

CHEMBIO DIAGNOSTICS, INC.  
Form 10-Q  
May 06, 2010

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

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FORM 10 - Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2010

000-30379  
(Commission File Number)

Chembio Diagnostics, Inc.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other  
jurisdiction of  
incorporation)

88-0425691  
(IRS Employer  
Identification  
Number)

3661 Horseblock Road  
Medford, New York 11763  
(Address of principal executive offices including zip code)  
(631) 924-1135  
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

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

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 May 5, 2010, the Registrant had 61,996,151 shares outstanding of its \$.01 par value common stock.

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Quarterly Report on FORM 10-Q For The Period Ended

March 31, 2010

Table of Contents

Chembio Diagnostics, Inc.

	Page
<b>Part I. FINANCIAL INFORMATION:</b>	
Item 1. Financial Statements:	
Condensed Consolidated Balance Sheets as of March 31, 2010 (unaudited) and December 31, 2009.	2
Condensed Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2010 and 2009.	3
Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2010 and 2009.	4
Notes to Condensed Consolidated Financial Statements (unaudited)	5 to 12
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 4. Controls and Procedures	21
<b>Part II. OTHER INFORMATION:</b>	
Item 6. Exhibits	22
<b>SIGNATURES</b>	<b>23</b>
<b>EXHIBITS</b>	

## PART I

## Item 1. FINANCIAL STATEMENTS

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
AS OF

- ASSETS -	March 31, 2010 (UNAUDITED)	December 31, 2009
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 797,923	\$ 1,068,235
Accounts receivable, net of allowance for doubtful accounts of \$20,000 for 2010 and 2009	1,178,508	1,776,327
Inventories	1,979,561	1,555,903
Prepaid expenses and other current assets	284,930	266,637
<b>TOTAL CURRENT ASSETS</b>	<b>4,240,922</b>	<b>4,667,102</b>
<b>FIXED ASSETS, net of accumulated depreciation</b>	<b>850,126</b>	<b>580,213</b>
<b>OTHER ASSETS:</b>		
License agreements, net of current portion	675,000	700,000
Deposits on manufacturing equipment	61,700	338,375
Deposits and other assets	36,226	29,560
<b>TOTAL ASSETS</b>	<b>\$ 5,863,974</b>	<b>\$ 6,315,250</b>
<b>- LIABILITIES AND STOCKHOLDERS' EQUITY -</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 1,523,268	\$ 1,906,163
Current portion of loan payable	9,670	9,600
Deferred research and development revenue	380,000	360,833
License fee payable	875,000	875,000
Current portion of obligations under capital leases	22,286	21,536
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,810,224</b>	<b>3,173,132</b>
<b>OTHER LIABILITIES:</b>		
Loan payable - net of current portion	12,488	14,931
Obligations under capital leases - net of current portion	33,412	39,273
<b>TOTAL LIABILITIES</b>	<b>2,856,124</b>	<b>3,227,336</b>

COMMITMENTS AND  
CONTINGENCIES

STOCKHOLDERS' EQUITY:

Preferred stock – 10,000,000 shares authorized, none outstanding	-	-
Common stock - \$.01 par value; 100,000,000 shares authorized, 61,996,151 and 61,979,901 shares issued and outstanding for 2010 and 2009, respectively	619,962	619,799
Additional paid-in capital	39,530,621	39,453,522
Accumulated deficit	(37,142,733 )	(36,985,407 )
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>3,007,850</b>	<b>3,087,914</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 5,863,974</b>	<b>\$ 6,315,250</b>
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See accompanying notes to condensed consolidated financial statements

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED  
(UNAUDITED)

	March 31, 2010	March 31, 2009
<b>REVENUES:</b>		
Net product sales	\$ 2,214,897	\$ 2,269,417
License and royalty income	21,496	-
R&D contracts and grants	547,022	276,181
<b>TOTAL REVENUES</b>	<b>2,783,415</b>	<b>2,545,598</b>
Cost of product sales	1,477,041	1,546,908
<b>GROSS PROFIT</b>	<b>1,306,374</b>	<b>998,690</b>
<b>OPERATING EXPENSES:</b>		
Research and development expenses	800,758	647,372
Selling, general and administrative expenses	661,848	675,813
	1,462,606	1,323,185
<b>LOSS FROM OPERATIONS</b>	<b>(156,232 )</b>	