109,428	(711)

American National held investments in Qualified Affordable Housing Projects totaling $33,304,000 and $27,595,000 as of June 30, 2015 and December 31, 2014, respectively. For the six month periods ending June 30, 2015 and June 30, 2014, American National recognized tax credits and other tax benefits of $4,427,000 and $3,164,000, respectively, and amortized cost of $3,889,000 and $2,560,000, relating to these investments. At June 30, 2015 American National had commitments to provide additional funding to these investments during the following fiscal years as follows (in thousands):

Expected year of payment	2015	2016	2017	2018	2019	Total
Equity commitments	$ 16,470	4,148	1,314	726	1,078	$ 23,736

Future Adoption of New Accounting Standards The FASB issued the following accounting guidance relevant to American National:

In May 2014, the FASB issued guidance that will supersede most existing revenue recognition requirements in U.S. GAAP. Insurance contracts are excluded from the scope of the new guidance. For those contracts which are impacted by the guidance, the transaction price is attributed to the underlying performance obligations in the contract and revenue is recognized as the entity satisfies the performance obligations and transfers control of a good or service to the customer. The guidance is effective for reporting periods beginning after December 15, 2017 and is to be applied retrospectively. The Company is evaluating the impact of adoption, which is not expected to be material to the Company s financial statements.

In February 2015, the FASB issued guidance that amends the consolidation analysis. The guidance modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities. The guidance eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that are involved with VIEs. The amended guidance is effective for reporting periods beginning after December 15, 2015. The impact of the adoption is not expected to be material to the Company s financial statements.

In May 2015, the FASB issued guidance to expand the disclosures that an insurance entity must provide about its short duration contracts. The additional disclosure about the liability for unpaid claims and claim adjustment expenses is intended to increase the transparency of significant estimates made in the measuring of those liabilities. It will also provide additional insight into an insurance entity s ability to underwrite and anticipate costs associated with claims. The amended guidance is effective for annual reporting periods beginning after December 15, 2015 and for interim reporting periods beginning after December 15, 2016. The impact of the adoption is not expected to be material to the Company s financial statements.

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Note 4 Investment in Securities

The cost or amortized cost and fair value of investments in securities are shown below (in thousands):

	June 30, 2015			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Fixed maturity securities, bonds held-to-maturity				
U.S. states and political subdivisions	$ 306,665	$ 23,704	$ (97)	$ 330,272
Foreign governments	4,122	916		5,038
Corporate debt securities	7,204,630	357,262	(53,315)	7,508,577
Residential mortgage-backed securities	301,196	21,202	(1,237)	321,161
Commercial mortgage-backed securities				
Collateralized debt securities	1,931	151		2,082
Other debt securities	16,188	800		16,988
Total bonds held-to-maturity	**7,834,732**	**404,035**	**(54,649)**	**8,184,118**
Fixed maturity securities, bonds available-for-sale				
U.S. treasury and government	24,038	771	(1)	24,808
U.S. states and political subdivisions	880,206	26,476	(8,018)	898,664
Foreign governments	5,000	1,827		6,827
Corporate debt securities	4,024,062	161,807	(27,367)	4,158,502
Residential mortgage-backed securities	32,313	1,718	(506)	33,525
Collateralized debt securities	9,064	693	(126)	9,631
Total bonds available-for-sale	**4,974,683**	**193,292**	**(36,018)**	**5,131,957**
Equity securities				
Common stock	744,742	759,886	(13,854)	1,490,774
Preferred stock	15,233	10,238	(1)	25,470
Total equity securities	**759,975**	**770,124**	**(13,855)**	**1,516,244**
Total investments in securities	**$ 13,569,390**	**$ 1,367,451**	**$ (104,522)**	**$ 14,832,319**

	December 31, 2014			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Fixed maturity securities, bonds held-to-maturity				

U.S. states and political subdivisions	$ 323,053	$ 26,800	$ (93)	$ 349,760
Foreign governments	29,130	1,293		30,423
Corporate debt securities	7,517,195	424,845	(47,315)	7,894,725
Residential mortgage-backed securities	336,853	22,317	(1,535)	357,635
Commercial mortgage-backed securities				
Collateralized debt securities	2,232	238		2,470
Other debt securities	16,587	1,313		17,900
Total bonds held-to-maturity	**8,225,050**	**476,806**	**(48,943)**	**8,652,913**
Fixed maturity securities, bonds available-for-sale				
U.S. treasury and government	22,415	825	(7)	23,233
U.S. states and political subdivisions	802,846	36,151	(1,381)	837,616
Foreign governments	5,000	2,021		7,021
Corporate debt securities	3,812,771	203,048	(15,770)	4,000,049
Residential mortgage-backed securities	40,988	1,903	(492)	42,399
Collateralized debt securities	10,696	863	(70)	11,489
Total bonds available-for-sale	**4,694,716**	**244,811**	**(17,720)**	**4,921,807**
Equity securities				
Common stock	719,651	774,650	(7,176)	1,487,125
Preferred stock	19,733	10,121	(1)	29,853
Total equity securities	**739,384**	**784,771**	**(7,177)**	**1,516,978**
Total investments in securities	**$ 13,659,150**	**$ 1,506,388**	**$ (73,840)**	**$ 15,091,698**

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Note 4 Investment in Securities (Continued)

The amortized cost and fair value, by contractual maturity, of fixed maturity securities are shown below (in thousands):

	June 30, 2015			
	Bonds Held-to-Maturity		Bonds Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 633,129	$ 643,485	$ 351,266	$ 358,911
Due after one year through five years	2,043,445	2,233,333	895,628	960,265
Due after five years through ten years	4,780,423	4,906,961	3,156,290	3,235,340
Due after ten years	371,884	395,314	566,499	572,479
Without single maturity date	5,851	5,025	5,000	4,962
Total	**$ 7,834,732**	**$ 8,184,118**	**$ 4,974,683**	**$ 5,131,957**

Actual maturities differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential and commercial mortgage-backed securities, which are not due at a single maturity, have been allocated to their respective categories based on the year of final contractual maturity.

Proceeds from sales of available-for-sale securities, with the related gross realized gains and losses, are shown below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Proceeds from sales of available-for-sale securities	$ 23,894	$ 54,802	$ 39,476	$ 136,466
Gross realized gains	7,226	4,823	14,009	24,765
Gross realized losses	(65)	(2)	(65)	(2,123)

Gains and losses are determined using specific identification of the securities sold. During the six months ended June 30, 2015 there were no bonds transferred from held-to-maturity to available-for-sale. During the six months ended June 30, 2014 bonds with a carrying value of $44,781,000, were transferred from held-to-maturity to available-for-sale after a significant deterioration in the issuers creditworthiness became evident. Unrealized gains of $1,301,000 were established following the transfer at fair value.

The components of the change in net unrealized gains (losses) on securities are shown below (in thousands):

	Six months ended June 30,	
	2015	2014

Bonds available-for-sale	$ (69,817)	$ 115,275
Equity securities	(21,325)	89,286
Change in net unrealized gains (losses) on securities during the year	(91,142)	204,561
Adjustments for		
Deferred policy acquisition costs	17,680	(30,837)
Participating policyholders interest	2,722	(10,378)
Deferred federal income tax expense	24,437	(56,587)
Change in net unrealized gains (losses) on securities, net of tax	**$ (46,303)**	**$ 106,759**

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Note 4 Investment in Securities (Continued)

The gross unrealized losses and fair value of the investment securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are shown below (in thousands):

	June 30, 2015					
	Less than 12 months		12 Months or more		Total	
	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value
Fixed maturity securities, bonds held-to-maturity						
U.S. states and political subdivisions	$ (43)	$ 2,480	$ (54)	$ 116	$ (97)	$ 2,596
Corporate debt securities	(37,141)	1,472,709	(16,174)	176,016	(53,315)	1,648,725
Residential mortgage-backed securities	(337)	20,801	(900)	17,080	(1,237)	37,881
Total bonds held-to-maturity	**(37,521)**	**1,495,990**	**(17,128)**	**193,212**	**(54,649)**	**1,689,202**
Fixed maturity securities, bonds available-for-sale						
U.S. treasury and government	(1)	3,922			(1)	3,922
U.S. states and political subdivisions	(7,653)	328,492	(365)	2,636	(8,018)	331,128
Corporate debt securities	(23,866)	1,192,265	(3,501)	51,336	(27,367)	1,243,601
Residential mortgage-backed securities	(275)	10,954	(231)	7,085	(506)	18,039
Collateralized debt securities	(119)	2,060	(7)	306	(126)	2,366
Total bonds available-for-sale	**(31,914)**	**1,537,693**	**(4,104)**	**61,363**	**(36,018)**	**1,599,056**
Equity securities						
Common stock	(13,850)	86,894	(4)	22	(13,854)	86,916
Preferred stock			(1)		(1)	
Total equity securities	**(13,850)**	**86,894**	**(5)**	**22**	**(13,855)**	**86,916**
Total	**$ (83,285)**	**$ 3,120,577**	**$ (21,237)**	**$ 254,597**	**$ (104,522)**	**$ 3,375,174**

	December 31, 2014					
	Less than 12 months		12 Months or more		Total	
	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)	Fair Value

Fixed maturity securities, bonds held-to-maturity						
U.S. states and political subdivisions	$ (37)	$ 3,388	$ (56)	$ 2,465	$ (93)	$ 5,853
Corporate debt securities	(20,575)	523,766	(26,740)	662,362	(47,315)	1,186,128
Residential mortgage-backed securities	(232)	12,186	(1,303)	31,163	(1,535)	43,349
Total bonds held-to-maturity	**(20,844)**	**539,340**	**(28,099)**	**695,990**	**(48,943)**	**1,235,330**
Fixed maturity securities, bonds available-for-sale						
U.S. treasury and government	(7)	14,552			(7)	14,552
U.S. states and political subdivisions	(166)	27,719	(1,215)	78,851	(1,381)	106,570
Corporate debt securities	(8,852)	384,451	(6,918)	288,808	(15,770)	673,259
Residential mortgage-backed securities	(170)	9,386	(322)	14,042	(492)	23,428
Collateralized debt securities	(63)	2,033	(7)	339	(70)	2,372
Total bonds available-for-sale	**(9,258)**	**438,141**	**(8,462)**	**382,040**	**(17,720)**	**820,181**
Equity securities						
Common stock	(7,176)	43,907			(7,176)	43,907
Preferred stock	(1)				(1)	
Total equity securities	**(7,177)**	**43,907**			**(7,177)**	**43,907**
Total	**$ (37,279)**	**$ 1,021,388**	**$ (36,561)**	**$ 1,078,030**	**$ (73,840)**	**$ 2,099,418**

As of June 30, 2015, the securities with unrealized losses including those exceeding one year were not deemed to be other-than-temporarily impaired. American National has the ability and intent to hold those securities until a market price recovery or maturity. It is not more-likely-than-not that American National will be required to sell them prior to recovery, and recovery is expected in a reasonable period of time. It is possible an issuer s financial circumstances may be different in the future, which may lead to a different impairment conclusion in future periods.

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Note 4 Investment in Securities (Continued)

Bonds distributed by credit quality rating, using both S&P and Moody s ratings, are shown below:

	June 30, 2015	December 31, 2014
AAA	5.3%	5.0%
AA	12.4	12.8
A	39.5	39.4
BBB	39.6	39.5
BB and below	3.2	3.3
Total	**100.0%**	**100.0%**

Equity securities by market sector distribution are shown below:

	June 30, 2015	December 31, 2014
Consumer goods	20.5%	20.4%
Energy and utilities	14.5	13.3
Financials	19.6	19.1
Healthcare	15.5	14.0
Industrials	8.2	8.4
Information technology	16.3	16.2
Other	5.4	8.6
Total	**100.0%**	**100.0%**

Note 5 Mortgage Loans

Generally, commercial mortgage loans are secured by first liens on income-producing real estate. American National attempts to maintain a diversified portfolio by considering the location of the underlying collateral. The distribution based on carrying amount of mortgage loans by location are as follows:

	June 30, 2015	December 31, 2014
East North Central	19.7%	19.4%
East South Central	5.3	5.0
Mountain	11.9	11.0
Pacific	9.5	10.8
South Atlantic	21.0	21.9
West South Central	26.3	24.9
Other	6.3	7.0

Total	**100.0%**	**100.0%**

As of June 30, 2015, American National had foreclosed on two loans with a recorded investment of $19,328,000; there were no loans foreclosed for the same period in 2014. American National sold one commercial loan with a recorded investment of $2,702,000 resulting in a realized loss of $1,602,000 for the six months ended June 30, 2015. No loans were sold in the same period in 2014.

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Note 5 Mortgage Loans (Continued)

The age analysis of past due commercial mortgage loans is shown below (in thousands):

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Mortgage Loans Amount	Total Mortgage Loans Percent
June 30, 2015							
Industrial	$	$	$	$	$ 718,732	$ 718,732	21.7%
Office					1,195,041	1,195,041	35.9
Retail					579,299	579,299	17.3
Other					831,352	831,352	25.1
Total	**$**	**$**	**$**	**$**	**$ 3,324,424**	3,324,424	**100.0%**
Allowance for loan losses						(13,407)	
Mortgage loans on real estate, net of allowance						**$ 3,311,017**	
December 31, 2014							
Industrial	$	$	$	$	$ 702,541	$ 702,541	20.9%
Office			19,327	19,327	1,201,833	1,221,160	36.1
Retail					615,813	615,813	18.1
Other					837,932	837,932	24.9
Total	**$**	**$**	**$ 19,327**	**$ 19,327**	**$ 3,358,119**	$ 3,377,446	**100.0%**
Allowance for loan losses						(17,860)	
Mortgage loans on real estate, net of allowance						**$ 3,359,586**	

Total mortgage loans are net of unamortized discounts of $557,000 and $658,000 and unamortized origination fees of $17,463,000 and $15,659,000 at June 30, 2015 and December 31, 2014, respectively. No unearned income is included in these amounts.

Allowance for Credit Losses

The credit quality of the mortgage loan portfolio is assessed by evaluating the credit risk of each borrower. A loan is classified as performing or non-performing based on whether all of the contractual terms of the loan have been met.

Loans not evaluated individually for collectability are segregated by property-type and location, and allowance factors are applied. These factors are developed annually and reviewed quarterly based on our historical loss experience adjusted for the expected trend in the rate of foreclosure losses. Allowance factors are higher for loans of certain property types and in certain regions based on loss experience or a blended historical loss factor.

The change in allowance for credit losses in commercial mortgage loans is shown below (in thousands):

	Six months ended June 30,	
	Collectively Evaluated for Impairment	Individually Evaluated for Impairment
Beginning balance, 2015	**$ 12,277**	**$ 5,583**
Change in allowance	(1,049)	(3,404)
Ending balance, 2015	**$ 11,228**	**$ 2,179**

At June 30, 2015 and December 31, 2014, the recorded investment for loans collectively evaluated for impairment was $3,298,423,000 and $3,321,241,000, respectively, and the recorded investment for loans individually evaluated for impairment was $26,001,000 and $56,205,000, respectively.

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Note 5 Mortgage Loans (Continued)

Loans individually evaluated for impairment with and without an allowance are shown below (in thousands):

	June 30, 2015		June 30, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Three months ended				
With an allowance recorded				
Office	$	$	$ 11,763	$ 209
Industrial				
Retail				
Total	**$**	**$**	**$ 11,763**	**$ 209**
Without an allowance recorded				
Office	$ 20,996	$ 340	$ 6,256	$ 85
Industrial			7,877	144
Retail	2,503	88		
Total	**$ 23,499**	**$ 428**	**$ 14,133**	**$ 229**
Six months ended				
With an allowance recorded				
Office	$	$	$ 11,763	$ 207
Industrial				
Retail				20
Total	**$**	**$**	**$ 11,763**	**$ 227**
Without an allowance recorded				
Office	$ 20,996	$ 681	$ 18,649	$ 288
Industrial			10,598	173
Retail	5,032	177	1,280	6
Total	**$ 26,028**	**$ 858**	**$ 30,527**	**$ 467**

	June 30, 2015		December 31, 2014	
	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance
With an allowance recorded				

Office	$	$	$ 26,563	$ 31,653
Industrial				
Retail				493
Total	**$**	**$**	**$ 26,563**	**$ 32,146**
Without an allowance recorded				
Office	$ 20,996	$ 20,996	$ 26,941	$ 26,941
Industrial			2,702	2,702
Retail	5,005	5,005		
Total	**$ 26,001**	**$ 26,001**	**$ 29,643**	**$ 29,643**

Troubled Debt Restructurings

American National has granted concessions which are classified as troubled debt restructurings to mortgage loan borrowers. Concessions are generally one of, or a combination of, a delay in payment of principal or interest, a reduction of the contractual interest rate or an extension of the maturity date. American National considers the amount, timing and extent of concessions in determining any impairment or changes in the specific allowance for loan losses recorded in connection with a troubled debt restructuring. The carrying value after specific allowance, before and after modification in a troubled debt restructuring, may not change significantly, or may increase if the expected recovery is higher than the pre-modification recovery assessment.

The number of mortgage loans and recorded investment in troubled debt restructuring are as follows:

	Six months ended June 30,					
	2015			**2014**		
	Number of contracts	**Recorded investment pre-modification**	**Recorded investment post modification**	**Number of contracts**	**Recorded investment pre-modification**	**Recorded investment post modification**
Office	1	$ 6,432	$ 6,432	2	$ 19,836	$ 19,836

There are no commitments to lend additional funds to debtors whose loans have been modified in troubled debt restructuring, and there have been no defaults on modified loans during the periods presented.

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Note 6 Investment Real Estate

Investment real estate by property-type and geographic distribution are as follows:

	June 30, 2015	December 31, 2014
Industrial	11.9%	13.0%
Office	29.8	25.0
Retail	42.1	44.1
Other	16.2	17.9
Total	**100.0%**	**100.0%**

	June 30, 2015	December 31, 2014
East North Central	8.3%	4.5%
East South Central	4.1	4.6
Mountain	8.4	9.6
Pacific	6.5	7.1
South Atlantic	11.5	12.2
West South Central	55.0	55.6
Other	6.2	6.4
Total	**100.0%**	**100.0%**

American National regularly invests in real estate partnerships and joint ventures. American National frequently participates in the design of these entities with the sponsor, but in most cases, its involvement is limited to financing. Through analysis performed by American National, some of these partnerships and joint ventures have been determined to be variable interest entities (VIEs). In certain instances, in addition to an economic interest in the entity, American National holds the power to direct the most significant activities of the entity and is deemed the primary beneficiary or consolidator of the entity. The assets of the consolidated VIEs are restricted and must first be used to settle their liabilities. Creditors or beneficial interest holders of these VIEs have no recourse to the general credit of American National, as American National s obligation is limited to the amount of its committed investment. American National has not provided financial or other support to the VIEs in the form of liquidity arrangements, guarantees, or other commitments to third parties that may affect the fair value or risk of its variable interest in the VIEs in 2015 or 2014.

The assets and liabilities relating to the VIEs included in the consolidated financial statements are as follows (in thousands):

	June 30, 2015	December 31, 2014
Investment real estate	$ 161,744	$ 140,032
Short-term investments	1	1

Cash and cash equivalents		3,118		2,495
Accrued investment income		170		683
Other receivables		8,176		7,999
Other assets		6,142		8,483
Total assets of consolidated VIEs	**$**	**179,351**	**$**	**159,693**
Notes payable	$	122,464	$	108,177
Other liabilities		10,629		8,954
Total liabilities of consolidated VIEs	**$**	**133,093**	**$**	**117,131**

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Note 6 Investment Real Estate (Continued)

The notes payable in the consolidated statements of financial position pertain to the borrowings of the consolidated VIEs. The liability of American National Insurance Company relating to notes payable of the consolidated VIEs is limited to the amount of its direct or indirect investment in the respective ventures, which totaled $32,358,000 and $15,016,000 at June 30, 2015 and December 31, 2014, respectively. The total long-term portion of notes payable consists of four notes with the following interest rates: 4.0%, prime plus 0.5%, and two notes with adjusted LIBOR plus LIBOR margin. Of the long-term notes payable, $24,937,000 will mature in 2016, with the remainder maturing beyond 5 years.

For other VIEs in which American National is a partner, it is not the primary beneficiary and these entities were not consolidated, as the major decisions that most significantly impact the economic activities of the VIE require unanimous consent of all partners. The following table presents the carrying amount and maximum exposure to loss relating to unconsolidated VIEs (in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Investment in unconsolidated affiliates	$ 202,818	$ 202,818	$ 157,620	$ 157,620
Mortgage loans	202,864	202,864	172,408	172,408
Accrued investment income	868	868	721	721

As of June 30, 2015, a real estate investment with a carrying value of $4,028,000 was classified as held for sale.

Note 7 Derivative Instruments

American National purchases over-the-counter equity-indexed options as economic hedges against fluctuations in the equity markets to which equity-indexed products are exposed. Equity-indexed contracts include a fixed host universal-life insurance or annuity contract and an equity-indexed embedded derivative. The detail of derivative instruments is shown below (in thousands, except number of instruments):

Derivatives Not Designated as Hedging Instruments	Location in the Consolidated Statements of Financial Position	June 30, 2015			December 31, 2014		
		Number of Instruments	Notional Amounts	Estimated Fair Value	Number of Instruments	Notional Amounts	Estimated Fair Value
Equity-indexed options	Other invested assets	456	$ 1,189,400	$ 183,963	436	$ 1,095,300	$ 189,449
Equity-indexed embedded derivative	Policyholders account balances	46,307	931,300	208,827	42,287	961,300	208,187

Derivatives Not Designated as Hedging Instruments	Location in the Consolidated Statements of Operations	Gains (Losses) Recognized in Income on Derivatives			
		Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
Equity-indexed options	Net investment income	$ (2,095)	$ 18,464	$ (964)	$ 22,449
Equity-indexed embedded derivative	Interest credited to policyholders account balances	4,413	(11,826)	3,217	(14,722)

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Note 8 Net Investment Income and Realized Investment Gains (Losses)

Net investment income is shown below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Bonds	$ 139,095	$ 149,879	$ 282,836	$ 301,395
Equity securities	10,049	9,258	18,516	18,342
Mortgage loans	49,502	55,904	99,001	107,358
Real estate	147	2,073	(1,606)	(2,898)
Options	(2,095)	18,464	(964)	22,449
Other invested assets	6,964	6,714	15,092	14,469
Total	**$ 203,662**	**$ 242,292**	**$ 412,875**	**$ 461,115**

Realized investment gains (losses) are shown below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Bonds	$ 8,799	$ 3,293	$ 10,097	$ 19,912
Equity securities	8,283	3,533	36,910	10,064
Mortgage loans	(209)	(3,145)	(733)	(3,873)
Real estate	(78)	(1,934)	9,833	3,029
Other invested assets	(27)	4	(37)	(935)
Total	**$ 16,768**	**$ 1,751**	**$ 56,070**	**$ 28,197**

Other-than-temporary impairment losses are shown below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Bonds	$	$	$	$ (41)
Equity securities	(3,472)	(462)	(3,497)	(1,396)
Total	**$ (3,472)**	**$ (462)**	**$ (3,497)**	**$ (1,437)**

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Note 9 Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are shown below (in thousands):

	June 30, 2015	
	Carrying Amount	Fair Val
	$ 7,834,732	$ 8,184,
	5,131,957	5,131,
	1,516,244	1,516,
	183,963	183,
	3,311,017	3,524,
	405,400	405,
	430,242	430,
	974,233	974,
	$ 19,787,788	**$ 20,350,**

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Significant Accounting Policies (Cont d)

ASC 740 requires the Company to accrue interest and related penalties, if applicable, on all tax positions erves have been established consistent with jurisdictional tax laws. The Company elected to classify interest related to the unrecognized tax benefits in the income tax provision.

Payments

y accounts for share-based payments to employees in accordance with the provisions of FASB ASC 718 on Stock Compensation" and accordingly recognizes in its financial statements share-based payments at their addition, the Company will recognize in the financial statements an expense based on the grant date fair k options granted to employees. The expense will be recognized on a straight-line basis over the vesting e offsetting credit will be recorded in additional paid-in capital. Upon exercise of options, the consideration with the amount previously recorded as additional paid-in capital will be recognized as capital stock. The mates its forfeiture rate in order to determine its compensation expense arising from stock-based awards. uses the Black-Scholes option pricing model to determine the fair value of the options.

y measures compensation expense for its non-employee stock-based compensation under ASC 505-50, for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with s or Services". The fair value of the option issued is used to measure the transaction, as this is more reliable value of the services received. The fair value is measured at the value of the Company s common stock on he commitment for performance by the counterparty has been reached or the counterparty s performance is e fair value of the equity instrument is charged directly to compensation expense and additional paid-in ommon stock issuances to non-employees that are fully vested and are for future periods, the Company e issuances as prepaid expenses and expenses the prepaid expenses over the service period. At no time has issued common stock for a period that exceeds one year.

re

r share is calculated based on the weighted average number of shares outstanding during the year. Any struments are excluded from the calculation of diluted loss per share.

leasurements

ies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820 requires re that establishes a framework for measuring fair value in US GAAP, and expands disclosure about fair ements. This statement enables the reader of the financial statements to assess the inputs used to develop ements by establishing a hierarchy for ranking the quality and reliability of the information used to values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in owing three categories:

uoted market prices in active markets for identical assets or liabilities.
bservable market based inputs or unobservable inputs that are corroborated by market data.
nobservable inputs that are not corroborated by market data.

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Significant Accounting Policies (Cont d)

g the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are C 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on observable inputs are classified as Level 3. There are no assets or liabilities measured at fair value as at 2010.

Financial Instruments

represents management s best estimates based on a range of methodologies and assumptions. The carrying vables and payables arising in the ordinary course of business and the investment tax credits receivable and e notes approximate fair value because of the relatively short period of time between their origination and ization. The loan payable, shareholder was presumed to have had a fair value measured by the cash anged at issuance.

unting Pronouncements

09, the FASB issued Update No. 2009-13, Revenue Recognition (Topic 605) Multiple-Deliverable Revenue ts a consensus of the FASB Emerging Issues Task Force (ASU 2009-13). ASU 2009-13 provides to the criteria in ASC 605-25, Revenue Recognition Multiple-Element Arrangements for separating in multiple-deliverable arrangements. As a result of those amendments, multiple- deliverable arrangements ted in more circumstances than under existing U.S. GAAP. ASU 2009- 13: 1) establishes a selling price determining the selling price of a deliverable, 2) eliminates the residual method of allocation and requires nent consideration be allocated at the inception of the arrangement to all deliverables using the relative method, 3) requires that a vendor determine its best estimate of selling price in a manner that is consistent to determine the price to sell the deliverable on a standalone basis, 4) significantly expands the disclosures endor s multiple- deliverable revenue arrangements. ASU 2009-13 is effective prospectively for revenue entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is uating the impact of this Statement on its consolidated financial statements.

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ccounting Policies (Cont d)

), the FASB issued Update No. 2010-13, Compensation Stock Compensation (Topic 718): Effect of g the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the quity Security Trades . This amendment clarifies that a share-based payment award with an exercise price in the currency of a market in which a substantial portion of the entity s equity securities trades shall not be contain a market, performance, or service condition. Therefore, such an award is not to be classified as a otherwise qualifies as equity classification. ASU 2010-13 is effective for fiscal years, and interim periods fiscal years, beginning on or after December 15, 2010. Earlier application is permitted. The adoption of is not expected to have a material effect on the Company s financial position or results of operations.

, the FASB issued Update No. 2010-17, Revenue Recognition Milestone Method (Topic 605): Milestone venue Recognition . This ASU provides guidance on defining a milestone under Topic 605 and determining be appropriate to apply the milestone method of revenue recognition for research or development Consideration that is contingent on achievement of a milestone in its entirety may be recognized as revenue n which the milestone is achieved only if the milestone is judged to meet certain criteria to be considered Milestones should be considered substantive in their entirety and may not be bifurcated. An arrangement both substantive and nonsubstantive milestones that should be evaluated individually. ASU 2010-17 is prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning ne 15, 2010. Early adoption is permitted. The Company is currently evaluating the impact of this Statement lated financial statements.

Equipment

usands	Cost	Accumulated Depreciation	**2010 Net Carrying Amount**	2009 Net Carrying Amount
and office equipment	$ 346	$ 200	**$ 146**	$ 136
quipment	39	26	**13**	14
mprovements	63	63	**0**	9
	$ 448	$ 289	**$ 159**	$ 159

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ny entered into an agreement to lease premises up to August 2009 and subsequently extended the term of the August 2010 and again until August 2011. The future minimum lease payments until expiry of the extended are approximately $17 thousand.

1, 2009, the Company signed two new agreements with Little Gem Life Science Partners and SectorSpeak estor relation services in the USA and in Canada, respectively. As part of the terms of these agreements, the s required to pay for a period of one year $4.5 thousand a month to Little Gem Life Science Partners and housand (US$4.8 thousand) monthly to Sector Speak Inc. The agreements automatically renew unless terminated.

2010, the Company executed a Project Transfer Agreement with one of its former development partners e Company acquired full rights to, and ownership of, CPI-300, a novel, high strength formulation of hydrochloride, the active ingredient in Wellbutrin XL®. In accordance with the Project Transfer Agreement ny will be required to make a payment to its former development partner within 45 days after both the FDA Company of NDA approval for CPI-300, and all other necessary U.S. Regulatory Approvals for CPI-300 obtained. In addition, the Company will have to pay to its former development partner 10% of net sales ceived, and 3% of upfront payments received, should a distribution agreement be signed in the future.

ck

	2010	2009
-		
00 common shares of $0.00001 par value		
0 preferred shares of $0.00001 par value		
1 (December 31, 2009 - 33,081,271) common shares	**$ 396**	$ 331

as part of a private placement, the Company issued 10,476,000 special warrants for gross proceeds of $3,631 ecial warrant consists of one common share and one common share purchase warrant. Each warrant entitles hase one common share at an exercise price of $0.80 per common share and expires 36 months after the date eeds were allocated between the common shares and the warrants based on their relative fair value. The ere recorded at a value of $2,338 thousand. (See note 9 for the portion allocated to the warrants.)

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y paid agents a cash commission in the amount of $291 thousand, which is equal to 8% of the gross
ne offering, issued the agents 419,040 common shares of the Company which is equal to 4% of the number
rrants issued in the offering and issued agents options entitling the agents to acquire 838,080 units
one common share and one common share purchase warrant) at an exercise price of $0.80 per unit, which
nths after the date of issuance. Each warrant included in the agents options entitles the holder to purchase
share at an exercise price of $0.80 per common share and expires 36 months after the date of issuance of

ne Company paid approximately $370 thousand in cash consideration for other transaction costs. All of the
tion costs have been reflected as a reduction to the common shares and the warrants based on their relative

009, as part of a private placement, the Company issued 350,000 units to investors for gross proceeds of
d. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles
purchase one common share at an exercise price of $0.80 per common share and expires 36 months after the
nce. Proceeds were allocated between the common shares and the warrants based on their relative fair
ommon shares were recorded at a value of $81 thousand. (See note 9 for the portion allocated to the

e Company paid approximately $10 thousand in cash consideration for other transaction costs, which have
as a reduction of the common shares and the warrants based on their relative fair values.

r 3, 2009, as part of a private placement, the Company issued 250,000 units to investors for gross proceeds
nd. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles
purchase one common share at an exercise price of $0.80 per common share and expires 36 months after the
ce. Proceeds were allocated between the common shares and the warrants based on their relative fair value.
shares were recorded at a value of $59 thousand. (See note 9 for the portion allocated to the warrants.)

ne Company paid approximately $7 thousand in cash consideration for other transaction costs, which have
as a reduction of the common shares and the warrants based on their relative fair values.

, 2010, as part of a private placement, the Company issued 6,500,000 units for gross proceeds of CAD$2.6
oximately US$2,465 thousand). Each unit consists of one common share and one common share purchase
ch warrant entitles the holder to purchase one common share at an exercise price of CAD$0.50
ly US$0.47) per common share and expires 36 months after the date of issuance. Proceeds were allocated
ommon shares and the warrants based on their relative fair value. The common shares were recorded at a
92 thousand. (See note 9 for the portion allocated to the warrants.)

ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

k (Cont d)

paid an agent a cash commission in the amount of CAD$208 thousand (approximately US$197 thousand), l to 8% of the gross proceeds of the offering, a corporate finance fee of CAD$20 thousand (approximately nd), and issued 520,000 compensation options, which was equal to 8% of the number of units sold in the compensation option entitles the holder to purchase one common share in the capital of the Company at an e of CAD$0.50 (approximately US$0.47) per common share and expires 24 months after the date of e unit.

he Company paid approximately $140 thousand in cash consideration for other transaction costs. All the tion costs have been reflected as a reduction to the common shares and the warrants based on their relative

ded December 31, 2010, no stock options were exercised compared to the year ended December 31, 2009 stock options were exercised for 31,071 common shares having a par value of $Nil in aggregate, for cash of $22 thousand, resulting in an increase in additional paid-in capital of $22 thousand.

aid-In Capital

s

2006, the Company adopted the 2006 Stock Incentive Plan ("Plan") for the purpose of issuing both ions and Nonqualified Options to officers, employees, directors and eligible consultants of the Company. A 749 shares of common stock were reserved for issuance under this plan. Options may be granted under the and at prices as determined by the Board of Directors except that the options cannot be granted at less than fair market value of the common stock on the date of the grant. Each option will be exercisable after the ods specified in the option agreement, but no option may be exercised after the expiration of 10 years from nt. All options granted to individuals other than non- employee directors will have a total vesting period of m the date of grant, with one quarter of the total options granted vesting and becoming exercisable every ptions granted to non-employees will vest and become 100% fully exercisable immediately upon grant.

l General Meeting on September 8, 2008 the shareholders of the Company approved to amend the 2006 Plan to increase the number of shares available for issuance under the Plan from 1,600,749 to 2,074,000, or mpany s issued and outstanding common shares as of July 28, 2008.

n was made to the 2006 Stock Option Plan. The life of the options was reduced from 10 years to 5 years to he regulations of the TSX-V. Accordingly, because the grant-date fair value of the modified options was air value of the original options measured immediately before the modification, no incremental share-based expense resulted from the modification.

ologies Corp.

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10 and 2009
S. Funds)

Paid-In Capital (Cont d)

1, 2009, the Company granted 25,000 stock options to an employee to purchase common shares. The stock exercisable at $0.31 per share and vest over 2 years at 25% every six months. The stock options were for at their fair value, as determined by the Black-Scholes valuation model, of $4 thousand, using the ssumptions:

olatility	100%
fe	3.1 years
terest rate	2.49%
eld	Nil

the Company issued 838,080 agents options exercisable into one common share at an exercise price of $0.80 which expire on July 13, 2012. The agent s options were issued as part of the transaction costs in connection acement described in note 8. The agent s options were accounted for at their fair value, as determined by the uation model, of $161 thousand, using the assumptions below:

olatility	117%
fe	3 years
terest rate	1.41%
eld	Nil

09, the Company granted 50,000 stock options to Little Gem Life Science Partners as compensation for ervices. The stock options are exercisable into common shares at an exercise price of $0.55 per share option, October 3, 2012. The stock options vest 50% on the first, and 50% on the second, anniversary of the ock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of ng the assumptions below:

olatility	132%
fe	1.75 years
terest rate	0.71%
eld	Nil

2009, the Company granted 25,000 stock options to each of a director and to an officer to purchase common options are exercisable at $0.61 per share, have a term of 5 years and vest in equal increments over two years months. The stock options were accounted for at their fair value, as determined by the Black-Scholes f $21 thousand, using the following assumptions:

olatility	113%
fe	3.1 years
terest rate	1.22%
eld	Nil

ologies Corp.

lated Financial Statements
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Paid-In Capital (Cont d)

ber 24, 2009, the Company granted 75,000 stock options to three non-employee directors to purchase ares. The stock options are exercisable at $0.61 per share and have a term of 5 years with immediate vesting The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, sand, using the following assumptions:

olatility	123%
fe	2.5 years
terest rate	0.98%
eld	Nil

10, the Company granted 50,000 stock options to SectorSpeak as compensation for investor relation services. are exercisable into common shares at an exercise price of $0.47 per share option, which expire on January ck options vest 50% on the first, and 50% on the second, anniversary of the agreement. The stock options for at their fair value of $15 thousand, as determined by the Black-Scholes valuation model, using the v:

olatility	120%
fe	3.0 years
terest rate	1.39%
eld	Nil

, the Company granted 75,000 stock options to a non-employee director to purchase common shares. The exercisable at $0.45 per share and have a term of 5 years with immediate vesting provisions. The stock unted for at their fair value, as determined by the Black-Scholes valuation model, of $21 thousand, using the tions:

olatility	124%
fe	2.5 years
terest rate	1.05%
eld	Nil

, the Company granted 25,000 stock options to each of 3 employees to purchase common shares. The stock sable at $0.45 per share, vest over 2 years at 25% every six months and expire on May 17, 2015. The stock unted for at their fair value, as determined by the Black-Scholes valuation model, of $23 thousand, using the tions:

olatility	129%
fe	3.13 years
terest rate	1.30%
eld	Nil

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ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

Paid-In Capital (Cont d)

ual General Meeting on June 3, 2010, the Shareholders of the Company approved an amendment to the 2006 on Plan to increase the number of shares available for issuance under the Plan from 2,074,000 to 3,308,127, or Company s issued and outstanding shares as of April 5, 2010.

10, 2010, the Company granted 75,000 stock options to each of 2 non-employee directors to purchase ares. The stock options are exercisable at $0.37 per share, vest over 2 years at 25% every six months and ugust 10, 2015. The stock options were accounted for at their fair value, as determined by the Black-Scholes odel, of $35 thousand, using the following assumptions:

olatility	118%
fe	3.13 years
terest rate	0.78%
eld	Nil

10, the Company issued 520,000 agents options exercisable into one common share at an exercise price of ximately $0.47) per common share, which expire on August 27, 2012. The agent s options were issued as part costs in connection with the private placement described in note 8. The agent s options were accounted for at determined by the Black-Scholes valuation model, of $117 thousand, using the assumptions below:

olatility	128%
fe	2 years
terest rate	0.56%
eld	Nil

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ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

Paid-In Capital (Cont d)

with respect to stock option activity for 2009 and 2010 is as follows:

	Number of options	Weighted average exercise price $
g January 1, 2009	1,698,676	0.70
	200,000	0.56
	(200,000)	(1.00)
	(319,517)	(0.97)
	(31,071)	(0.70)
g December 31, 2009	1,348,088	0.56
	350,000	0.42
	-	-
	-	-
	-	-
g December 31, 2010	1,698,088	0.53

ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

Paid-In Capital (Cont d)

tock options outstanding as at December 31, 2010 are as follows:

	Outstanding options				Exercisable options		
ber of tions	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**	**Aggregate intrinsic value $**	**Number of options**	**Weighted average exercise price $**	**Aggregate intrinsic value $**
25,000	3.25	0.31		18,750	0.31	
50,000	4.67	0.37				
00,000	0.88	0.41		800,000	0.41	
00,000	4.33	0.46		106,250	0.46	
75,000	3.87	0.59		150,000	0.59	
40,588	2.60	0.83		240,588	0.83	
07,500	1.58	1.15		107,500	1.15	
98,088	2.25	0.53	1,000	1,423,088	0.56	750

pensation expense recognized in 2010 in regards to the stock options was $74 thousand (2009 - $104 December 31, 2010, total unrecognized compensation expense related to unvested stock options was $68 $50 thousand). This amount is expected to be recognized as an expense over a period of two years. A change Company due to acquisition would cause the vesting of these stock options to accelerate and would result in charged to stock-based compensation expense.

the Company issued 10,476,000 stock purchase warrants exercisable into common shares at $0.80 per share uly 13, 2012. The stock purchase warrants were issued in connection with the July 13, 2009 private placement 9. The stock purchase warrants were valued at $1,294 thousand based on their relative fair value, as Black-Scholes valuation model using the assumptions below:

olatility	117%
fe	3 years
terest rate	1.41%
eld	Nil

ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

In Capital (Cont d)

the Company issued 350,000 stock purchase warrants exercisable into common shares at $0.80 per share uly 22, 2012. The stock purchase warrants were issued in connection with the July 22, 2009 private placement 9. The stock purchase warrants were valued at $46 thousand based on their relative fair value, as determined les valuation model using the assumptions below:

olatility	117%
fe	3 years
terest rate	1.50%
eld	Nil

2009 the Company issued 250,000 stock purchase warrants exercisable into common shares at $0.80 per share eptember 3, 2012. The stock purchase warrants were issued in connection with the September 3, 2009 private ed in note 9. The stock purchase warrants were valued at $34 thousand based on their relative fair value, as Black-Scholes valuation model using the assumptions below:

olatility	117%
fe	3 years
terest rate	1.42%
eld	Nil

, the Company restated the exercise price of the warrants issued with respect to the convertible notes y 22, 2007 from $0.80 to $0.48. The exercise price of these warrants had previously been restated from their price of $1.02 to $0.80 on March 19, 2008. Each of these modifications was treated as an exchange of the or a new warrant in accordance to FASB ASC 718 Compensation-Stock Compensation . The July 28, 2010 ed in an increase in fair value of the warrants of approximately $96 thousand. This increase was recorded as pensation expense and a corresponding increase in additional paid-up capital.

on of the Warrants has also been amended such that the expiration date of the Warrants will be accelerated if ommon shares trade at, or above, $0.625 for a period of 60 consecutive trading days. The trading price for mendment will be calculated by using the average of the closing prices on the Toronto Venture Exchange and e Company's shares trade above $0.625 for a period of 60 consecutive trading days, warrant holders will then days to exercise the Warrants they hold, after which time such Warrants shall expire.

ologies Corp.

lated Financial Statements
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S. Funds)

Paid-In Capital (Cont d)

27, 2010 the Company issued 6,500,000 stock purchase warrants exercisable into common shares at (approximately US$0.47) per share which expire on August 27, 2013. The stock purchase warrants were nnection with the August 27, 2010 private placement described in note 9. The stock purchase warrants were 973 thousand based on their relative fair value, as determined by the Black-Scholes valuation model using the s below:

olatility	116%
fe	3 years
terest rate	0.83%
eld	Nil

1, 2010, no additional stock purchase warrants had been exercised.

respect to warrant activity for 2009 and 2010 is as follows:

	Number of warrants	Weighted average exercise price $
g January 1, 2009	6,678,223	0.95
private placements	11,076,000	0.80
ents	838,080	0.80
g - December 31, 2009	18,592,303	0.85
private placement	6,500,000	0.47
ent	520,000	0.47
- Cancellation of original warrants	(2,142,857)	(0.80)
Re-Issue of Warrants	2,142,857	0.48
	(4,321,080)	(1.02)
g - December 31, 2010	21,291,223	0.66

ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

xes

es reported differ from the amount computed by applying the statutory rates to losses. The reasons are as

	2010	2009
axes	$ (963)	$ (692)
s for which no tax benefits have been recorded	761	265
tion over capital cost allowance	(1)	15
penses	21	213
ch and development expenses	246	297
tion of transaction costs	(37)	(36)
dit	(57)	(62)
rrants terms	30	-
nvertible debt discount	-	(130)
	$ -	$ (130)

nents of the deferred tax assets classified by the source of temporary differences are as follows:

	2010	2009
ment	$ (5)	$ (18)
s carryforward	1,088	672
ch and development expenses	578	431
credits carryforward	616	409
o be deducted in future years	-	36
	2,277	1,530
ce	(2,277)	(1,530)
	$ -	$ -

owance at December 31, 2009 was $1,530 thousand. The net change in the valuation allowance during the
cember 31, 2010, was an increase of $747 thousand. In assessing the realizability of deferred tax assets,
iders whether it is more likely than not that some portion or all of the deferred income tax assets will not be
mate realization of deferred income tax assets is dependent upon the generation of future taxable income
in which those temporary differences become deductible. Management considers the scheduled reversal of
ax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on
these items, management has determined that enough uncertainty exists relative to the realization of the
ax asset balances to warrant the application of a full valuation allowance as of December 31, 2010.

ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

xes (Cont d)

Canadian and provincial net operating losses of approximately $5,730 thousand (2009 - $3,505 thousand) thousand (2009 - $3,380 thousand) respectively, that may be applied against earnings of future years. of the net operating losses is subject to significant limitations imposed by the change in control provisions. A he net operating losses may expire before they can be utilized.

mber 31, 2010, the Company had non-refundable tax credits of $616 thousand (2009 -$430 thousand) of housand is expiring in 2017, $213 thousand is expiring in 2018, $193 thousand is expiring in 2019 and $186 expiring in 2020 and undeducted research and development expenses of $2,958 thousand (2009 - $2,235 vith no expiration date.

d tax benefit of these items was not recognized in the accounts.

zed Tax Benefits

ny does not expect its unrecognized tax benefits to change significantly over the next twelve months.

and Examination

ny files tax returns in each jurisdiction in which it is registered to do business. For each jurisdiction a statute ns period exists. After a statute of limitations period expires, the respective tax authorities may no longer ional income tax for the expired period. Similarly, the Company is no longer eligible to file claims for refund that it may have overpaid. The following table summarizes the Company s major tax jurisdictions and the tax emain subject to examination by these jurisdictions as of December 31, 2010:

urisdictions	**Tax Years**
al - Canada	2006 and onward
cial - Quebec	2006 and onward

of Cash Flows Information

usands		**2010**		2009
ceivable	**$**	**227**	$	(411)
enses		**2**		(3)
tax credits receivable		**315**		(243)
ayable and accrued liabilities		**(355)**		179
non-cash operating elements of working capital	**$**	**189**	$	(478)
Cash Flow Information:				
d	**$**	**2**	$	69

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ologies Corp.

lated Financial Statements
10 and 2009
S. Funds)

rty Transactions

year, the Company incurred expenses of approximately $13 thousand (2009 - $18 thousand) for laboratory leased from a shareholder, who is also an officer of the Company. The lease agreement covering the expired on August 31, 2010 and the Company purchased the equipment from a shareholder for a on of approximately $19 thousand in aggregate.

management salaries are $18 thousand (2009 - $20 thousand) for options granted to the Chief Financial $5 thousand (2009 - $Nil) for options granted to the Chief Executive Officer under the 2006 Stock Option 8 thousand (2009 - $29 thousand) for options granted to non-employee directors.

general and administrative expenses are director fees of $90 thousand (2009 - $28 thousand) for attendance etings and audit committee meetings.

accounts payable and accrued liabilities is approximately $1 thousand (2009 - $12 thousand) payable to s, who are also officers of the Company.

related party transactions have been measured at the exchange amount which is the amount of the on established and agreed upon by the related parties.

Diluted Loss Per Common Share

diluted loss per common share is calculated based on the weighted average number of shares outstanding period. The warrants, share-based compensation and convertible notes have been excluded from the of diluted loss per share since they are anti-dilutive.

t Events

4, 2011, 227,625 agents options were exercised into common shares of the Company for gross proceeds of ely $114 thousand.

INTELGENX TECHNOLOGIES CORP.

7,569,507 SHARES OF COMMON STOCK

AND

2,748,165 WARRANTS OFFERED BY SELLING SECURITY HOLDERS

PROSPECTUS

JULY 22, 2011

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