

SAFEGUARD SCIENTIFICS INC

Form 10-K

March 16, 2010

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

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

For the Fiscal Year Ended December 31, 2009

Commission File Number 1-5620

Safeguard Scientifics, Inc.

(Exact name of Registrant as specified in its charter)

Pennsylvania

*(State or other jurisdiction of
incorporation or organization)*

23-1609753

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

**435 Devon Park Drive
Building 800
Wayne, PA**

(Address of principal executive offices)

19087

(Zip Code)

(610) 293-0600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock (\$.10 par value)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

As of June 30, 2009, the aggregate market value of the Registrant's common stock held by non-affiliates of the registrant was \$159,260,690 based on the closing sale price as reported on the New York Stock Exchange.

The number of shares outstanding of the Registrant's Common Stock, as of March 15, 2010 was 20,465,160.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the Definitive Proxy Statement) to be filed with the Securities and Exchange Commission for the Company's 2010 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

SAFEGUARD SCIENTIFICS, INC.

FORM 10-K

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PART I

Cautionary Note concerning Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about Safeguard Scientifics, Inc. (Safeguard or we), the industries in which we operate and other matters, as well as management's beliefs and assumptions and other statements regarding matters that are not historical facts. These statements include, in particular, statements about our plans, strategies and prospects. For example, when we use words such as projects, expects, anticipates, intends, plans, believes, estimates, should, would, could, will, opportunity, potential or may, variations of such words or other words to convey uncertainty of future events or outcomes, we are making forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Our forward-looking statements are subject to risks and uncertainties. Factors that could cause actual results to differ materially, include, among others, managing rapidly changing technologies, limited access to capital, competition, the ability to attract and retain qualified employees, the ability to execute our strategy, the uncertainty of the future performance of our partner companies, acquisitions and dispositions of companies, the inability to manage growth, compliance with government regulation and legal liabilities, additional financing requirements, labor disputes and the effect of economic conditions in the business sectors in which our partner companies operate, all of which are discussed in Item 1A. Risk Factors. Many of these factors are beyond our ability to predict or control. In addition, as a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by this cautionary statement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report might not occur.

Item 1. Business

Business Overview

Safeguard's charter is to build value in growth-stage technology and life sciences businesses by providing partner companies with capital and a range of strategic, operational and management resources. Safeguard may participate in expansion financings, corporate spin-outs, management buy-outs, recapitalizations, industry consolidations and early-stage financings. Our vision is to be the preferred catalyst for creating great technology and life sciences companies. Throughout this document, we use the term partner company to generally refer to those companies that we have an economic interest in and that we are actively involved in influencing the development of, usually through board representation in addition to our equity ownership stake. From time to time, in addition to our partner companies, we also hold economic interest in other enterprises that we are not actively involved in the management of.

We strive to create long-term value for our shareholders by helping partner companies increase their market penetration, grow revenue and improve cash flow. We focus on companies with capital requirements of up to \$25 million that operate in two sectors:

Technology including companies focused on healthcare information technology, financial services technology and internet/new media businesses that have recurring or transactional revenue models; and

Life Sciences including companies focused on molecular and point-of-care diagnostics, medical devices/regenerative medicine, specialty pharmaceuticals and healthcare services.

In 2009, our management team executed against the following objectives, to:

Deploy capital in companies within our strategic focus;

Build value in partner companies by developing strong management teams, growing the companies organically and through acquisitions, and positioning the companies for liquidity at premium valuations;

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Realize the value of partner companies through selective, well-timed exits to maximize risk-adjusted value; and

Provide the tools needed for investors to fully recognize the shareholder value that has been created by our efforts.

To meet these strategic objectives during 2010, Safeguard will continue to focus on:

finding opportunities to deploy our capital in additional partner companies;

helping partner companies to achieve additional market penetration, revenue growth, cash flow improvement and growth in long-term value; and

realizing value in our partner companies if and when we believe doing so will maximize value for our shareholders.

We incorporated in the Commonwealth of Pennsylvania in 1953. Our corporate headquarters is located at 435 Devon Park Drive, Building 800, Wayne, Pennsylvania 19087.

Significant 2009 Highlights

Here are our key developments from 2009:

During 2009, we deployed \$24.9 million in additional capital to support the growth of ten existing partner companies.

In March and May, Clariant, Inc. completed a private placement of \$40.0 million of convertible preferred stock with Oak Investment Partners. The new capital from Oak enabled Clariant to retire all of its outstanding debt, except for receivable financing, and provided additional working capital to support Clariant's growth and geographic expansion. As a result of the transaction, our \$30 million mezzanine debt facility was terminated after Clariant repaid all \$19.5 million in borrowings then outstanding. In addition, the financing released \$12.3 million in cash collateral which supported our guarantee of Clariant debt with another lender. Our ownership position was reduced to 47%.

In July, we deployed \$6.7 million in MediaMath, Inc. leading a \$7.2 million financing round. MediaMath has developed the advertising industry's leading real-time algorithmic buying platform for display media, utilizing data and optimization for superior performance.

In August, we completed a one-for-six reverse split of our common stock, reducing the number of shares outstanding to 20.4 million from 122.3 million. We believe this transaction broadened our appeal to investors. As of August 26, 2009, the day prior to the reverse split, the market price of our common stock was \$10.44 on a post-reverse split basis. As of March 15, 2010, our stock price was \$12.98.

In the third quarter, we sold 18.4 million shares of Clariant's common stock to a diverse group of institutional investors. This transaction further reduced our ownership position in Clariant to 28%. Total proceeds from the sale were \$61.3 million.

In October, we deployed \$5 million in Quinnova Pharmaceuticals, Inc., leading a \$17.4 million financing round.

During the third and fourth quarters, we repurchased an additional \$7.8 million in face value of our 2.625% convertible senior debentures, due March 2024. These transactions brought our debenture repurchase total to \$71.8 million in face value since 2006 and reduced the outstanding balance of the original 2004 issue of \$150 million to \$78.2 million.

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Our Strategy

We focus on companies that address the strategic challenges facing businesses today and the opportunities they present. We believe these challenges have five general themes:

Maturity Many existing technologies, solutions and therapies are reaching the end of their designed lives or patent protection; the population of the U.S. is aging; IT infrastructure is maturing and the sectors are consolidating; and many businesses based on once-novel technologies are now facing consolidation and other competitive pressures.

Migration Many technology platforms are migrating to newer technologies with changing cost structures; many medical treatments are moving toward earlier stage intervention or generics; there is a migration from generalized treatments to personalized medicine; many business models are migrating towards different revenue-generation models, integrating technologies and services; and traditional media such as newspapers and advertising are migrating online.

Convergence Many technology and life sciences businesses are intersecting in fields like medical devices and diagnostics for targeted therapies. Within life sciences itself, devices, diagnostics and therapeutics are converging.

Compliance Regulatory compliance is driving buying behavior in technology and life sciences. HIPPA, Sarbanes-Oxley, the FDA and the SEC are all telling businesses how to spend money.

Cost containment The importance of cost containment grows as healthcare costs and IT infrastructure maintenance costs grow and as a recessionary dynamic weakens sectors of the economy.

These strategic themes tend to drive growth and attract entrepreneurs who need capital, operational support and strategic guidance. Safeguard deploys capital, combined with management expertise, process excellence and marketplace insight, to provide tangible benefits to our partner companies.

Our corporate staff (29 employees at December 31, 2009) is dedicated to creating long-term value for our shareholders by helping our partner companies build value and by finding additional acquisition opportunities.

Identifying Opportunities

Safeguard's go-to-market strategy and marketing and sourcing activities are designed to generate a large volume of high-quality opportunities to acquire majority or primary shareholder stakes in partner companies. Our principal focus is on acquiring stakes in growth-stage companies with attractive growth prospects in the technology and life sciences sectors. Generally, we prefer candidates:

operating in large and/or growing markets;

with barriers to entry by competitors, such as proprietary technology and intellectual property, or other competitive advantages;

with capital requirements of up to \$25 million; and

with a compelling strategy for achieving growth.

Our sourcing efforts are targeted primarily on the eastern U.S. However, in-bound deal leads generate opportunities throughout the U.S. and southeastern Canada. Leads come from a variety of sources, including investment bankers, syndication partners, existing partner companies and advisory board members.

Our Technology Group currently targets companies with recurring revenue, transaction-based or software as a service business models and companies in the internet/new media, financial services IT or healthcare IT vertical markets.

Our Life Sciences Group currently targets companies with Product or Technology-Enabled Service business models and companies in the molecular and point-of-care diagnostics, medical device, regenerative medicine and specialty pharmaceutical vertical markets.

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We believe there are many opportunities within these business models and vertical markets, and our sourcing activities are focused on finding candidate companies and evaluating how well they align with our criteria. However, we recognize we may have difficulty identifying candidate companies and completing transactions on terms we believe appropriate. As a result, we cannot be certain how frequently we will enter into transactions with new or existing partner companies.

Competition. We face intense competition from other companies that acquire, or provide capital to technology and life sciences businesses. Competitors include venture capital and, occasionally, private equity investors, as well as companies seeking to make strategic acquisitions. Many providers of growth capital also offer strategic guidance, networking access for recruiting and general advice. Nonetheless, we believe we are a preferable capital provider to potential partner companies because our strategy and capabilities offer:

responsive operational assistance, including strategy design and execution, business development, corporate development, sales, marketing, finance, risk management, human resources and legal support;

the flexibility to structure minority or majority transactions with or without debt;

occasional liquidity opportunities for founders and existing investors;

a focus on maximizing *risk-adjusted* value growth, rather than *absolute* value growth within a narrow or predetermined time frame;

interim C-level management support, as needed;

opportunities to leverage Safeguard's balance sheet for borrowing and stability; and

a record of building value in our partner companies.

Helping Our Partner Companies Build Value

We offer operational and management support to each of our partner companies through our experienced professionals. Our employees have expertise in business and technology strategy, sales and marketing, operations, finance, legal and transactional support. We provide hands-on assistance to the management teams of our partner companies to support their growth. We believe our strengths include:

applying our expertise to support a company's introduction of new products and services;

leveraging our market knowledge to generate additional growth opportunities;

leveraging our business contacts and relationships; and

identifying and evaluating potential acquisitions and providing capital to pursue potential acquisitions to accelerate growth.

Strategic Support. By helping our partner companies' management teams remain focused on critical objectives through the provision of human, financial and strategic resources, we believe we are able to accelerate their development and success. We play an active role in developing the strategic direction of our partner companies, including:

defining short and long-term strategic goals;

identifying and planning for the critical success factors to reach these goals;

identifying and addressing the challenges and operational improvements required to achieve the critical success factors and, ultimately, the strategic goals;

identifying and implementing the business measurements that we and others will apply to measure a company's success; and

providing capital to drive growth.

Management and Operational Support. We provide management and operational support, as well as ongoing planning and development assessment. Our executives and Advisory Board members provide mentoring,

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advice and guidance to develop partner company management. Our executives serve on the boards of directors of partner companies, working with them to develop and implement strategic and operating plans. We measure and monitor achievement of these plans through regular operational and financial performance measurements. We believe these services provide partner companies with significant competitive advantages within their respective markets.

Realizing Value

In general, we will hold our stake in a partner company as long as we believe the risk-adjusted value of that stake is maximized by our continued ownership and effort. From time to time, we engage in discussions with other companies interested in our partner companies, either in response to inquiries or as part of a process we initiate. To the extent we believe that a partner company's further growth and development can best be supported by a different ownership structure or if we otherwise believe it is in our shareholders' best interests, we may sell some or all of our stake in the partner company. These sales may take the form of privately negotiated sales of securities or assets, public offerings of the partner company's securities and, in the case of publicly traded partner companies, sales of their securities in the open market. We have taken partner companies public through rights offerings and direct share subscription programs, and we will continue to consider these (or similar) programs to maximize partner company value for our shareholders. We expect to use proceeds from these sales (and sales of other assets) primarily to pursue opportunities to create new partner company relationships or for other working capital purposes, either with existing partner companies or at Safeguard.

Our Partner Companies

An understanding of our partner companies is important to understanding Safeguard and its value-building strategy. Following are descriptions of partner companies in which we owned a stake at December 31, 2009. The indicated ownership percentage is presented as of December 31, 2009 and reflects the percentage of the vote we are entitled to cast based on issued and outstanding voting securities (on a common stock equivalent basis), excluding the effect of options, warrants and convertible debt (primary ownership).

LIFE SCIENCES PARTNER COMPANIES

Advanced BioHealing, Inc.

(Safeguard Ownership: 28.3%)

Advanced BioHealing (www.advancedbiohealing.com), is a leader in the science and clinical application of regenerative medicine. Advanced BioHealing develops and markets cell-based and tissue-engineered products that use living cells to repair or replace body tissue damaged by injury, disease or the aging process. The company's lead product, Dermagraft™ (www.dermagraft.com), is FDA- approved for treatment of diabetic foot ulcers, a common affliction of persons with diabetes. The company also is developing sales channels within the U.S. government and a treatment for venous leg ulcers.

We believe that Advanced BioHealing's products help healthcare providers respond to increasing demand for effective treatments at lower costs. Diabetes affects approximately 16 million people in the U.S. Annual cases of diabetic foot ulcers in the U.S. are estimated at nearly 1 million, representing an addressable market of more than \$1 billion. Clinical trials are underway to extend Dermagraft treatments to venous leg ulcers, a market opportunity estimated at an additional \$600 million.

Alverix, Inc.

(Safeguard Ownership: 49.6%)

Alverix (www.alverix.com) produces low-cost, handheld readers with the accuracy and precision of laboratory instruments. Alverix partners with diagnostic and original equipment manufacturers (OEMs) seeking to increase

current test accuracy, improve portability of existing tests, or develop new assays for use at the point-of-care (POC). Whether at a physician's office, laboratory outreach location, retail clinic or a patient's home, Alverix's POC devices enable central laboratory quality results to be obtained where test information is critical to patient care. Previously, this level of performance required expensive laboratory instrumentation. Alverix is building on 30 years of expertise in optical sensors, image processing, software and signal enhancement algorithms to develop proprietary technologies for low-cost, portable detection devices for medical diagnostics and other applications.

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Alverix was spun out of Avago Technologies, which itself was spun out of Agilent, Inc. Current applications include testing for drugs of abuse (DOA), and cardiac, cancer and infectious diseases. Alverix has signed two partnerships, representing significant potential revenue over the next five years. The company continues to grow its platform of OEM partners and await FDA approval of its first partnered product, which could lead to domestic sales in 2010.

Alverix is attempting to capitalize on two macro trends: first, growing demand for reduced cost and improved efficiency of healthcare delivery; and second, greater consumer control of personal healthcare. Both of these trends are increasing demand for rapid POC tests. In 2006, the POC professional segment of the overall *in vitro* diagnostic industry was valued at \$4.7 billion, growing at 11% annually. Instrumentation represented more than \$900 million in annual expenditures. We believe Alverix will be able to exploit significant portions of the fragmented multi-billion dollar POC market because its devices provide immediate, accurate results with potential for increased functionality and sensitivity. Additionally, Alverix's flexible technology platform permits product expansions that increase access to new and existing diagnostic tests by physicians and patients.

Avid Radiopharmaceuticals, Inc.

(Safeguard Ownership: 13.5%)

Avid (www.avidrp.com) is developing molecular imaging agents to detect neurodegenerative diseases, initially Alzheimer's disease (AD), Parkinson's disease (PD) and Dementia with Lewy Bodies (DLB). Avid is conducting clinical trials at more than 25 research centers across the U.S. and initiated Phase III trials in early 2009 for its amyloid imaging compound, florpiramine F18 (18F-AV-45), which tests for the presence of AD pathology in people with dementia. Avid remains on track with Phase III trials of its lead compound, 18F-AV-45, which binds to amyloid plaques in the brain to image AD, and anticipates completion and an NDA submission in 2010. AV-45 is also being employed by large biopharmaceutical companies including Lilly and Pfizer in clinical trials of drugs in development to treat AD. Avid's 18F-AV-133 imaging compound for detection of Parkinson's disease is currently in Phase II trials, while its compound for imaging diabetes is currently in proof of concept Phase I trials.

Avid is developing a new technology that targets the increasing demand among an aging population for value-oriented diagnostics. We believe Avid is well positioned to address the critical need to improve diagnosis and characterization of AD, PD and other chronic neurological disorders. The addressable market for Avid products is over \$1 billion.

Cellumen, Inc.

(Safeguard Ownership: 58.7%)

Cellumen (www.cellumen.com) delivers proprietary services and products to support drug discovery and development. By leveraging its cellular systems biology (CSB) technology, Cellumen's objective is to improve efficacy, decrease toxicity and optimize patient stratification and treatment for pharmaceutical companies' new and existing drugs. The goal of this approach is to obtain accurate measures of efficacy and potential toxicity of these drugs and biologics well before entering expensive clinical testing. Another goal is to improve clinical trial enrollment and increase new drug efficacy by conducting theranostic (predicting response to therapeutics) patient profiling. With the drug development failure rate surpassing 90%, there is a clear need for more efficient drug discovery methods and technologies.

Clariant, Inc.

(Safeguard Ownership: 28.0%)

Clariant (www.clariantinc.com) is a leading provider of comprehensive, cancer-diagnostic laboratory services, offering a menu of more than 300 advanced molecular tests to pathologists, oncologists, hospitals and biopharmaceutical companies throughout the U.S. From its state-of-the-art commercial laboratory and through its Internet-based application, Clariant also is developing proprietary companion diagnostic markers for therapeutics in breast, prostate, lung and colon cancers, as well as leukemia/lymphoma. After five years of rapid growth, Clariant is approaching sustainable profitability, due to new economies of scale, reduced bad debt expense as a percentage of

revenue and improved timeliness of billing and collections. Revenue in 2009 of \$91.6 million increased 24% from 2008. Shares of Clariant's common stock trade on the Nasdaq Capital Market under the symbol CLRT.

The company's primary competitors are two larger national laboratories, Laboratory Corporation of America Holdings and Quest Diagnostics Incorporated. Both competitors offer a wide test and product menu with significant

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financial, sales, and logistical resources, and have extensive contracts with a variety of payor groups. Safeguard first took an ownership interest in Clariant in 1996.

Garnet BioTherapeutics, Inc.

(Safeguard Ownership: 31.1%)

Garnet (www.garnetbio.com) is a clinical stage regenerative medicine company focused on accelerating healing and reducing scarring in cosmetic, orthopedic and cardiovascular surgical wounds. Progress continues in Garnet's Phase II clinical trial of its lead product candidate, a safe cell therapy that releases pro-healing and anti-inflammatory factors to accelerate wound closure and reduce or eliminate scarring. The company expects to complete Phase II trials in 2010. In addition, Garnet's cost-effective, compliant manufacturing process generates a large number of patient doses from a single, adult donor of bone marrow stem cells.

We believe that Garnet is well positioned within the regenerative medicine field. In 2007, \$8.3 billion was spent on cosmetic surgery in the U.S. An effective product at reducing or preventing scarring would apply to 13 of the top 21 cosmetic procedures, resulting in an addressable U.S. market of more than \$850 million. Indications including burns and orthopedic surgery represent additional market potential of more than \$1 billion.

Molecular Biometrics, Inc.

(Safeguard Ownership: 35.4%)

Molecular Biometrics (www.molecularbiometrics.com) applies novel metabolomic technologies to develop accurate, non-invasive clinical tools to increase the probability of pregnancy and decrease multiple births from in vitro fertilization. The company has refined and validated its ViaMetrics-E test platform over the past two years, completing clinical testing on more than 3,000 samples. The product will be launched in Australia, Japan and Europe in 2010, with the U.S. launch expected in 2011. The patented technology also can be applied to other areas of reproductive medicine and neurodegenerative diseases.

Infertility affects 7.3 million people in the U.S. and millions of others worldwide. Molecular Biometrics' ViaMetrics-E technology addresses a \$10 billion global annual IVF market. Today's IVF success rate is estimated at 25% to 35% worldwide. ViaMetrics-E holds significant potential to increase IVF success rates, while minimizing the number of IVF cycles and/or the number of embryos required to be implanted to achieve a live birth. ViaMetrics-E also could provide physicians with a procedure to reduce the incidence, costs and medical risk associated with multiple births, which constitute more than one-third of births under current IVF methods. Currently, the annual number of assisted reproductive technologies (ART) cycles, with the majority being IVF, exceeds 1 million worldwide. The typical IVF cycle in the U.S. costs between \$10,000 and \$15,000. The ability to reduce the number of IVF cycles and the complications associated with multiple births could result in substantial savings to the overall healthcare system.

NuPathe, Inc.

(Safeguard Ownership: 22.9%)

NuPathe (www.nupathe.com) specializes in development of therapeutics for treatment of neurological and psychiatric disorders including migraine and Parkinson's disease. Phase III trials for Zelrix[®], the first and only migraine patch that delivers sumatriptan through NuPathe's proven, proprietary SmartRelief[®] technology, met all of its clinical endpoints and confirmed clear clinical benefits for migraine patients, including reductions in pain, nausea, sensitivity to light and sensitivity to sound compared with placebo patches. An NDA filing for Zelrix is anticipated in 2010. Steady progress is being made in pre-clinical, proof-of-concept studies for NuPathe's NP201, a novel approach to the treatment of Parkinson's.

Of the 12 million patients treated annually for migraines in the U.S., 2.4 million are placed on triptan therapy. Approximately 70% of these patients suffer from migraine-related nausea and vomiting, which reduces or prevents the effectiveness of an oral tablet. In addition, 30% of patients on triptan therapy experience recurring migraines despite

medication. The current market for triptans in the U.S. is more than \$2 billion, or 20% of the total \$10 billion market for migraine treatments.

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Quinnova Pharmaceuticals, Inc.

(Safeguard Ownership: 25.7%)

Quinnova (www.quinnova.com) develops and markets novel delivery, platform-based prescription dermatology drugs. The company's FDA-approved Proderm Technology[™] Foam Delivery System addresses the need for improved cost-effective treatment options, while simultaneously enhancing efficacy and patient compliance in skin disorders, such as dermatitis, fungal infection, psoriasis and acne. The company currently has several products on the market. Growth capital is funding a Phase III clinical trial for an NDA product, expansion of the company's sales and marketing capabilities, facilitating the company's other NDA and medical device clinical trials, and supporting research and development initiatives to bring new products to market.

Quinnova's products are based on proprietary delivery platforms, improve efficacy and patient compliance, and address more than half of the therapeutic dermatology market. Dermatology is a highly fragmented therapeutic category and market, which was estimated at \$6.4 billion in 2007 and projected to grow to \$8.9 billion by 2013.

Tengion, Inc.

(Safeguard Ownership: 4.5%)

Tengion (www.tengion.com) is a clinical stage regenerative medicine company developing, manufacturing and commercializing human neo-organs and neo-tissues for treatment of urologic and renal diseases. The company recently completed a Phase II trial of its patented Tengion Neo-Bladder Augment[®] for children with neurogenic bladders due to spina bifida. Enrollment is complete in a second Phase II trial with the Neo-Bladder Augment in adults with neurogenic bladders due to spinal cord injuries. In 2010, human clinical trials are planned with Tengion's Neo-Urinary Conduit[™] for patients with bladder cancer and the company expects to have additional pre-clinical proof-of-concept for its Neo-Kidney[™] intended to slow development of renal failure.

Tengion's patented technology Autologous Organ Regeneration Platform[™] addresses critical problems facing organ-failure patients, including the shortage of donor organs, the risk of organ rejection and the high cost and toxicity of anti-rejection medications. The estimated cost of procuring an organ is between \$50,000 and \$100,000. With 21,000 annual bladder reconstructions or removals in the U.S. per year, the addressable market is estimated at more than \$1 billion, and up to \$3 billion worldwide.

In December 2009, Tengion filed an initial preliminary registration statement for an initial public offering of its common stock. It is currently anticipated that if such an initial public offering occurs, it will take place in 2010.

TECHNOLOGY PARTNER COMPANIES

Advantage Healthcare Solutions, Inc.

(Safeguard Ownership: 39.7%)

AHS (www.ahsrcm.com) is among the nation's largest medical-billing firms, using proven, proprietary software to deliver outsourced billing solutions to hospital physician groups. AHS employs continuous business-process improvement methods to increase the operating efficiencies of medical billing and to improve results for its physician customers.

AHS competes in a highly fragmented U.S. market estimated at \$4.5 billion in 2008. Fewer than 20% of physician practices outsource billing and practice management. AHS continues to gain meaningful scale through organic growth and strategic acquisitions. The company completed four significant acquisitions from 2007 to early 2010, and is actively pursuing additional acquisition opportunities in targeted specialties. In 2009, AHS completed three acquisitions: Recency Alliance Services, Staten Island University Hospital physician billing division; Physician's Service Center, a medical billing and practice management service provider located in Lombard, Illinois; and Medical Account Services, a medical billing and practice management service provider located in Dayton, Ohio. The company

is actively pursuing additional acquisition opportunities.

Authentium, Inc.

(Safeguard Ownership: 20.0%)

Authentium (www.authentium.com) develops software and services to protect consumers in a connected world. Its anti-malware and identity-protection software are used by leading software providers, including Google, Microsoft and Symantec to create or enhance their offerings. Consumers use Authentium's identity-theft prevention product SafeCentral™ (www.safecentral.com) to protect e-commerce transactions through an end-to-end, secured

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online environment. SafeCentral significantly reduces the risk of consumers having their personal information stolen while using internet services such as online banking, tax filing, etc. (which are significant sources of identity theft).

Rapid proliferation of viruses and malware has spawned an enormous anti-malware market expected to exceed \$9.6 billion in 2012. Authentium's SafeCentral, is a next generation anti-malware solution that is gaining traction with customers and partners such as Cyberdefender and Trend Micro. More than 8 million U.S. adults were affected by identity theft in 2007.

Beyond.com, Inc.

(Safeguard Ownership: 38.3%)

Beyond (www.beyond.com) is the largest internet career network, comprised of thousands of local, industry and niche communities in the U.S. and Canada. Beyond attracts niche audiences of job seekers, professionals, employees and advertisers and delivers targeted and highly relevant results through a multitude of online media and advertising models, including: recruitment advertising, email marketing, banner advertising and other lead generation vehicles. Despite a slow economy that impacted the job market, Beyond managed to grow both its local and niche brands and its community traffic, experiencing over 100% growth in unique visitors in 2009.

Bridgevine, Inc.

(Safeguard Ownership: 23.6%)

Bridgevine (www.bridgevine.com) is an internet marketing company that enables online consumers to compare and purchase digital services, including internet, phone, VoIP, TV, wireless, music, and entertainment. Bridgevine leverages its proprietary technology platform to acquire leads through numerous sources, including search, e-tail and retail, and then offers a bundle of services from its growing base of participating merchants, which now totals over 140. Founded to capitalize on a fragmented and confusing market for online services, Bridgevine simplifies shopping and enhances the experience through unique content and promotions, education and comparison services from its network of websites. Bridgevine's advertising partners include Comcast, AT&T, Charter, Real Networks, Dlink, Vonage, Netflix, Qwest, Time Warner and Verizon.

Bridgevine participates in the large customer-generation segment of the U.S. digital services, which has been projected to grow to \$10 billion by 2014. As additional services migrate to the digital domain, we believe that Bridgevine is well positioned to take advantage of new opportunities.

MediaMath, Inc.

(Safeguard Ownership: 17.5%)

MediaMath (www.mediamath.com) has developed the advertising industry's leading real-time algorithmic buying platform for display media, utilizing data and optimization for superior performance. MediaMath's TerminalOne[®] automated buying platform provides advertising agencies with access to tens of billions of impressions (including banner ads and page displays) daily, and a simple workflow that manages the powerful analytics and rich data necessary to make best use of them. MediaMath first marketed its technology in 2007 and continues to build on its first-to-market advantage.

The advertising industry is undergoing a transformational shift, bringing more advertising dollars to online media from traditional offline outlets. This shift is driven by the increased level of performance-driven metrics in online advertising. MediaMath is positioned in the middle of this transformation.

Portico Systems, Inc.

(Safeguard Ownership: 45.4%)

Portico (www.porticosys.com) offers software and services to health insurance providers that help reduce administrative, medical and IT costs. Portico's offerings also allow health insurance providers to eliminate duplicate

processes, to shorten the cycle for launching new products and services, and to comply with federal privacy regulations. Through recent acquisitions and contracts with global healthcare companies including CIGNA and MMM Holdings, Portico now serves more than 35 healthcare systems with 42 million members annually.

Portico's exclusive focus on provider operations has allowed the company to design the only modular end-to-end provider platform that streamlines the interactions between payors and their provider networks. In 2009,

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Portico acquired Kryptiq Corp's Choreo health plan business which nearly doubled the number of customers. Portico competes in a market for U.S. healthcare payer IT spending estimated at \$7 billion.

Swaptree, Inc.

(Safeguard Ownership: 29.3%)

Swaptree (www.swaptree.com) is the internet's largest online swapping site that enables users to trade books, CDs, DVDs and video games using its proprietary trading platform. With Swaptree, users can choose from tens of thousands of books, CDs, DVDs and video games that they can receive in trade for items which they no longer want. Swaptree's innovative model has gained significant media attention, driving a five-fold increase in its user base and a 400% gain in unique-visitor total since becoming a Safeguard partner company in 2008. In a challenging economy, Swaptree expects to continue its rapid growth as consumers look towards swapping used items as an alternative to buying new items or paying for used items.

FINANCIAL INFORMATION ABOUT OPERATING SEGMENTS

Information on revenue, operating income (loss), equity income (loss) and net income (loss) from continuing operations for each operating segment of Safeguard's business for each of the three years in the period ended December 31, 2009 and assets as of December 31, 2009 and 2008 is contained in Note 18 to the Consolidated Financial Statements.

OTHER INFORMATION

The operations of Safeguard and its partner companies are subject to environmental laws and regulations. Safeguard does not believe that expenditures relating to those laws and regulations will have a material adverse effect on the business, financial condition or results of operations of Safeguard.

AVAILABLE INFORMATION

All periodic and current reports, registration statements, and other filings that Safeguard is required to file with the Securities and Exchange Commission (SEC), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, are available free of charge from the SEC's website (<http://www.sec.gov>) or public reference room at 450 Fifth Street N.W., Washington, DC 20549 (1-800-SEC-0330) or through Safeguard's internet website (<http://www.safeguard.com>). Such documents are available as soon as reasonably practicable after electronic filing of the material with the SEC. Copies of these reports (excluding exhibits) also may be obtained free of charge, upon written request to: Investor Relations, Safeguard Scientifics, Inc., 435 Devon Park Drive, Building 800, Wayne, Pennsylvania 19087.

The internet website addresses for Safeguard and its companies are included in this report for identification purposes. The information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

The following corporate governance documents are available free of charge on Safeguard's website: the charters of our Audit, Compensation and Nominating & Corporate Governance Committees, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. We also will post on our website any amendments to or waivers of our Code of Business Conduct and Ethics that relate to our directors and executive officers.

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Item 1A. Risk Factors

You should carefully consider the information set forth below. The following risk factors describe situations in which our business, financial condition or results of operations could be materially harmed, and the value of our securities may decline. You should also refer to other information included or incorporated by reference in this report.

Our business depends upon our ability to make good decisions regarding the deployment of capital into new or existing partner companies and, ultimately, the performance of our partner companies, which is uncertain.

If we make poor decisions regarding the deployment of capital into new or existing partner companies, our business model will not succeed. Our success as a company ultimately depends on our ability to choose the right partner companies. If our partner companies do not succeed, the value of our assets could be significantly reduced and require substantial impairments or write-offs and our results of operations and the price of our common stock could decline. The risks relating to our partner companies include:

- most of our partner companies have a history of operating losses or a limited operating history;
- the intensifying competition affecting the products and services our partner companies offer could adversely affect their businesses, financial condition, results of operations and prospects for growth;
- the inability to adapt to the rapidly changing marketplaces;
- the inability to manage growth;
- the need for additional capital to fund their operations, which we may not be able to fund or which may not be available from third parties on acceptable terms, if at all;
- the inability to protect their proprietary rights and/or infringing on the proprietary rights of others;
- that certain of our partner companies could face legal liabilities from claims made against them based upon their operations, products or work;
- the impact of economic downturns on their operations, results and growth prospects;
- the inability to attract and retain qualified personnel; and
- the existence of government regulations and legal uncertainties may place financial burdens on the businesses of our partner companies.

These risks are discussed in greater detail under the caption "Risks Related to Our Partner Companies" below.

Our partner companies (and the nature of our interests in them) could vary widely from period to period.

As part of our strategy, we continually assess the value to our shareholders of our interests in our partner companies. We also regularly evaluate alternative uses for our capital resources. As a result, depending on market conditions, growth prospects and other factors, we may determine to invest in or divest of partner companies. The following table provides information regarding our investments in partner companies as of December 31, 2005.

Partner Company	Investment Type	Investment Date
US Appl. Multilayer Tablet Formulation and Method of Preparation of Multilayered Tablets	60/755,280	December 30, 2005
US Appl. Multi-Vitamin And Formulation And Method of Preparation of Prenatal Multivitamin Supplement	60/748,298	December 7, 2005
US Appl. Delayed Release Oral Formulation And Method Of Making Bilayer Tablets Containing Diclofenac And	60/772,547	February 13, 2006

Misoprostol

Government Regulation

The pharmaceutical industry is highly regulated. We have to remain current with FDA and other regulatory requirements in order to get new products approved. The consequence of this will be higher R&D expenses in order to meet regulatory requirements. We are responding to these regulatory challenges by focusing on 505(b)(2) opportunities that, by applying our drug delivery technology to existing drugs, give us access to high-potential product opportunities by limiting R&D expenses and time-to-market as compared to NDA (New Drug Application) products.

Research and Development

We are currently working on several 505(b)(2) opportunities using our Tri-Layer and Quick Release Wafer platform technologies. We source our 505(b)(2) projects in two ways: either we develop a potential product to proof of concept stage and then solicit potential pharmaceutical partners, or potential partners approach us directly or through the use of an intermediary with a particular product candidate for us to work on. The pharmaceutical partners provide the funding required for the product development and in return get the exclusive distribution rights for the products. We receive development milestone payments from our partners and royalties upon commercialization. Currently, development fees and milestone payments account for 100% of our revenues, and 53% of our R&D expenses were used to support partner programs.

Environmental Regulatory Compliance

We believe that we are fully compliant with environmental regulations of our research and development facility located in Ville Saint-Laurent, Quebec.

Employees

As of July 3, 2006 we had 7 full-time employees and one part-time employee. Five full-time employees and the part-time employee are directly involved in product development activities. The technical staff includes 3 Ph.D.'s, and one MD.

Facilities

We currently occupies 3,100 square feet of leased space at a rate of Can. \$8.29/square foot in an industrial zone in Ville St.-Laurent, Quebec, Canada under a 5-year renewable lease agreement. We may have to expand our laboratory space in order to continue to support ongoing product development activities and allow the addition of further development programs. This may require us to move to a different location. Management has therefore entered into conversations with the current landlord to look for alternative facilities that would meet our need for additional space at affordable costs.

Recent Developments

On April 28, 2006, Big Flash, directly and indirectly through its Canadian holding corporation, completed the acquisition of 100% of the issued and outstanding shares and warrants of IntelGenx. IntelGenx continued its operations as a controlled subsidiary of Big Flash. Big Flash acquired the shares of IntelGenx held by its principal shareholders pursuant to a share exchange agreement dated April 10, 2006 which Big Flash entered into with IntelGenx and the principals of IntelGenx. Big Flash also acquired 100,000 common share purchase warrants of IntelGenx pursuant to a securities purchase agreement which we entered into with Patrick J. Caruso, in exchange for 100,000 common share purchase warrants of Big Flash. Big Flash also acquired 3,191,489 common shares of IntelGenx from 34 investors in exchange for 3,191,489 shares of Big Flash.

Big Flash's special purpose Canadian subsidiary, 6544361 Canada Inc., completed the acquisition of 10,991,000 common shares of IntelGenx held by Horst Zerbe, Ingrid Zerbe and Joel Cohen (the "IntelGenx Principals") pursuant to the Share Exchange Agreement and other agreements among Big Flash, its wholly owned subsidiary 6544631 Canada Inc. ("Exchangeco"), the IntelGenx Principals and Equity Transfer Services Inc. ("Equity"). Under the Share Exchange Agreement, Exchangeco acquired all of the issued and outstanding common shares of IntelGenx held by the IntelGenx Principals in exchange for 10,991,000 Class A Special Shares of Exchangeco ("Exchangeable Shares"). At closing of the Share Exchange Agreement, Big Flash, Exchangeco, the IntelGenx Principals and Equity entered into an Exchange and Voting Trust Agreement (the "Exchange and Voting Trust Agreement") pursuant to which 10,991,000 shares of Big Flash common stock (the "Trust Shares") were issued to Equity, in its capacity as trustee for the Principals, as security for Big Flash's covenants under the provisions of the Exchangeable Shares. At closing, Big Flash, Exchangeco and Equity also entered into a support agreement ("Support Agreement") which, among other things, sets forth the terms and conditions upon which the IntelGenx Principals may exchange the Exchangeable Shares for a corresponding number of shares of Big Flash common stock. Big Flash may satisfy its obligations by instructing the Trustee to deliver one Big Flash common share for each such Exchangeable Share. Big Flash, Exchangeco, Equity and the IntelGenx Principals also entered into an escrow agreement (the "Escrow Agreement") pursuant to which the IntelGenx Principals have deposited into escrow with Equity, as escrow agent, all of the Exchangeable Shares and they have undertaken to deposit with Equity any Trust Shares for which the Exchangeable Shares may be exchanged from time to time, over a term of 3 years following closing. The Escrow Agreement provides that the Exchangeable Shares and any Trust Shares held in escrow may not be sold, assigned or transferred, except as expressly permitted under the Escrow Agreement, and shall be released from escrow at the end of the 3-year term.

The Trustee, as the holder of record of the Trust Shares, shall be entitled to all of the voting rights, including the right to vote in person or by proxy the Trust Shares on any matters, questions, proposals or propositions whatsoever that may properly come before the stockholders of Big Flash or at a meeting of Big Flash stockholders or in connection with respect to all written consents sought by Big Flash from its stockholders (the "Voting Rights"). The Voting Rights shall be and remain vested in and exercised by the Trustee. As further particularized in the Exchange and Voting Trust Agreement, the Trustee shall exercise the Voting Rights only on the basis of instructions received from the IntelGenx Principals entitled to instruct the Trustee as to the voting thereof at the time at which the stockholders meeting is held or a stockholders' consent is sought.

To the extent that no instructions are received from an IntelGenx Principal with respect to the Voting Rights to which such person is entitled, the Trustee shall not exercise or permit the exercise of such Voting Rights.

Under the terms of the Exchangeable Shares, the IntelGenx Principals will have the right to exchange the Exchangeable Shares for a corresponding number of shares of Big Flash common stock at any time after closing of the transaction. Prior to the exercise of such exchange rights, Equity will be the owner of record of the Trust Shares and will retain power to vote the Trust Shares or grant consent in regard to any and all matters presented for approval by the holders of Big Flash common stock. Under the terms of the Exchange and Voting Trust Agreement, Equity, in its capacity as trustee, will act in regard to such matters only in accordance with instructions given by the IntelGenx Principals, respectively. In its capacity as trustee, Equity does not have any powers of disposition over the Trust Shares except as expressly required under the Exchange and Voting Trust Agreement and the Support Agreement.

All of such Exchangeable Shares and the Trust Shares were issued pursuant to the exemptions from registration provided under National Instrument 45-106 under Canadian securities laws and will be exempt from registration under the U.S. Securities Act of 1933, as amended, pursuant to Section 4(2) of that Act and Regulation D Rule 506 and/or Regulation S promulgated thereunder.

Immediately prior to closing of the Share Exchange Agreement, IntelGenx issued 3,191,489 common shares to 34 investors ("Investors") pursuant to private placement subscription agreements at an issue price of (Cdn.) \$0.47 per share. At closing, all of the 3,191,489 common shares of IntelGenx held by the Investors were transferred to Big Flash pursuant to Big Flash in exchange for 3,191,489 shares of Big Flash common stock pursuant to letters of transmittal and acceptance and powers of attorney executed by the Investors.

At closing, Big Flash entered into a securities purchase agreement ("Caruso Securities Purchase Agreement") with Patrick J. Caruso pursuant to which we purchased from Mr. Caruso warrants to purchase 100,000 common shares of IntelGenx at (Cdn.) \$0.47 per share on or before March 15, 2008 in exchange for which Big Flash issued to Mr. Caruso warrants entitling the holder to purchase 100,000 shares of Big Flash common stock at \$0.41 per share on or before April 28, 2008. Additionally, at closing, Big Flash entered into a business consultancy agreement ("Caruso Consulting Agreement") with Mr.

Caruso pursuant to which Big Flash issued to Mr. Caruso 325,000 shares of Big Flash common stock as a non-refundable retainer, and in full payment of investor relations services to be rendered by Mr. Caruso under the agreement.

After giving effect to the issuance of the 10,991,000 shares of Big Flash common stock under the Share Exchange Agreement, the issuance of 3,191,489 shares of Big Flash stock to the Investors, the issuance of 100,000 warrants of Big Flash pursuant to the Caruso Securities Purchase Agreement and the issuance of 325,000 shares of Big Flash common stock pursuant to the Caruso Consulting Agreement, the number of Trust Shares that will be issued to Equity as trustee for the Vendors in the aggregate will constitute 68.7% of the approximately 16 million shares of Big Flash common stock that will be issued and outstanding. After giving effect to the issuance of the shares of Big Flash in connection with the IntelGenx Acquisition, Horst Zerbe, Ingrid Zerbe and Joel Cohen will, pursuant to rights attached to the Exchangeable Shares to be issued to them under the Share Exchange Agreement, be entitled to acquire and beneficially own, respectively, 4,709,643, 4,709,643 and 1,571,713 shares of Big Flash common stock constituting, respectively, 29.4%, 29.4% and 9.8% of the Big Flash common stock that will be issued and outstanding.

Prior to the completion of the IntelGenx acquisition and except for the Share Exchange Agreement and the transactions contemplated thereunder, neither IntelGenx nor the shareholders of IntelGenx were or have been engaged in any direct or indirect transaction with Big Flash and the IntelGenx acquisition is not considered a related party transaction.

Pursuant to the terms of the Support Agreement, the holders of the Exchangeable Shares will economically benefit to the same extent as direct shareholders of Big Flash in the event of any dividend or other distribution.

Exchangeco shall on any day ("Redemption Date") to be determined by Exchangeco's board of directors after the tenth anniversary of the date of the IntelGenx acquisition, redeem the then outstanding Exchangeable Shares for an amount per Exchangeable Share (the "Redemption Price") equal to (I) the current market price of a Big Flash common share on the last business day prior to the Redemption Date (which may be satisfied in full by Exchangeco causing an instruction to be given to the Trustee to deliver, in respect of each Exchangeable Share held by each respective holder thereof, one Big Flash common share, and obtaining written confirmation of such delivery by the Trustee), plus (ii) the unpaid dividend amount, if any, on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the Redemption Date.

The Exchangeable Shares may, at any time prior to the Redemption Date, be exchanged by any of the IntelGenx Principals in exchange for the same number of shares of Big Flash common stock. The number of shares of Big Flash common stock to be transferred to the holders of the Exchangeable Shares upon such exchange will be subject to corresponding adjustment in the event of any Big Flash securities dividend, forward split, reverse split, or similar event. The holders of the Exchangeable Shares will also benefit to an identical extent as all other Big Flash shareholders in the event of a tender offer or other similar transaction.

All Big Flash events related to payment of dividends, redemption or purchase or any capital distribution in respect of Big Flash common shares or any shares other than the Exchangeable Shares, redemption or purchase of any shares other than the Exchangeable Shares, or issuance of any other exchangeable shares, shall in each case be subject to approval by holders of not less than 66.6% of then-outstanding Exchangeable Shares. In addition, Big Flash must obtain the same consent prior to any action to reclassify, subdivide, re-divide or make any similar change to the outstanding shares of Big Flash, or effect an amalgamation, merger, reorganization or other transaction affecting the Big Flash shares of common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the audited annual financial statements and notes for the year ended December 31, 2005 appearing in this prospectus and the interim financial statements for the three month period ended March 31, 2006.

Overview

Company Background

We are a drug delivery company established in 2003 and headquartered in Montreal (Quebec), which focuses on the development of oral controlled-release products for the generic pharmaceutical market as well as novel mucosal delivery systems. IntelGenx was incorporated on June 15, 2003.

We currently have two unique, proprietary platform technologies that we use to develop products: a Tri-Layer Tablet technology which allows for the development of oral controlled release products, and a Quick Release Wafer technology for the rapid delivery of pharmaceutically active substances to the oral cavity. Our Tri-layer technology is aimed at reducing

manufacturing costs significantly as compared to competing delivery technologies. The wafer technology allows for the instant delivery of pharmaceuticals to the oral mucosa.

Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and license the commercial rights to competent partner companies once the viability of the product has been demonstrated.

Merger

On April 28, 2006, we directly and indirectly through our Canadian holding corporation, completed the acquisition of 100% of the issued and outstanding shares and warrants of IntelGenx Corp. ("IntelGenx"), a Canadian corporation based in the Province of Quebec, Canada. Following completion of the acquisition, IntelGenx continued its operations as a controlled subsidiary of Big Flash (the "IntelGenx Acquisition"). See "Business Recent Developments"

Since Big Flash did not have any substantial assets or operations during the two fiscal years prior to the Intelgenx

Acquisition, Intelgenx is deemed to be the accounting acquirer of Big Flash and the discussion of operations below relate to the operations of Intelgenx.

Results of Operations three month period ended March 31, 2006 compared to the three month period ended March 31, 2005.

	2006	2005	Increase/ (Decrease)	Percentage Change
Revenue	\$ 95,518	\$ 0	\$ 95,518	%
Research and development	83,018	13,730	69,288	505%
General and Administrative	36,717	20,511	16,206	79%
Interest expense	3,741	2,012	1,729	86%
Net income (loss)	(14,232)	(11,257)	(2,975)	26%
Revenue				

We are still developing our platform technologies and related products and as such, have not realized significant revenues to date, except for \$95,518 in the first quarter of 2006, compared to \$0 for the same period in 2005, from R&D services provided. Management believes that we may begin to realize increased sales revenues by early 2007.

General and Administrative

General administrative expenses increased by \$16,206 (79%) from \$20,511 for the three month period ended March 31, 2005 to \$36,717 for the three month period ended March 31 2006. The increase is attributed to an increase in corporate operations.

Research and development

Costs related to research and development increased from \$13,730 in the three month period ended March 31, 2005 to \$83,018 for the same period in 2006, which reflects the commencement of some projects with certain partners started in 2006. Management believes that with funding provided by the private placement of common stock (See "Business Recent Developments"), research and development expenses will increase significantly during the remainder of 2006 and into 2007.

Interest Expense

We incurred interest expense of \$3,741 in the three month period ended March 31, 2006 compared to \$2,012 for the same period in 2005. Management believes that interest expense will continue to increase in 2006 compared to 2005 due to an increase in long-term debt related to the purchase of equipment.

Net Income (Loss)

We recorded a net loss of \$14,232 in the three month period ended March 31, 2006 compared to a net loss of \$11,257 for the same period in 2005. Management believes that we will continue to operate at a net loss until such time as we can complete our business development efforts and begin to realize increased sales.

Results of Operations Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

	2005	2004	Increase/ (Decrease)	Percentage Change
Revenue	\$ 19,168	\$ 257,374	\$ (238,206)	93%
Research and development	91,969	131,547	(39,578)	30%
General and Administrative	74,555	39,763	34,792	88%
Interest expense	7,719	2,508	5,211	208%
Net income (loss)	(125,520)	99,006	(224,526)	227%
Revenue				

We are still developing our platform technologies and related products and as such, have not realized significant revenues to date, except for \$19,168 in 2005 and \$257,374 in 2004, from R&D services provided. Management believes that we may begin to realize sales revenues by early 2007.

General and Administrative

General administrative expenses increased by \$34,792 (88%) from \$39,763 for the year ended December 31, 2004 to \$74,555 for the year ended December 31, 2005. The increase is attributed to an increase in corporate operations.

Research and development

Costs related to research and development decreased from \$131,547 in 2004 to \$91,969 in 2005, which reflects the discontinuation of some projects started in 2004. Management believes that research and development expenses will increase significantly during the remainder of 2006 and into 2007.

Interest Expense

We incurred interest expense of \$2,508 in 2004 compared to \$7,719 in 2005. The increase in interest expense is due to an increase in long term debt relates to the acquisition of equipment. Management believes that interest expense will increase in 2006 compared to 2005 due to an increase in long-term debt related to the purchase of equipment.

Net Income (Loss)

We recorded a net loss of \$125,520 in 2005 compared to net earnings of \$99,006 in 2004. Management believes that we will continue to operate at a net loss until such time as we can complete our business development efforts and begin to realize increased sales.

Income tax Losses

We have approximately \$100,000 of Canadian and provincial income tax losses as of December 31, 2005, which may be carried forward and offset against taxable income in future years. The use of these losses to reduce future income taxes will depend on the generation of sufficient taxable income prior to the expiration of the carryforwards after the year 2015. In the event of certain changes in control, there will be an annual limitation on the amount of the income

tax losses carryforwards which can be used. No tax benefit has been reported in the financial statements for the year ended December 31, 2005 because management believes there is a 50% or greater chance that the carryforward will not be used. Accordingly, the potential tax benefit of the loss carryforward is offset by a valuation allowance of the same amount.

Liquidity and Capital Resources

At March 31, 2006, we had cash on hand of \$0, we had an operating line of credit in place with a maximum of \$43,000 of which \$12,119 was borrowed and we received a bridge loan of \$30,000 in connection with the private placement that we completed on April 28, 2006. We also had accounts receivable of \$63,528, income taxes recoverable of \$9,360 and investment tax credits receivable of \$69,524.

At March 31, 2006, we had accounts payable and accrued liabilities of \$88,089, of these liabilities, approximately \$41,420 was payable to shareholders. Our current portion of the long term debt was \$17,979

We believe that the proceeds of the private placement completed on April 28, 2006, will be sufficient to satisfy cash requirements for the next 12 - 18 months, which we estimate to be approximately \$900,000. However, if cash is needed during the next 12 months, it may be necessary to seek additional funds, either by private or public sources and/or the sale of securities. Presently, there are no firm plans as to the source of any future funding and there is no assurance that such funds will be available or, that even if they are available, they will be available on terms that will be acceptable to us.

At March 31, 2006, we had total assets of \$268,336 and stockholders deficiency of \$45,793.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances.

Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Revenue Recognition

The Company recognizes revenue from development contracts as the contracted services are performed or when milestones are achieved, in accordance with the terms of the specific agreements. Amounts received in advance of recognition, if any, are included in deferred income.

Financial Instruments

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value. It is not practical to determine the fair value of the amounts due from related parties due to their related party nature and the absence of a market for such instruments.

Accounts Receivable

The Company accounts for trade receivables at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful

accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. The Company writes off trade receivables when they are deemed uncollectible. The Company records recoveries of trade receivables previously written-off when they receive them. Management considers the reserve for

doubtful accounts of \$Nil to be adequate to cover any exposure to loss in its December 31, 2005 and December 31, 2004 accounts receivable.

Investment Tax Credits

Investment tax credits relating to qualifying expenditures are recognized in the accounts at the time at which the related expenditures are incurred and there is reasonable assurance of their realization. Management has made estimates and assumptions in determining the expenditures eligible for investment tax credits claimed.

Amortization

On the declining balance method -	
Computer equipment	30%
Laboratory and office equipment	20%
On the straight-line method -	
Leasehold improvements	5 years

Impairment of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value thereof.

Foreign Currency Translation

The Company's reporting currency is the United States dollar. The Canadian dollar is the functional currency of the Company's Canadian operations which is translated to the United States dollar using the current rate method. Under this method, accounts are translated as follows:

Assets and liabilities - at exchange rates in effect at the balance sheet date;

Revenue and expenses - at average exchange rates prevailing during the year.

Gains and losses arising from foreign currency translation are included in other comprehensive income.

MANAGEMENT

The following table sets forth certain information regarding our directors, executive officers, promoters and control persons as of July 3, 2006.

Directors and Executive Officers

The following table identifies our directors and executive officers as of July 3, 2006.

Name	Age	Position
Horst Zerbe	59	Chairman of the Board, President and Chief Executive Officer
Joel Cohen (1)	34	Director and Chief Financial Officer
Ingrid Zerbe	52	Director and Secretary
J. Bernard Boudreau (1) (2)	61	Director
David Coffin-Beach (2)	58	Director
Reiza Rayman (1) (2)	43	Director

(1) Audit Committee member

(2) Compensation Committee member

All directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified. There are no agreements with respect to the election of directors. We have not compensated our directors for service on the board of directors or any committee thereof, but directors are entitled to be reimbursed for expenses incurred for attendance at meetings of the board and any committee of the board. As of the date hereof, no director has accrued any expenses or compensation. Officers are appointed annually by the board and each executive officer serves at the discretion of the board.

Horst G. Zerbe, PhD

Dr. Zerbe has more than 20 years experience in the pharmaceutical industry. He has been the President and Chief Executive Officer of IntelGenx Corp. since 2005; prior thereto, from 1998 to 2005, he served as the president of Smartrix Technologies Inc. in Montreal; prior thereto, from 1994 to 1998, he was Vice President of R&D at LTS Lohmann Therapy Systems in West Caldwell, NJ. He has published numerous scientific papers in recognized journals and holds over 30 patents.

Joel Cohen, CFA

Mr. Cohen has extensive experience in biotechnology and high tech financings and in financial analysis. From 2002 until present, Mr. Cohen has been consulting CFO for Osta Biotechnologies a publicly traded company on the TSX venture. From 1999 to 2002, Mr. Cohen was an investment banker at Canaccord Capital Corporation, where he specialized in biotechnology financings. He has worked on numerous IPOs and private and public financings worth over \$100 million for various companies including Neurochem, Adherex, Bioniche, Diagnocure, Qbiogene and Aeterna. Mr. Cohen holds a Bachelor of Commerce degree in Finance from Concordia University and is a Chartered Financial Analyst.

Ingrid Zerbe

Mrs. Ingrid Zerbe is co-founder of IntelGenx. She holds a bachelor degree in economics from the business school in Bottrop, Germany, and a bachelor degree in social sciences from the University of Dortmund, Germany. Ingrid served as the president of IntelGenx since its incorporation until December, 2005. Prior to founding IntelGenx, she worked in the travel industry.

J. Bernard Boudreau Sr. VP, PharmEng Inc.

Mr. Boudreau has a distinguished record as a lawyer, businessman and public figure. His litigation experience includes successful appearances at every level of the judicial system in Nova Scotia. He was appointed as Queen's Counsel in 1985. Mr. Boudreau was first elected to the provincial legislature of Nova Scotia in 1988. He served as Chair of the Public Accounts Committee and opposition critic for Finance and Economic Development. In 1993 he was re-elected as a member of government and held responsibilities as Minister of Finance, Minister of Health, Chair of the Cabinet Priorities and Planning Committee.

David Coffin-Beach, Ph.D.

Since January 1, 2005, Dr. Coffin-Beach has been serving as President of ATP Solutions, a privately held consulting firm which specializes in delivering strategic, technical, marketing and management services to pharmaceutical manufacturers and investors. Dr. Coffin-Beach is the former President and Board Member of TorPharm (1994 - 2004), the U.S. division of Apotex Inc. During his tenure as President and CEO, the company grew from start-up to over \$400 million in revenue and 1,000+ employees. Prior to that, Dr. Coffin-Beach held various positions at Schering-Plough Corporation ending with the position of Associate Director. Prior to that, Dr. Coffin-Beach took a position as Director of Research at Superpharm Corporation, a Division of Goldline Laboratories, where he was in charge of all research and development of generic products which resulted in ten new ANDA products being filed for

the company during his tenure. Prior to that, Dr. Coffin-Beach joined DuPont Pharmaceuticals as a senior scientist and among other accomplishments, was a key participant in the design and qualification of a new pharmaceutical research facility in Wilmington, Delaware. He also was a co-inventor on two U.S. patents

Dr. Coffin-Beach received his BS in Pharmacy from Union University and practiced both community and clinical pharmacy before returning for graduate study at the University of Maryland at Baltimore to finish graduate school with a PhD in Pharmaceutics.

Dr. Reiza Rayman

Currently, Dr. Rayman is pursuing a PhD in the area of Tele-surgery. From 2000 until 2005, Dr. Rayman was serving as Principal Investigator, Robotic Tele-surgery and Hybrid Cardiac Surgery, CSTAR, and Assistant Professor, Department of Surgery, at the University of Western Ontario. On September 1999, Dr. Rayman in collaboration with Dr. Doug Boyd, performed the world's first robotic beating heart cardiac bypass surgery. He holds an MSc (biophysics) from the University of Western Ontario and an MD from the University of Toronto. Dr. Rayman is currently completing his PhD in Medical Biophysics.

Key Personnel and Consultants

Pompilia Szabo, PhD

Dr. Szabo serves as IntelGenx's Director of Research and Development and is a recognized scientist with 10 years experience in the pharmaceutical industry and academia. Prior to joining IntelGenx in 2005, she served as Director of R&D at Smatrix Technologies from 2000 to 2005.

Nadine Paiement, MSc

Ms. Paiement serves as IntelGenx's

Head of Formulation. She holds a M.Sc. degree in Polymer Chemistry from Sherbrooke University, and is co-inventor of IntelGenx' trilayer technology. Prior to joining IntelGenx, she worked for five years as a formulation scientist at Smatrix Technologies, Inc.

EXECUTIVE COMPENSATION

We have not had a bonus, profit sharing, or deferred compensation plan for the benefit of employees, officers or directors and have not paid any salaries or other compensation to officers, directors or employees for the years ended December 31, 2005, 2004 and 2003.

There were no options/SAR grants in 2005. As of the end of 2005, no options/SAR were outstanding.

Director Compensation

At present, directors are not compensated for attending meetings of the board of directors or other committee meetings.

Employment Agreements

Horst Zerbe.

As of December 1, 2005, we entered into an employment agreement with Dr. Horst Zerbe, our President and Chief Executive Officer. The agreement is for an indefinite period of time. Under the agreement, Dr. Zerbe is entitled to receive: (1) a minimum base salary of \$157,657 per year; (2) an annual bonus equal to 50% of base salary upon the performance of certain milestones set out by the board of directors; and (3) other benefits in the amount of \$13,513.

Joel Cohen.

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As of December 1, 2005, we entered into a consulting agreement with Mr. Joel Cohen, our Vice President and Chief Financial Officer. The agreement is for an indefinite period of time. Under the agreement, Mr. Cohen is entitled to receive: (1) a minimum base consulting fee of \$54,000 per year; and (2) an annual bonus equal to 50% of base salary upon the performance of certain milestones set out by the board of directors

Ingrid Zerbe.

As of December 1, 2005, we entered into a employment agreement with Ingrid Zerbe, our Director of Finance and administration. The agreement is for an indefinite period of time. Under the agreement, Mrs. Zerbe is entitled to receive: a minimum base salary of \$54,000 per year.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

On May 26, 2006, Joel Cohen our Director and Chief Financial Officer, received consulting fees from Intelgenx (our wholly owned subsidiary) of \$95,000 for consulting work performed for Intelgenx in connection with Intelgenx's private placement and our acquisition of Intelgenx. See "Business-Recent Developments"

PLAN OF DISTRIBUTION

We are registering the common stock on behalf of the above selling stockholders. As used in this prospectus, the term "selling stockholders" includes pledgees, transferees or other successors-in-interest selling shares received from the selling stockholders as pledgors, assignees, borrowers or in connection with other non-sale-related transfers after the date of this prospectus. This prospectus may also be used by transferees of the selling stockholders, including broker-dealers or other transferees who borrow or purchase the shares to settle or close out short sales of shares of common stock. The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale or non-sale related transfer. We will not receive any of the proceeds of sales by the selling stockholders.

We expect that the selling stockholders will sell their shares primarily through sales into the over the counter market made from time to time at prices they consider appropriate. The common stock may be sold by the selling stockholders from time to time in one or more transactions at or on any stock exchange, market or trading facility on which shares are traded in the future or in private transactions. Sales may be made at fixed or negotiated prices, and may be effected by means of one or more of the following transactions (which may involve cross or block transactions):

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- transactions in which broker-dealers may agree with one or more selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise; or
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 of the Securities Act, if available, rather than under this prospectus. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

Broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchase of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

In connection with sales of common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of common stock short and deliver these shares to close out those short positions, or lend or pledge common stock to broker-dealers that in turn may sell such securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions for the creation of one or more derivative securities requiring the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus, as supplemented or amended to reflect such transaction.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act and any profit on the sale of such securities and any discounts, commissions, concessions or other compensation received by any such underwriter, broker-dealer or agent may be deemed to be underwriting discounts and commissions under the Exchange Act. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute the common stock.

Pursuant to registration rights agreements with the selling stockholders, all fees and expenses incurred by us incident to the registration of the common stock will be paid by us, including, without limitation, SEC filing fees. Those selling stockholders will be indemnified by us against certain losses, claims, damages and liabilities, including certain liabilities under the Securities Act. We will be indemnified by those selling stockholders severally against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

The selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of common stock by them. The foregoing may affect the marketability of such securities.

To comply with the securities laws of certain jurisdictions, if applicable, the common stock will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of July 3, 2006 with respect to the beneficial ownership of our common stock, after giving effect to our acquisition of IntelGenx, by (i) each stockholder known to be the beneficial owner of more than 5% of our common stock, (ii) by each of our directors and executive officers, and (iii) all of our directors and executive officers as a group. The address of each person listed below, unless otherwise indicated, is c/o IntelGenx Corp., 6425 Abrams, Saint-Laurent, Quebec H4S 1X9. Unless otherwise indicated in the table footnotes, shares will be owned of record and beneficially by the named person. For purposes of the following table, a person is deemed to be the beneficial owner of any shares of common stock (a) over which the person has or shares, directly or indirectly, voting or investment power, or (b) of which the person has a right to acquire beneficial ownership at any time within 60 days after the effective time of the acquisition of IntelGenx Corp. "Voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares.

Name and Address of Beneficial Owner	Number of Shares (1)	Percent (1)
Horst Zerbe (2)	4,709,643.5	29.4%
Ingrid Zerbe (2)	4,709,643.5	29.4%
Joel Cohen (2)	1,571,713	9.8%

All directors and executive officers as a group (6)

persons)

10,991,000

68.6%

(1) Based on 16,007,489 shares outstanding following the IntelGenx Acquisition

(2) The shares indicated are Exchangeable Shares in the capital stock of 6544631 Canada Inc., a Canadian special purpose corporation which wholly owns IntelGenx as a result of the completion of the Share Exchange Agreement. The Exchangeable Shares are exchangeable for 10,991,000 shares of Big Flash common stock currently held by Equity Transfer Services Inc., as trustee. Please see "Business Recent Developments".

DESCRIPTION OF CAPITAL STOCK

We have an authorized capital of 20,000,000 shares of common stock, par value \$0.00001 per share, and 20,000,000 shares of preferred stock, par value \$0.00001 per share. As of July 3, 2006, 16,007,489 shares of common stock were outstanding, held of record by 72 persons

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including the election of directors. Except as otherwise required by law, the holders of common stock exclusively possess all voting power. The holders of common stock are entitled to dividends as may be declared from time to time by the Board from funds available for distribution to holders. No holder of common stock has any preemptive right to subscribe to any securities of ours of any kind or class or any cumulative voting rights. The outstanding shares of common stock are, and the shares, upon issuance and sale as contemplated will be, duly authorized, validly issued, fully paid and non assessable.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Our articles of incorporation provide that none of our directors will be personally liable to the Company or any of our shareholders for monetary damages arising from the director's breach of fiduciary duty as a director, with certain limited exceptions.

Pursuant to Delaware corporation law, every Delaware corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving in such a capacity at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise, against any and all expenses, judgments, fines and amounts paid in settlement and reasonably incurred in connection with such action, suit or proceeding. The power to indemnify applies only if such person acted in good faith and in a manner such person reasonably believed to be in the best interests, or not opposed to the best interests, of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of defense and settlement expenses and not to any satisfaction of a judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of negligence or misconduct unless the court, in its discretion, believes that in light of all the circumstances indemnification should apply. Our articles of incorporation contain provisions authorizing it to indemnify our officers and directors to the fullest extent permitted by Delaware corporation law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions or otherwise, the Company has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by one of our directors, officers, or controlling persons in connection with the securities being registered, we will, unless in the opinion of our legal counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

LEGAL MATTERS

Hodgson Russ LLP, 150 King Street West, Suite 2309 Toronto, Ontario M5H 1J9 Canada will opine on the validity of the common stock offered in this prospectus.

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EXPERTS

Big Flash's financial statements for the years ended as of December 31, 2005 and 2004 have been included in reliance upon the report of Chisholm, Bierwolf & Nilson LLC and upon the authority of said firm as experts in accounting and auditing.

Intelgenx' financial statements for the years ended as of December 31, 2005 and 2004 have been included in reliance upon the report of RSM Richter and upon the authority of said firm as experts in accounting and auditing.

CHANGE OF ACCOUNTANTS

On June 15, 2006, our Board of Directors determined that we would change our certifying accountant and auditor to Intelgenx's auditor, RSM Richter, of Montreal, Quebec. On June 15, 2006, we orally notified and dismissed our prior auditor, Chisholm, Bierwolf & Nilson LLC of Bountiful, Utah. Intelgenx previously engaged RSM Richter on December 1, 2005 to audit its financial statements for the fiscal years ended December 31, 2004 and 2005.

The Chisholm, Bierwolf & Nilson LLC report on our financial statements for each of the fiscal years ended December 31, 2004 and 2005 did not contain any adverse opinion or disclaimer of opinions, and were not modified as to uncertainty, audit scope or accounting principles, other than an explanatory paragraph regarding the substantial doubt about our ability to continue as a going concern.

Neither we nor anyone on our behalf consulted with RSM Richter with respect to any of the matters set forth in Item 304(a)(2)(i) or (ii) of Regulation S-B, during our fiscal years ended December 31, 2004 or 2005 or during the subsequent interim period through March 31, 2006 preceding the dismissal of Chisholm, Bierwolf & Nilson LLC.

None of the reportable events listed in Item 304(a)(1)(iv)(B) of Regulation S-B occurred with respect to our fiscal years ended December 31, 2004 and 2005 or the subsequent interim period through March 31, 2006 preceding the dismissal of Chisholm, Bierwolf & Nilson LLC.

At no time during our fiscal years ended December 31, 2004 and 2005, or during the subsequent interim period through March 31, 2006, were there any disagreements with Chisholm, Bierwolf & Nilson LLC. on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure. Any such disagreements, if not resolved to the satisfaction of Chisholm, Bierwolf & Nilson LLC., would have caused Chisholm, Bierwolf & Nilson LLC. to reference the subject matter of the disagreements in its reports on our financial statements.

We provided Chisholm, Bierwolf & Nilson LLC with a copy of our Form 8-K/A-1 announcing our change in certifying accountant prior to filing it with the SEC on January 21, 2006 and requested a response thereto from Chisholm, Bierwolf & Nilson LLC.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. We have also filed a registration statement on Form SB-2 (Commission File No. 333), including exhibits, with the SEC with respect to the stock offered by this prospectus. This prospectus is part of the registration statement, but does not contain all of the information included in the registration statement or exhibits. You may read and copy the registration statement and these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, N.E. Washington DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including our company.

This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to us and the shares of stock offered under this prospectus, reference is made to the registration statement, including the exhibits and schedules thereto. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete and, where any such contract or document is an exhibit to the registration statement, each statement with respect to the contract or document is qualified in all respects by the provisions of the relevant exhibit, which is hereby incorporated by reference.

We make available free of charge on or through our internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file this material with, or furnish it to, the SEC. Our Internet address is <http://www.Intelgenx.com>. The information contained on our website is not incorporated by reference in this prospectus and should not be considered a part of the prospectus.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors Big Flash Corporation
(A Development Stage Company) Salt Lake City, UT

We have audited the accompanying balance sheet of Big Flash Corporation (a Development Stage Company) as of December 31, 2005 and the related statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2005 and 2004. These statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the PCAOB (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. And audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Flash Corporation (a Development Stage Company) as of December 31, 2005 and the results of its operations and its cash flows for the years ended December 31, 2005 and 2004 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has sustained recent losses from operations, has a deficit in working capital and a stockholders' deficit. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Chisholm, Bierwolf & Nilson, LLC

Bountiful, Utah
February 22, 2006

BIG FLASH CORPORATION
(A Development Stage Company)
Balance Sheets

ASSETS

		December 31, 2005
CURRENT ASSETS		
Cash	\$	--
Total Current Assets		--
TOTAL ASSETS	\$	--

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Accounts payable	\$	350
Due to stockholder		20,149
Accrued interest stockholder		1,513
Total Current Liabilities		22,012
 STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock;20,000,000 shares authorized, at \$0.00001 par value, 1,500,000 shares issued and outstanding		15
Additional paid-in capital		985
Deficit accumulated during the development stage		(23,012)
Total Stockholders' Equity (Deficit)		(22,012)
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	 \$	 --

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

BIG FLASH CORPORATION
(A Development Stage Company)
Statements of Operations

	For the Years Ended December 31,		From Inception on July 27, 1999 Through December 31,
	2005	2004	2005
REVENUES	\$ --	\$ --	\$ --
EXPENSES			
General and Administrative	9,906	7,545	21,498
Total Expenses	9,906	7,545	21,498
LOSS FROM OPERATIONS	(9,906)	(7,545)	(21,498)
OTHER EXPENSES			
Interest Expense	(1,217)	(297)	(1,514)
Total Other Expenses	(1,217)	(297)	(1,514)
NET LOSS	\$ (11,123)	\$ (7,842)	\$ (23,012)
BASIC LOSS PER SHARE	\$ (0.01)	\$ (0.01)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,500,000	1,500,000	

The accompanying notes are an integral part of these financial statements

BIG FLASH CORPORATION
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

	common Stock		Additional Paid-In Capital	Stock Subscription receivable	Accumulated During the Development Stage
	Shares	Amount			
Balance at inception on July 27, 1999	--	\$ --	\$ --	\$ --	\$ --
Common stock issued for cash on September 8, 1999 at \$0.0003 per share		1,500,000	15	485	(500)
Net loss from inception on July 27, 1999 through December 31, 1999	--	--	--	--	--
Balance, December 31, 1999	1,500,000	15	485	(500)	--
Net loss for the year ended December 31, 2000	--	--	--	--	(2,503)
Balance, December 31, 2000	1,500,000	15	485	(500)	(2,503)
Cash received on stock subscription receivable	--	--	--	500	--
Net loss for the year ended December 31, 2001	--	--	--	(1,086)	
Balance, December 31, 2001	1,500,000	15	485	--	(3,589)
Net loss for the year ended December 31, 2002	--	--	--	--	(350)
Balance, December 31, 2002	1,500,000	15	485	--	(3,939)

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Net loss for the year ended								
December 31, 2003	--	--	--	--	--	--	--	(108)
Balance, December 31, 2003	1,500,000		15		485		--	(4,047)
Net loss for the year ended								
December 31, 2004	--	--	--	--	--	--	--	(7,842)
Balance, December 31, 2004	1,500,000		15		485		--	(11,889)
Services contributed by shareholder	--	--	--	--	500	--	--	--
Net loss for the year ended								
December 31, 2005	--	--	--	--	--	--	--	(11,123)
Balance, December 31, 2005	1,500,000	\$	15	\$	985	\$	--	\$ (23,012)

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

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BIG FLASH CORPORATION
(A Development Stage Company)
Statements of Cash Flows

For the	From Inception on Years Ended December 31,		July 27, 1999 Through December 31, 2005
	2005	2004	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (11,123)	\$ (7,842)	\$ (23,012)
Adjustments to reconcile net loss to net cash used by operating activities:			
Impairment loss on mining claims	--	--	--
Common stock issued for services	--	--	--
Contributed services by shareholder	500	--	500
Changes in operating assets and liabilities			
Decrease in prepaid expenses	--	--	--
Increase in accounts payable	(1,875)	2,224	349
Increase in due to stockholder	12,498	5,618	21,663
 Net Cash Used by Operating Activities	 --	 --	 (500)
 CASH FLOWS FROM INVESTING ACTIVITIES			
	--	--	--
 CASH FLOWS FROM FINIANCING ACTIVITIES			
Sale of common stock	--	--	500
 Net Cash Provided by Financing Activities	 --	 --	 500
 NET DECREASE IN CASH	 --	 --	 --
 CASH AT BEGINNING OF PERIOD	 --	 --	 --
 CASH AT END OF PERIOD	 \$ --	 \$ --	 \$ --

SUPPLIMENTAL DISCLOSURES OF
CASH FLOW INFORMATION

CASH PAID FOR:

Interest	\$	--	\$	--	\$	--
Income Taxes	\$	--	\$	--	\$	--

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

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BIG FLASH CORPORATION
(A Development Stage Company)
Notes to the Financial Statements

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Business and Organization

Big Flash Corporation (The Company) was organized on July 27, 1999, under the laws of the State of Delaware. Pursuant to Statement of Financial Accounting Standards No. 7, "Accounting and Reporting by Development Stage Enterprises," the Company is classified as a development stage company. The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

b. Revenue Recognition

The Company currently has no source of revenues. Revenue recognition policies will be determined when principal operations begin.

c. Basic Loss Per Share

The computation of basic loss per share of common stock is based on the weighted average number of shares outstanding during the period.

	For the Years Ended December 31,	
	2005	2004
Loss (numerator)	\$ (11,123)	\$ (7,842)
Shares (denominator)	1,500,000	1,500,000
Per share amount	\$ (0.01)	\$ (0.01)

d. Provision for Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will to be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of December 31, 2005 and 2004:

	2005	2004
Deferred tax assets:		
NOL carryover	\$ 23,012	\$ 11,889
Valuation allowance	(23,012)	(11,889)

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Net deferred tax asset	\$	--	\$	--
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BIG FLASH CORPORATION
(A Development Stage Company)
Notes to the Financial Statements

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Provision for Taxes (Continued)

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 34% to pretax income from continuing operations for the years ended December 31, 2005 and 2004 due to the following:

	2005	2004
Book Income	\$ (4,338)	\$ (2,556)
Valuation allowance	4,338	2,556
	\$ --	\$ --

At December 31, 2005, the Company had net operating loss carryforwards of approximately \$23,012 that may be offset against future taxable income through 2025. No tax benefit has been reported in the December 31, 2005 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

e. Cash and Cash Equivalents

For purposes of financial statement presentation, the Company considers all highly liquid investments with a maturity of three months or less, from the date of purchase, to be cash equivalents

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Newly Issued Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" which is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. This statement amends and clarifies financial accounting for derivative instruments embedded in other contracts (collectively referred to as derivatives) and hedging activities under SFAS 133. The adoption of SFAS No. 149 did not have a material effect on the financial statements of the Company.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" (SFAS 150"). SFAS 150 addresses certain

financial instruments that, under previous guidance, could be accounted for as equity, but now must be classified as liabilities in statements of financial position. These financial instruments include: (i) mandatory redeemable financial instruments, (ii) obligations to repurchase the issuer's equity shares by transferring assets, and (iii) obligations to issue a variable number of shares. SFAS 150 is generally effective for all financial

BIG FLASH CORPORATION
(A Development Stage Company)
Notes to the Financial Statements

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Newly Issued Accounting Pronouncements (Continued)

instruments entered into or modified after May 31, 2003, and otherwise effective at the first interim period beginning after June 15, 2003. The adoption of SFAS 150 did not have any impact on the Company's financial position or Statement of Operations.

In January 2003, and revised in December 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). This interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," addresses consolidation by business enterprises of variable interest entities, which possess certain characteristics. FIN 46 requires that if a business enterprise has a controlling financial interest in a variable interest entity, the assets, liabilities, and results of the activities of the variable interest entity must be included in the consolidated financial statements with those of the business enterprise. FIN 46 applies immediately to variable interest entities created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. The consolidation requirements apply to older entities in the first fiscal year or interim period after June 15, 2003. The adoption of the effective provisions of Interpretation 46 did not have any impact on the Company's financial position or statement of operations.

In November 2004, the FASB issued FAS 151 "Inventory Costs" This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This pronouncement is effective for periods beginning after June 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

In December 2004, the FASB issued FAS 152-"Accounting for Real Estate Time-Sharing Transactions" This Statement amends FASB Statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This Statement also amends FASB

Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

In December 2004, the FASB issued FAS 153-"Exchanges of Nonmonetary Assets". The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of

the entity are expected to change significantly as a result of the exchange. The provisions of this Statement shall be effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

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BIG FLASH CORPORATION
(A Development Stage Company)
Notes to the Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2005, the FASB issued FAS 154-"Accounting for Certain Marketable Securities". This Statement replaces APB Opinion No.20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement shall be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses, and (2) seeking out and completing a merger with an existing operating company. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2005 and 2004, the Company incurred various general and administrative expenses. As the Company has not had the wherewithal to pay these expenses, the Company has relied on a related party to satisfy its debts. As of December 31, 2005 and 2004 the Company had an obligation to the related party, including accrued interest, totaling \$21,662 and \$9,165, respectively. This balance is due on demand, and the Company is accruing interest on the total at 8.0% per annum.

NOTE 4 - SIGNIFICANT EVENT

In November, 2005, the Company entered into a Letter of Understanding with Intelgenx Corp. "Intelgenx"), an operating drug delivery entity headquartered in Quebec, Canada. Later, on April 10, 2006, the Company entered into a formal Share Exchange Agreement with Intelgenx. Pursuant to this Agreement, the Company formed a wholly-owned subsidiary, 6544531 Canada, Inc. ("Exchangeco"). The Share Exchange Agreement stipulates that Exchangeco will receive 10,991,000 common shares of Intelgenx, in exchange for all of the outstanding common shares of Exchangeco. Upon consummation of the Agreement, Intelgenx will operate as a controlled subsidiary of the Company. Management anticipated the Agreement will be fully consummated during the 2nd quarter of 2006.

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BIG FLASH CORPORATION

(A Development Stage Company)

Balance Sheet (Unaudited)

	March 31, 2006	December 31, 2005
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	-	-
Total Current Assets	-	-
TOTAL ASSETS	-	-
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Accounts payable	430	350
Due to stockholder	20,807	20,149
Accrued interest - stockholder	1,923	1,513
Total Current Liabilities	23,160	22,012
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock; 20,000,000 shares authorized, at \$0.00001 par value, 1,500,000 shares issued and outstanding	15	15

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Additional paid-in capital	1,485	985
Deficit accumulated during the development stage	-24,660	-23,012

Total Stockholders' Equity (Deficit)	-23,160	-22,012
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TOTAL LIABILITIES AND
STOCKHOLDER'S EQUITY
DEFICIT)

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The accompanying notes are an integral part of these financial statements

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BIG FLASH CORPORATION

(A Development Stage Company)
Statement of Operations (Unaudited)

	For the Months March 2006 \$	Three From Inception on Ended July 27, 1999 31 through March 31 2005 \$	2006 \$
REVENUES	-	-	-
EXPENSES			
General and Administrative	1,238	3,542	22,736
Total Expenses	1,238	3,542	22,736
LOSS FROM OPERATIONS	-1,238	-3,542	-22,736
OTHER EXPENSES			
Interest Expense	-410	-209	-1,924
Total Other Expenses	-410	-209	-1,924
NET LOSS	-1,648	-3,751	-24,660
BASIC LOSS PER SHARE	-0.00	0.00	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,500,000	1,500,000	

The accompanying notes are an integral part of these financial statements

BIG FLASH CORPORATION

(A Development Stage Company)

Statement of Cash Flows (Unaudited)

	For the Three Months Ended March 31 2006 \$	2005 \$	From Inception on July 27, 1999 through March 31 2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	-1,648	-3,751	-24,660
Adjustments to reconcile net loss to net cash used by operating activities:			
Services contributed by shareholder	500	-	1,000
Changes in operating assets and liabilities:			
Increase in accounts payable	80	348	429
Increase in account payable - shareholder	1,068	3,043	22,731
Net Cash Used by Operating Activities	-	-	-500
CASH FLOWS FROM INVESTING ACTIVITIES			
	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Sale of common stock	-	-	500
Net Cash Provided by Operating Activities	-	-	500
NET DECREASE IN CASH	-	-	-
CASH AT BEGINNING OF PERIOD	-	-	-
CASH AT END OF PERIOD	-	-	-
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
CASH PAID FOR:			
Interest	-	-	-
Income Taxes	-	-	-
NON-CASH FINANCING ACTIVITIES			
Common Stock issued for services	-	-	-
Common stock issued for mining claims	-	-	-

The accompanying notes are an integral part of these financial statements

BIG FLASH CORPORATION
(A Development Stage Company)
Notes to the Financial Statements

NOTE 1 CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2006 and 2005, and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2005 audited financial statements. The results of operations for the periods ended March 31, 2006 and 2005 are not necessarily indicative of the operating results for the full years.

NOTE 2 SUBSEQUENT EVENT

On April 28, 2006, the Company entered into a Share Exchange Agreement ("the Agreement"), whereby the Company, (through its wholly-owned subsidiary 6544361 Canada, Inc., a Canadian company) acquired 100% of the issued and outstanding common stock and warrants of Intelgenx Corp., a Canadian corporation ("Intelgenx"). Pursuant to the Agreement, and several separate related agreements, the Company issued, as consideration for the Intelgenx shares, 14,507,489 shares of the Company's common stock to various shareholders of Intelgenx, along with 100,000 common share purchase warrants to an Intelgenx shareholder. The warrants granted are exercisable at \$0.41 per share, and expire on April 28, 2008. Upon completion of the acquisition, the total shares issued by the Company pertaining to the acquisition of Intelgenx will constitute 68.7% of the approximately 16 million Big Flash common shares then outstanding. Following the completion of the acquisition, Intelgenx will continue its operations as a controlled subsidiary of the Company.

IntelGenx is a drug delivery company established in 2003 and headquartered in Montreal (Quebec), which focuses on the development of oral controlled-release products for the generic pharmaceutical market as well as novel mucosal delivery systems. IntelGenx's business strategy is to develop pharmaceutical products based on its proprietary drug delivery technologies and license the commercial rights to competent partner companies once the viability of the product has been demonstrated.

RSM Richter S.E.N.C.R.L.

Comptables agréés

Chartered Accountants

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Montréal (Québec) H3Z 3C2

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of

Intelgenx Corp.

(A Company in the Development Stage)

We have audited the accompanying balance sheets of Intelgenx Corp. (a company in the development stage) as at December 31, 2005 and December 31, 2004 and the related statements of operations and comprehensive income, shareholders' deficit and cash flows for the years ended December 31, 2005 and December 31, 2004 and for the period from inception (June 15, 2003) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and December 31, 2004 and the results of its operations and its cash flows for the years ended December 31, 2005 and December 31, 2004 and for the period from inception (June 15, 2003) to December 31, 2005 in accordance with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in note 2 to the financial statements, the Company has experienced an operating loss that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Signed: RSM Richter LLP

Chartered Accountants

Montreal, Quebec

January 27, 2006

(Except for note 15, which is dated April 28, 2006)

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Balance Sheets
(Expressed in U.S. Funds)

	December 31,	<u>As at</u>	December 31,
	2005		2004
Assets			
Current			
Cash (note 5)	\$ 10,938	\$	6,481
Accounts receivable	5,858		18,159
Income taxes recoverable	9,400		-
Prepaid expenses	3,186		4,750
Investment tax credits receivable	69,576		51,704
	98,958		81,094
Fixed Assets (note 4)	100,176		119,680
	\$ 199,134	\$	200,774
Liabilities			
Current			
Accounts payable and accrued liabilities (note 6)	67,322		53,432
Income taxes payable	-		10,124
Current maturity of long-term debt	14,000		-
	81,322		63,556
Loan Payable, Shareholder (note 7)	86,253		41,857
Long-Term Debt (note 8)	63,386		-
Commitment (note 9)			
Shareholders' Deficiency			
Capital Stock (note 10)	77		77
Accumulated Other Comprehensive Gain	4,825		6,493
Accumulated Retained Earnings (Deficit) During the Development Stage	(36,729)		88,791
	(31,827)		95,361
	\$ 199,134	\$	200,774

See accompanying notes

Approved on Behalf of the Board:

_____ Director

_____ Director

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Shareholders' Deficiency
(Expressed in U.S. Funds)

	<u>Capital Stock</u>		Cumulative Foreign Currency Translation Adjustment	Accumulated Retained Earnings (Deficit) during the Development Stage	Total Shareholders' Equity (Deficiency)
	Shares	Amount			
Balance - June 15, 2003 (date of inception)	-	\$ -	\$ -	\$ -	\$ -
June 15, 2003 - issue of common shares	10,000	77	-	-	77
Foreign currency translation adjustment for the period June 15, 2003 to December 31, 2003	-	-	(823)	-	(823)
Net loss from inception (June 15, 2003) to December 31, 2003	-	-	-	(10,215)	(10,215)
Balance - December 31, 2003	10,000	77	(823)	(10,215)	(10,961)
Foreign currency translation adjustment for the year ended December 31, 2004	-	-	7,316	-	7,316
Net earnings for the year ended December 31, 2004	-	-	-	99,006	99,006
Balance - December 31, 2004	10,000	77	6,493	88,791	95,361
Foreign currency translation adjustment for the year ended December 31, 2005	-	-	(1,668)	-	(1,668)
Net loss for the year ended December 31, 2005	-	-	-	(125,520)	(125,520)
Balance - December 31, 2005	10,000	\$ 77	\$ 4,825	\$ (36,729)	\$ (31,827)

See accompanying notes

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Operations and Comprehensive Income
(Expressed in U.S. Funds)

	<u>For the</u> <u>Years Ended</u>		From Inception (June 15, 2003)
	December 31, 2005	December 31, 2004	to December 31, 2005
	\$	\$	\$
Revenue	19,168	257,374	282,640
Expenses			
Research and development	91,969	131,547	232,410
Administrative salaries	23,105	15,375	38,480
Travel	7,119	4,538	11,657
Advertising and promotion	844	484	1,328
Telecommunications	2,671	3,225	5,896
Professional fees	10,362	1,271	11,633
Office and general	4,884	6,071	20,643
Taxes and insurance	3,186	868	4,054
Rent	22,384	7,931	30,315
Interest and bank charges	1,773	587	2,360
Interest on long-term debt and loan payable, shareholder	5,946	1,921	7,867
Amortization - laboratory and office equipment	19,212	11,957	32,189
Amortization - leasehold improvements	3,878	2,006	6,830
Amortization - computer equipment	1,233	876	2,204
Foreign exchange	465	1,074	1,539
Research and development tax credits	(44,298)	(47,759)	(92,461)
Loss on disposal of fixed assets	-	2,817	2,817
	154,733	144,789	319,761
Earnings (Loss) Before Income Taxes	(135,565)	112,585	(37,121)
Income taxes			
Current	(10,045)	9,352	(693)
Deferred	-	4,227	301
	(10,045)	13,579	(392)
Net Earnings (Loss)	(125,520)	99,006	(36,729)
Other Comprehensive Income			
Foreign currency translation adjustment	(1,668)	7,316	4,825
Comprehensive Income (Loss)	\$ (127,188)	\$ 106,322	\$ (31,904)
See accompanying notes			

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Cash Flows
(Expressed in U.S. Funds)

	<u>For the</u> <u>Years Ended</u>		From Inception (June 15, 2003)
	December 31, 2005	December 31,	to December 31, 2005
Funds Provided (Used) -			
Operating Activities			
Net earnings (loss)	\$ (125,520)	\$ 99,006	\$ (36,729)
Amortization	24,323	14,839	41,223
Loss on disposal of fixed assets	-	2,817	2,817
Foreign currency translation adjustment	(1,668)	7,316	4,825
	(102,865)	123,978	12,136
Changes in non-cash operating elements of working capital	(9,641)	(46,747)	(20,698)
	(112,506)	77,231	(8,562)
Financing Activities			
Long-term debt	77,386	-	77,386
Loan payable, shareholder	44,396	3,292	86,253
Issue of capital stock	-	-	77
	121,782	3,292	163,716
Investing Activities			
Additions to fixed assets	(4,819)	(115,513)	(160,178)
Proceeds on disposal of fixed assets	-	15,962	15,962
	(4,819)	(99,551)	(144,216)
Increase (Decrease) in Cash	4,457	(19,028)	10,938
Cash			
Beginning of Period	6,481	25,509	-
End of Period	\$ 10,938	\$ 6,481	\$ 10,938
See accompanying notes			

Intelgenx Corp.
(A Company in the Development Stage)
Notes to Financial Statements
From Inception (June 15, 2003) to December 31, 2005
(Expressed in U.S. Funds)

1.

Organization and Basis of Presentation

The Company specializes in the development of pharmaceutical products in co-operation with various pharmaceutical companies.

Although the Company has the ability to develop pharmaceutical products, there can be no assurance that it will be able to obtain sufficient contracts to generate sufficient revenue to pay its operating costs.

The Company is a development stage enterprise as defined by Financial Accounting Standards Board (FASB) Statements of Financial Accounting Standards (SFAS) No. 7, "Accounting and Reporting by Development Stage Enterprises". The Company's main activities to date have been establishing contracts with pharmaceutical companies and the development of pharmaceutical products. Because the Company is in the development stage, the accompanying financial statements should not be regarded as typical for normal operating periods. The revenue generated from inception (June 15, 2003) to December 31, 2005 is principally from one development contract which was cancelled prior to completion.

The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States. This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The financial statements are expressed in U.S. funds.

2.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has reported a net loss of \$36,729 from inception (June 15, 2003) to December 31, 2005. As reported on the statement of cash flows, the Company has reported deficient cash flows from operating activities of \$8,562 from inception (June 15, 2003) to December 31, 2005. To date, these losses and cash flow deficiencies have been financed principally through long-term debt and debt from related parties. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence until attaining and sustaining profitable operations.

Management has continued to develop a strategic plan to develop a management team, maintain reporting compliance and establish contracts with pharmaceutical companies. Management anticipates generating revenue through development contracts during the next year. The Company has commenced the process of raising additional capital. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

Intelgenx Corp.
(A Company in the Development Stage)

3.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances.

Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Revenue Recognition

The Company recognizes revenue from development contracts as the contracted services are performed or when milestones are achieved, in accordance with the terms of the specific agreements. Amounts received in advance of recognition, if any, are included in deferred income.

Financial Instruments

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value. It is not practical to determine the fair value of the amounts due from related parties due to their related party nature and the absence of a market for such instruments.

Accounts Receivable

The Company accounts for trade receivables at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. The Company writes off trade receivables when they are deemed uncollectible. The Company records recoveries of trade receivables previously written-off when they receive them. Management considers the reserve for doubtful accounts of \$Nil to be adequate to cover any exposure to loss in its December 31, 2005 and December 31, 2004 accounts receivable.

3.

Summary of Significant Accounting Policies (Cont'd)

Investment Tax Credits

Investment tax credits relating to qualifying expenditures are recognized in the accounts at the time at which the related expenditures are incurred and there is reasonable assurance of their realization.

Intelgenx Corp.
(A Company in the Development Stage)

Management has made estimates and assumptions in determining the expenditures eligible for investment tax credits claimed.

Amortization

On the declining balance method -	
Computer equipment	30%
Laboratory and office equipment	20%
On the straight-line method -	
Leasehold improvements	5 years
Impairment of Long-Lived Assets	

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value thereof.

Foreign Currency Translation

The Company's reporting currency is the United States dollar. The Canadian dollar is the functional currency of the Company's Canadian operations which is translated to the United States dollar using the current rate method. Under this method, accounts are translated as follows:

Assets and liabilities - at exchange rates in effect at the balance sheet date;

Revenue and expenses - at average exchange rates prevailing during the year.

Gains and losses arising from foreign currency translation are included in other comprehensive income.

Intelgenx Corp.
(A Company in the Development Stage)

Notes to Financial Statements
From Inception (June 15, 2003) to December 31, 2005
(Expressed in U.S. Funds)

3.

Summary of Significant Accounting Policies (Cont'd)

Newly Issued Accounting Pronouncements

In November 2004, the FASB issued FAS 151 "Inventory Costs". This Statement amends the guidance in ARB No. 43, Chapter 4, "inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that "...under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges...." This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This pronouncement is effective for periods beginning after June 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

In December 2004, the FASB issued FAS 153-"Exchanges of Nonmonetary Assets". The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception of exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of this Statement shall be effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

In May 2005, the FASB issued FAS 154-"Accounting for Certain Marketable Securities". This Statement replaces APB Opinion No. 20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement shall be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. the adoption of this pronouncement did not have any impact on the Company's financial position or statement of operations.

Intelgenx Corp.
(A Company in the Development Stage)

Notes to Financial Statements
From Inception (June 15, 2003) to December 31, 2005
(Expressed in U.S. Funds)

4.

Fixed Assets

				2005
	Cost	Accumulated Amortization		Net Carrying Amount
Laboratory and office equipment	\$ 110,789	\$ 29,769	\$	81,020
Computer equipment	5,113	2,117		2,996
Leasehold improvements	21,171	5,011		16,160
	\$ 137,073	\$ 36,897	\$	100,176
				2004
	Cost	Accumulated Amortization		Net Carrying Amount
Laboratory and office equipment	\$ 108,462	\$ 12,469	\$	95,993
Computer equipment	5,096	953		4,143
Leasehold improvements	20,183	639		19,544
	\$ 133,741	\$ 14,061	\$	119,680

5.

Credit Facility

As at December 31, 2005, the Company had a credit facility of \$43,000. Borrowings under the credit facility bear interest at prime rate plus 1.3% per annum. As security for the credit facility, the Company has pledged its assets to a maximum of \$49,500.

6.

Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is approximately \$31,600 (2004 - \$45,000) payable to shareholders.

7.

Loan Payable, Shareholder

The loan payable, shareholder is unsecured, bears interest at 6% per annum and is not repayable prior to January 1, 2007. An amount of \$63,000 has been postponed in favor of the Bank (see note 8). Interest incurred during the year amounted to approximately \$4,000 (2004 - \$1,900) which is measured at the exchange amount.

Intelgenx Corp.
(A Company in the Development Stage)

Notes to Financial Statements
From Inception (June 15, 2003) to December 31, 2005
(Expressed in U.S. Funds)

8.

Long-Term Debt

Loan from Business Development Bank of Canada,
bearing interest at the lender's prime rate (6.25% at
the inception of the loan) plus 1.5% per annum,
maturing in 2011 and payable in annual instalments
of \$15,500 commencing February 12, 2006

	\$	77,386
Current maturity		14,000
	\$	63,386

Principal payments due in each of the next five years and thereafter are as follows:

2006	\$	14,000
2007		15,500
2008		15,500
2009		15,500
2010		15,500
Thereafter		1,386

As security for the loan from Business Development Bank of Canada, the Company has pledged all of its assets. As additional security, two shareholders of the Company have provided a guarantee for an amount representing 25% of the current commitment, and the loan payable, shareholder has been postponed for an amount of \$63,000.

The term of the loan agreement require the Company to comply with certain financial covenants.

9.

Commitment

The Company has entered into an agreement to lease premises up to August 2009. The future minimum lease payments over the next four years are approximately as follows:

2006	\$	13,000
2007		13,000
2008		13,500
2009		9,200

Intelgenx Corp.

(A Company in the Development Stage)

Notes to Financial Statements

From Inception (June 15, 2003) to December 31, 2005

(Expressed in U.S. Funds)

10. Capital Stock

	2005	2004
Authorized without limit as to number and without par value - common shares		
Issued - 10,000 common shares	\$ 77	\$ 77

11. Income Taxes

As at December 31, 2005, there were Canadian and provincial income tax losses of approximately \$100,000, relating to the current year's operations, that may be applied against earnings of future years, not later than 2015. As a result, a valuation allowance of \$31,000 has been applied against the deferred tax assets balance.

12. Statement of Cash Flows Additional Information

Changes in non-cash operating elements of working capital:

	2005	2004	2003
Accounts receivable	\$ 12,301	\$ (12,495)	\$ (5,664)
Prepaid expenses	1,564	(4,750)	-
Investment tax credits receivable	(17,872)	(51,267)	(437)
Deferred income taxes	-	4,242	(4,242)
Accounts payable and accrued liabilities	13,890	18,510	34,922
Income taxes payable	(19,524)	10,124	-
Deferred income	-	(11,111)	11,111
	\$ (9,641)	\$ (46,747)	\$ 35,690
Interest paid	\$ 7,760	\$ 2,340	\$ -
Income taxes paid	\$ 9,000	\$ -	\$ -

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Intelgenx Corp.
(A Company in the Development Stage)

Notes to Financial Statements
From Inception (June 15, 2003) to December 31, 2005
(Expressed in U.S. Funds)

13. Major Customers

One customer accounts for more than 95% of the Company's revenue. This company is no longer a customer. Outstanding accounts receivable with this customer are \$Nil as at December 31, 2005 and December 31, 2004.

14. Related Party Transactions

During the year, the Company incurred expenses of approximately \$17,500 (2004 - \$10,000) for laboratory equipment leased from a shareholder. The agreement to lease the laboratory equipment expires in August 2007 and the future minimum lease payments are as follows:

2006	\$	17,500
2007		11,500

In 2004 and 2003, the Company incurred consulting fees of \$22,500 and \$7,500 respectively for services rendered by a shareholder. These consulting fees have been included in research and development costs.

On June 30, 2005, the Company purchased patents and patent applications from a shareholder for a total consideration of \$8,200, which is included in accounts payable as at December 31, 2005.

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

15. Subsequent Event

On April 28, 2006, the Company sold 100% of its outstanding common shares to Big Flash Corporation, an inactive public shell company, in a transaction that has been accounted for as a recapitalization of the Company. The transaction will result in the Company issuing 3,191,489 common shares, via a private placement, for proceeds of approximately \$1,227,000 less related issue costs of approximately \$410,000. Under accounting principles generally accepted in the United States, the share exchange is considered to be a capital transaction in substance, rather than a business combination. That is, the share exchange is equivalent to the issuance of stock by the Company for the net monetary assets of Big Flash Corporation, accompanied by a recapitalization, and is accounted for as a change in capital structure. Accordingly, the accounting for the share exchange will be identical to that resulting from a reverse acquisition, except no goodwill will be recorded. Under reverse takeover accounting, the post reverse acquisition comparative historical financial statements of the legal acquirer, Big Flash Corporation, are those of the legal acquiree, the Company, which are considered to be the accounting acquirer.

15. Subsequent Event (Cont'd)

All of the Company's shares, through a series of exchanges, are exchanged for shares of Big Flash Corporation's common shares and/or exchangeable shares of 6544361 Canada Inc. a wholly-owned subsidiary of Big Flash Corporation. The exchangeable shares are exchangeable for common shares of Big Flash Corporation on a one for one basis. Until such time as the holders of the exchangeable shares wish to exchange their shares for Big Flash Corporation shares, the Big Flash Corporation shares are held in trust by a trustee on behalf of the exchangeable shareholder. The trustee shall be entitled to the voting rights in Big Flash Corporation as stated in the terms of the exchange and voting agreement and shall exercise these voting rights according to the instructions of the holders of the exchangeable shares on a basis of one vote for every exchangeable share held.

As part of the above-described transaction the Company has issued 100,000 warrants to a consultant which are exchangeable for 100,000 warrants of Big Flash Corporation upon closing. Each warrant will be exercisable into one share of Big Flash Corporation at \$0.41 per share. Additionally, at closing, Big Flash Corporation issued 325,000 shares of its capital stock to the same consultant as a non-refundable retainer for future investor relations services.

Subsequent to the transaction, Big Flash Corporation intends to file a registration statement to allow certain stockholders to resell up to an aggregate of 3,616,489 shares of common shares for estimated proceeds of up to \$1,482,000.

Intelgenx Corp.
(A Company in the Development Stage)

Balance Sheet
(Expressed in U.S. Funds)

	March 31, 2006 Unaudited	December 31, 2005 Audited
Assets		
Current		
Cash	\$ -	\$ 10,938
Accounts receivable	63,528	5,858
Income taxes recoverable	9,360	9,400
Prepaid expenses	3,172	3,186
Investment tax credits receivable	69,524	69,576
	145,584	98,958
Fixed Assets	122,752	100,176
	\$ 268,336	\$ 199,134
Liabilities		
Current		
Bank indebtedness	12,119	-
Accounts payable and accrued liabilities (note 6)	88,089	67,322
Promissory note (note 3)	25,685	-
Current maturity of long-term debt	17,979	14,000
	143,872	81,322
Loan Payable, Shareholder	85,884	86,253
Long-Term Debt (note 4)	84,373	63,386
Shareholders' Deficiency		
Capital Stock (note 5)	77	77
Accumulated Other Comprehensive Gain	5,091	4,825
Accumulated Deficit During the Development Stage	(50,961)	(36,729)
	(45,793)	(31,827)
	\$ 268,336	\$ 199,134

See accompanying notes

Approved on Behalf of the Board:

_____ Director

_____ Director

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Shareholders' Deficiency
(Expressed in U.S. Funds)
(Unaudited)

	<u>Capital Stock</u>		Accumulated Other Comprehensive Gain (Loss)	Accumulated Retained Earnings (Deficit) during the Development Stage	Total Shareholders' Equity (Deficiency)
	Shares	Amount			
Balance - June 15, 2003 (date of inception)	-	\$ -	\$ -	\$ -	\$ -
June 15, 2003 - issue of common shares	10,000	77	-	-	77
Foreign currency translation adjustment for the period June 15, 2003 to December 31, 2003	-	-	(823)	-	(823)
Net loss from inception (June 15, 2003) to December 31, 2003	-	-	-	(10,215)	(10,215)
Balance - December 31, 2003	10,000	77	(823)	(10,215)	(10,961)
Foreign currency translation adjustment for the year ended December 31, 2004	-	-	7,316	-	7,316
Net earnings for the year ended December 31, 2004	-	-	-	99,006	99,006
Balance - December 31, 2004	10,000	77	6,493	88,791	95,361
Foreign currency translation adjustment for the year ended December 31, 2005	-	-	(1,668)	-	(1,668)
Net loss for the year ended December 31, 2005	-	-	-	(125,520)	(125,520)
Balance - December 31, 2005	10,000	77	4,825	(36,729)	(31,827)
March 9, 2006 - recall and cancellation of issued shares	(10,000)	(77)	-	-	-
March 9, 2006 - issue of common shares	10,991,000	77	-	-	-
Foreign currency translation adjustment for the period ended March 31, 2006	-	-	266	-	266
Net loss for the period ended March 31, 2006	-	-	-	(14,232)	(14,232)
Balance - March 31, 2006	10,991,000	\$ 77	\$ 5,091	\$ (50,961)	\$ (45,793)
See accompanying notes					

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Operations and Comprehensive Loss
(Expressed in U.S. Funds)
(Unaudited)

	March 31, 2006 (3 Months)	March 31, 2005 (3 Months)	From Inception (June 15, 2003) to March 31, 2006
Revenue	\$ 95,518	\$ -	\$ 378,158
Expenses			
Research and development	83,018	13,730	315,428
Administrative salaries	14,569	10,280	53,049
Travel	2,372	428	14,029
Advertising and promotion	1,042	-	2,370
Telecommunications	1,369	1,127	7,265
Professional fees	5,947	1,377	17,580
Office and general	4,092	950	24,735
Taxes and insurance	455	706	4,509
Rent	6,871	5,643	37,186
Interest and bank charges	441	1,066	2,801
Interest on long-term debt and loan payable, shareholder	3,300	946	11,167
Amortization - laboratory and office equipment	7,117	4,679	39,306
Amortization - leasehold improvements	1,112	952	7,942
Amortization - computer equipment	223	303	2,427
Foreign exchange	5	14	1,544
Research and development tax credits	(22,183)	(20,937)	(114,644)
Loss on disposal of fixed assets	-	-	2,817
	109,750	21,264	429,511
Loss Before Income Taxes	(14,232)	(21,264)	(51,353)
Income taxes			
Current	-	(10,007)	(693)
Deferred	-	-	301
	-	(10,007)	(392)
Net Loss	(14,232)	(11,257)	(50,961)
Other Comprehensive Loss			
Foreign currency translation adjustment	266	(659)	5,091
Comprehensive Loss	\$ (13,966)	\$ (11,916)	\$ (45,870)
See accompanying notes			

Intelgenx Corp.
(A Company in the Development Stage)

Statement of Cash Flows
(Expressed in U.S. Funds)
(Unaudited)

	March 31,	March 31,	From Inception
	2006	2005	(June 15, 2003)
	3 Months	3 Months	to
			March 31,
			2006
Funds Provided (Used) -			
Operating Activities			
Net loss	\$ (14,232)	\$ (11,257)	\$ (50,961)
Foreign currency translation adjustment	266	(659)	5,091
Amortization	8,452	5,934	49,675
Loss on disposal of fixed assets	-	-	2,817
	(5,514)	(5,982)	6,622
Changes in non-cash operating elements of working capital	(36,797)	(34,877)	(57,495)
	(42,311)	(40,859)	(50,873)
Financing Activities			
Bank Indebtedness	12,119	2,020	12,119
Long-term debt	29,294	-	102,352
Repayment of long term debt	(4,328)	-	-
Loan payable, shareholder	(369)	32,806	85,884
Issue of capital stock	-	-	77
Promissory note	25,685	-	25,685
	62,401	34,826	226,117
Investing Activities			
Additions to fixed assets	(31,028)	(448)	(191,206)
Proceeds on disposal of fixed assets	-	-	15,962
	(31,028)	(448)	(175,244)
Decrease in Cash	(10,938)	(6,481)	-
Cash			
Beginning of Period	10,938	6,481	-
End of Period	\$ -	\$ -	\$ -
See accompanying notes			

Intelgenx Corp.
(A Company in the Development Stage)

Notes to Interim Financial Statements

From Inception (June 15, 2003) to March 31, 2006
(Expressed in U.S. Funds)
(Unaudited)

1.

Organization and Basis of Presentation

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006. The unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in the Intelgenx Corp. (A Company in the Development Stage) (the "Company") audited financial statements for the years ended December 31, 2005 and 2004.

2.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has reported a net loss of \$50,961 from inception (June 15, 2003) to March 31, 2006. As reported on the statement of cash flows, the Company has reported deficient cash flows from operating activities of \$50,873 from inception (June 15, 2003) to March 31, 2006. To date, these losses and cash flow deficiencies have been financed principally through long-term debt and debt from related parties. Additional capital and/or borrowings will be necessary in order for the Company to continue in existence until attaining and sustaining profitable operations.

Management has continued to develop a strategic plan to develop a management team, maintain reporting compliance and establish contracts with pharmaceutical companies. Management anticipates generating revenue through development contracts during the year. The Company has commenced the process of raising additional capital (see note 7). Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

Intelgenx Corp.
(A Company in the Development Stage)

3.

Promissory Note

On March 21, 2006, the Company obtained a promissory note bearing interest at 5% per annum and repayable at the date of the transaction described in note 7.

4.

Long Term Debt

On February 8, 2006, the Company obtained an additional loan from Business Development Bank of Canada, of \$29,294 bearing interest at the lender's prime rate (6.25%) plus 1.5% per annum and payable in annual instalments of \$8,550 commencing in February 2006.

5.

Capital Stock

Authorized without limit as to number and without par value -

common shares

Issued -

10,991,000 common shares

\$

77

On March 9, 2006 the Company exchanged its 10,000 issued and outstanding common shares for 10,991,000 common shares.

6.

Related Party Transactions

During the three-month period ending March 31, 2006, the Company incurred expenses of approximately \$4,384 (2005 - \$4,184) for laboratory equipment leased from a shareholder and \$1,278 (2005 - \$946) for interest on the loan payable shareholder.

The Company has entered into employment contracts with certain executives. For the three months ended March 31, 2006, the amounts paid are substantially less than the contract amounts. The differences between the contract amounts and the amounts paid for the three-month period ended March 31, 2006 will not be paid.

Included in accounts payable and accrued liabilities is approximately \$41,420 (2005 - \$45,873) payable to shareholders.

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

Big Flash Corporation
(A Development Stage Company)

7.

Subsequent Event

On April 28, 2006, the Company sold 100% of its outstanding common shares to Big Flash Corporation, an inactive public shell company, in a transaction that has been accounted for as a recapitalization of the Company. The transaction will result in the Company issuing 3,191,489 common shares, via a private placement, for proceeds of approximately \$1,227,000 less related issue costs of approximately \$410,000. Under accounting principles generally accepted in the United States, the share exchange is considered to be a capital transaction in substance, rather than a business combination. That is, the share exchange is equivalent to the issuance of stock by the Company for the net monetary assets of Big Flash Corporation, accompanied by a recapitalization, and is accounted for as a change in capital structure. Accordingly, the accounting for the share exchange will be identical to that resulting from a reverse acquisition, except no goodwill will be recorded. Under reverse takeover accounting, the post reverse acquisition comparative historical financial statements of the legal acquirer, Big Flash Corporation, are those of the legal acquiree, the Company, which are considered to be the accounting acquirer.

All of the Company's shares, through a series of exchanges, are exchanged for shares of Big Flash Corporation's common shares and/or exchangeable shares of 6544361 Canada Inc. a wholly-owned subsidiary of Big Flash Corporation. The exchangeable shares are exchangeable for common shares of Big Flash Corporation on a one for one basis. Until such time as the holders of the exchangeable shares wish to exchange their shares for Big Flash Corporation shares, the Big Flash Corporation shares are held in trust by a trustee on behalf of the exchangeable shareholders. The trustee shall be entitled to the voting rights in Big Flash Corporation as stated in the terms of the exchange and voting agreement and shall exercise these voting rights according to the instructions of the holders of the exchangeable shares on a basis of one vote for every exchangeable share held.

As part of the above-described transaction the Company has issued 100,000 warrants to a consultant which are exchangeable for 100,000 warrants of Big Flash Corporation upon closing. Each warrant will be exercisable into one share of Big Flash Corporation at \$0.41 per share. Additionally, at closing, Big Flash Corporation issued 325,000 shares of its capital stock to the same consultant as a non-refundable retainer for future investor relations services.

Subsequent to the transaction, Big Flash Corporation intends to file a registration statement to allow certain stockholders to resell up to an aggregate of 3,616,489 shares of common shares for estimated proceeds of up to \$1,482,000.

Big Flash Corporation
(A Development Stage Company)

Pro Forma Consolidated Balance Sheet
As At March 31, 2006
(Unaudited)
(Expressed in U.S. Funds)

	Intelgenx Corp.	Big Flash Corporation	Pro Forma Adjustments	Pro Forma Consolidated Balance Sheet
Assets				
Current				
Cash	\$ -	\$ -	b) \$ 779,325	\$ 779,325
Accounts receivable	63,528	-	-	63,528
Prepaid expenses	3,172	-	-	3,172
Investment tax credits receivable	69,524	-	-	69,524
Income taxes recoverable	9,360	-	-	9,360
	145,584	-	779,325	924,909
Property and Equipment	122,752	-	-	122,752
	\$ 268,336	\$ -	\$ 779,325	\$ 1,047,661
Liabilities				
Current				
Bank indebtedness	12,119	-	b) (12,119)	-
Accounts payable and accrued liabilities	88,089	430	d) (430)	88,089
Promissory note	25,685	-	b) (25,685)	-
Due to shareholder	-	22,730	d) (22,730)	-
Current maturity of long-term debt	17,979	-	-	17,979
	143,872	23,160	(60,964)	106,068
Loan Payable, Shareholder	85,884	-	-	85,884
Long-Term Debt	84,373	-	-	84,373
Shareholders' Equity				
Capital Stock	77	15	b) 1,227,455	840,366
			b) (410,326)	
			c) (15)	
			d) 23,160	
Additional Paid-In Capital	-	1,485	c) (1,485)	-
Accumulated Other Comprehensive Gain	5,091			5,091
Accumulated Deficit During the Development Stage				
Stage	(50,961)	(24,660)	c) 15	(74,121)
			c) 1,485	
	(45,793)	(23,160)	840,289	771,336
	\$ 268,336	\$ -	\$ 779,325	\$ 1,047,661

See accompanying notes

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Big Flash Corporation
(A Development Stage Company)

Pro Forma Consolidated Statement of Operations
For the Three-Month Period Ended March 31, 2006
(Unaudited)
(Expressed in U.S. Funds)

	Intelgenx Corp.	Big Flash Corporation	Pro Forma Adjustments	Pro Forma Consolidated Statement of Operations
Revenue	\$ 95,518	\$ -	\$ -	\$ 95,518
Expenses				
Research and development	83,018	-	-	83,018
Administrative Salaries	14,569	-	-	14,569
Travel	2,372	-	-	2,372
Advertising and promotion	1,042	-	-	1,042
Telecommunications	1,369	-	-	1,369
Professional fees	5,947	-	-	5,947
Office and general	4,092	1,238	-	5,330
Taxes and insurance	455	-	-	455
Rent	6,871	-	-	6,871
Interest and bank charges	441	410	-	851
Interest on long-term debt	3,300	-	-	3,300
Amortization - laboratory and office equipment	7,117	-	-	7,117
Amortization - leasehold improvements	1,112	-	-	1,112
Amortization - computer equipment	223	-	-	223
Foreign exchange	5	-	-	5
Research and development tax credits	(22,183)	-	-	(22,183)
	109,750	1,648	-	111,398
Net Loss	(14,232)	(1,648)	-	(15,880)
Weighted Average Number of Shares Outstanding				16,007,489
Loss Per Share				\$ -
See accompanying notes				

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Big Flash Corporation
(A Development Stage Company)

Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2005
(Unaudited)
(Expressed in U.S. Funds)

	Intelgenx Corp.	Big Flash Corporation	Pro Forma Adjustments	Pro Forma Consolidated Statement of Operations
Revenue	\$ 19,168	\$ -	\$ -	\$ 19,168
Expenses				
Research and development	91,969	-	-	91,969
Administrative salaries	23,105	-	-	23,105
Travel	7,119	-	-	7,119
Advertising and promotion	844	-	-	844
Telecommunications	2,671	-	-	2,671
Professional fees	10,362	-	-	10,362
Office and general	4,884	9,906	-	14,790
Taxes and insurance	3,186	-	-	3,186
Rent	22,384	-	-	22,384
Interest and bank charges	1,773	1,217	-	2,990
Interest on long-term debt	5,946	-	-	5,946
Amortization - laboratory and office equipment	19,212	-	-	19,212
Amortization - leasehold improvements	3,878	-	-	3,878
Amortization - computer equipment	1,233	-	-	1,233
Foreign exchange	465	-	-	465
Research and development tax credits	(44,298)	-	-	(44,298)
	154,733	11,123	-	165,856
Loss Before Income Taxes	(135,565)	(11,123)	-	(146,688)
Income taxes	(10,045)	-	-	(10,045)
Net Loss	\$ (125,520)	\$ (11,123)	\$ -	\$ (136,643)
Weighted Average Number of Shares Outstanding				16,007,489
Loss Per Share				\$ (0.01)
See accompanying notes				

Big Flash Corporation
(A Development Stage Company)

Notes to Pro Forma Consolidated Financial Statements
For the Three-Month Period Ended March 31, 2006 and For the Year Ended December 31, 2005
(Unaudited)
(Expressed in U.S. Funds)

1.

Basis of Presentation

Effective April 28, 2006, Big Flash Corporation completed the acquisition of 100% of the outstanding shares of common stock of Intelgenx Corp. in a transaction that has been accounted for as a recapitalization of Intelgenx Corp.

All of Intelgenx Corp.'s shares, through a series of exchanges, are exchanged for shares of Big Flash Corporation's common shares and/or exchangeable shares of 6544361 Canada Inc. ("Big Flash Corporation's Exchangeco"), a wholly-owned subsidiary of Big Flash Corporation. The exchangeable shares are exchangeable for common shares of Big Flash Corporation on a one for one basis. Until such time as the holders of the exchangeable shares wish to exchange their shares for Big Flash Corporation shares, the Big Flash Corporation shares are held in trust by a trustee on behalf of the exchangeable share holders. The trustee shall be entitled to the voting rights in Big Flash Corporation as stated in the terms of the exchange and voting agreement and shall exercise these voting rights according to the instructions of the holders of the exchangeable shares on a basis of one vote for every exchangeable share held.

In the unaudited pro forma consolidated financial statements, the adjustments are made to reflect the financial condition and results of operations of Intelgenx Corp. as the independent public operating entity.

The pro forma unaudited consolidated financial information may not be indicative of the financial position and results of operations that would have occurred if the recapitalization had been in effect on the date indicated or of the financial position or operating results which may be obtained in the future.

The pro forma unaudited consolidated balance sheet of Big Flash Corporation as at March 31, 2006 and the related pro forma unaudited consolidated statement of operations for the three-month period ended March 31, 2006 and for the year ended December 31, 2005 have been derived from the interim and audited financial statements of Intelgenx Corp. and Big Flash Corporation for the three-month period ended March 31, 2006 and for the year ended December 31, 2005 respectively and the assumptions and adjustments outlined in note 2.

2.

Pro Forma Assumptions and Adjustments

The accompanying pro forma unaudited consolidated financial statements of Big Flash Corporation have been prepared to reflect the following assumptions and adjustments:

a) Effective March 9, 2006, Intelgenx Corp. exchanges its existing 10,000 common shares for 10,991,000 common shares.

2. Pro Forma Assumptions and Adjustments (Cont'd)

b) Intelgenx Corp. will issue 3,191,489 common shares for proceeds of approximately \$1,227,000 on closing of the Offering and incur expenses and related transaction fees of approximately \$410,000. An amount of \$25,685 of the proceeds will be used to repay the promissory note.

c) Big Flash Corporation will purchase all of the issued and outstanding common shares of Intelgenx Corp. on the basis of each issued and outstanding common share being exchanged for one Big Flash Corporation common share or one Class B exchangeable share of Big Flash Corporation's Exchangeco (and ancillary rights), which is substantially the economic equivalent of a common share of Big Flash Corporation.

d) Upon closing of the transaction, a shareholder of Big Flash Corporation will forgive the amount due to shareholder of \$22,730 and related accrued interest payable of \$430.

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INFORMATION NOT REQUIRED IN PROSPECTUS

Item 24.

Indemnification of Directors and Officers

Under Section 145(a) of the General Corporation Law of Delaware, we may indemnify any of our officers or directors in any action other than actions by or in the right of our company, whether civil, criminal, administrative or investigative, if such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of our company, and, with respect to any criminal action or proceedings if such director or officer has no reasonable cause to believe his conduct was unlawful. Under Section 145(b), we may indemnify any of our officers or directors in any action by or in the right of our company against expenses actually and reasonably incurred by him in the defense or settlement of such action if such officer or director acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest, except where such director or officer shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to us, unless, on application, the Court of Chancery or the court in which such action or suit was brought shall determine that, despite the adjudication of liability, such person in view of all the circumstances is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. Section 145(c) provides for mandatory indemnification of officers or directors who have been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections (a) and (b). Section 145(d) authorizes indemnification under subsections (a) and (b) in specific cases if approved by our board of directors or stockholders upon a finding that the officer or director in question has met the requisite statutory standards of conduct. Section 145(g) empowers us to purchase insurance coverage for any director, officer, employee or agent against any liability incurred by him in his capacity as such, whether or not we would have the power to indemnify him under the provisions of the Delaware General Corporation Law. The foregoing is only a summary of the described sections of the Delaware General Corporation Law and is qualified in its entirety by reference to such sections.

Our bylaws provide that we shall indemnify each of our officers and directors to the fullest extent permitted by applicable law. Our certificate of incorporation also provides that, to the fullest extent permitted by the Delaware General Corporation Law, our directors shall not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director.

Item 25. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses expected to be incurred in connection with the sale and distribution of the securities being registered, all of which will be borne the Registrant (not including any underwriting discounts and commissions and expenses incurred by the selling stockholders for brokerage, accounting, tax, or legal services or any other expenses incurred by the selling stockholders in disposing of the shares). All amounts shown are estimates except the Securities and Exchange Commission registration fee.

Securities and Exchange registration fee	\$ 159
Legal fees and expenses	\$18,000
Accounting fees and expenses	\$8,000
Total	\$26,159

Item 26.

Recent Issuance of Unregistered Securities

The following shares were exempt from registration under section 4(2) of the Securities Act of 1933, Regulation D-Rule 506 and/or Regulation S promulgated thereunder

:

On April 28, 2006 Big Flash's special purpose Canadian subsidiary, 6544361 Canada Inc. ("Exchangeco"), completed the acquisition of 10,991,000 common shares of IntelGenx Corp. ("Intelgenx") pursuant to a Share Exchange Agreement and other agreements. Under the Share Exchange Agreement, Exchangeco acquired all of the issued and outstanding common shares of IntelGenx in exchange for 10,991,000 Class A Special Shares of Exchangeco, where each Class A Special Share of Exchangeco is exchangeable into one share of our common stock.

We also acquired 100,000 common share purchase warrants of IntelGenx pursuant to a securities purchase agreement which we entered into with Patrick J. Caruso, in exchange for warrant exercisable for 100,000 shares of our common stock. We also acquired 3,191,489 common shares of IntelGenx from 34 investors in exchange for the issuance of 3,191,489 shares of our common stock.. Additionally, we entered into a business consultancy agreement with Mr. Caruso pursuant to which we issued to Mr. Caruso 325,000 shares of common stock as a non-refundable retainer, and in full payment of investor relations services to be rendered by Mr. Caruso under the agreement.

Item 27.

Exhibits and Financial Statement Schedules

The following exhibits are filed as part of this registration statement:

- 2.1 ** Share exchange agreement dated April 10, 2006
- 3.1 Articles of incorporation (incorporated by reference to exhibit 3.1 of the registrant Company's SB-2 filed on November 16, 1999)
- 3.2 By-Laws (incorporated by reference to exhibit 3.1 of the registrant SB-2 filed on November 16, 1999)
- 4.1 Warrants dated March 16, 2006 issued to Patrick J. Caruso
- 5.1 * Opinion on legality
- 9.1 ** Voting Trust agreement
- 10.1 Host Zerbe employment agreement
- 10.2 Joel Cohen consulting agreement
- 10.3 Ingrid Zerbe employment agreement
- 10.4 Registration rights agreement
- 10.5 Principal's registration rights agreement
- 10.6 Investor relations consulting agreement
- 16.1 Letter on change in certifying accountant
- 21.1 Subsidiaries of the small business issuer
- 23.1 * Consent of Hodgson Russ LLP
- 23.2 Consent of Chisholm, Bierwolf & Nilson LLC
- 23.3 Consent of RSM Richter
- 24.1 Power of attorney; included on the last page of this SB-2 registration statement

* To be filed by amendment.

** Incorporated by reference to 99.1 from the 8K/A filed on April 28, 2006

Item 28. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the amount of volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Montreal, province of Quebec, on July 3, 2006.

Big Flash Corp.

By: /s/ Horst Zerbe
 Horst Zerbe
 Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Horst Zerbe as his attorney in fact, to sign any amendments to this registration statement (including post-effective amendments), and any registration statement filed under SEC Rule 424(b) and to file any of the same with exhibits thereto and other documents in connection therewith, and with the Securities and Exchange Commission, hereby ratifying and confirming that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Horst Zerbe Horst Zerbe	Chairman and Chief Executive Officer (<i>Principal Executive Officer</i>)	July 3, 2006
/s/ Joel Cohen Joel Cohen	Vice President and Chief Financial Officer (Principal Financial Officer) and Director	July 3, 2006
/s/ Ingrid Zerbe Ingrid Zerbe	Secretary and Director	July 3, 2006
/s/ Bernard Boudreau Bernard Boudreau	Director	July 3, 2006
David Coffin-Beach	Director	July 3, 2006
Reiza Rayman	Director	July 3, 2006