UNIVEC INC
Form 10KSB/A
February 23, 2007

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

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FORM 10-KSB
Amendment No. 2

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/X/ Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2005**

/ / Transition report under Section 13 or 15(d) of the Securities Act of 1934

For the transition period from _____ to _____

Commission file number: **0-22413**

UNIVEC, INC.
(Name of Small Business Issuer in its Charter)

Delaware	**11-3163455**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

_____

822 Guilford Avenue, Suite 208, Baltimore, MD 21202
(410) 347-9959
(Address and telephone number of principal executive office)

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Former address: 4810 Seton Drive, Baltimore, MD 21215
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Act:

Title of Class
Common Stock, $.001 par value

_____

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will 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-KSB Amendment No. 2 or any other amendment to this Form 10-KSB. /X/

Revenues for the issuer's most recent fiscal year were $81,398.

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

The aggregate market value of the voting stock held by non-affiliates computed by reference to the closing price at which the stock was sold on December 31, 2005 was $1,144,602.

ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PAST FIVE YEARS

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes / / No / /

APPLICABLE ONLY TO CORPORATE REGISTRANTS

As of December 31, 2005 the issuer had 57,230,128 shares of common stock, $.001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
None

Part I

Item 1. Description of Business.

UNIVEC, Inc. ("UNIVEC" or "the Company") is an integrated licensing, manufacturing, and marketing company dedicated to providing safer health products to patients and caregivers worldwide. Univec also assists pharmaceutical companies in marketing, fulfillment, and tracking drug samples. Univec produces auto-disable and safety syringes. The Company is a Delaware corporation incorporated on October 7, 1996, and the successor by merger to UNIVEC, Inc., a New York corporation, incorporated on August 18, 1992.

On December 31, 2001 Univec, Inc., acquired Physician and Pharmaceutical Services, Inc., (PPSI) a company engaged in group purchasing (GPO) and promoting Pharmaceutical company prescription samples to physicians for their patients. PPSI reduces the cost in the prescription-sampling channel by providing efficient fulfillment and tracking of prescription usage. PPSI's national network of pharmacies fills the sample prescription on a discounted fee and the Company's mail service fulfillment complements additional needs. PPSI's approach conforms to regulations requiring increased accountability and elimination of diversion of prescription samples, consequently reducing the exposure of physicians and pharmaceutical companies to potential liabilities and non-compliance penalties. PPSI’s group purchasing programs provide for reduces prices on prescription drugs and other products through leveraged purchasing and closed system market share. Univec also is a distributor of a highly regulated pharmaceutical drug, methadone and other prescription drug products.

Univec during late 2004 established the company as a distributor of specialty and highly regulated pharmaceutical products. The company intends to expand the product line to take further advantage of its group purchasing and closed systems purchasing.

Univec extended its product line to include a highly regulated pharmaceutical (methadone) and other pharmaceutical products. The company will continue to sell it products through large United States based wholesalers as well as direct in large bulk to the larger customers of the company. The company’s group purchase programs and closed market purchasing positions the company’s product line well.

In 1997, Univec commenced production and sales of its 1cc Auto-Disable Syringes (AD-syringes), which are designed to make accidental or deliberate reuse difficult. The accidental or deliberate reuse of syringes is a frequent cause of the spread of the human immunodeficiency ("HIV") and hepatitis viruses, as well as other blood-borne pathogens. Univec has received 510(k) clearance from the U.S. Food and Drug Administration (the "FDA") to market it's AD-Syringes in the United States.

Univec believes that its 1cc difficult-to-reuse syringes are more effective than competitive syringes and that they are competitively priced. Univec also believes that it is the only company that markets an AD-Syringe with a 1cc barrel, which is ideal for dispensing accurate dosages of medicine (e.g., allergy, immunization and insulin medicines). It is more difficult to deliver up to a .95cc dosage accurately with a syringe barrel that is greater than 1cc. Univec does not know of any other company that offers a lcc aspirating syringe that can be locked. Healthcare workers need aspirating syringes to mix medications in the syringe barrel and inject medications intravenously. Furthermore, Univec believes that aspirating syringes are preferred by diabetes patients and needle-exchange programs. Pursuant to programs of international relief agencies, Univec has shipped its lcc AD-Syringes to over 80 countries.

Univec also manufactures and markets patented Sliding Sheath Syringes designed to protect patients and healthcare workers from needle stick injuries, in compliance with the Federal Needlestick Safety and Prevention Act of the United States government, and requirements of the Occupational Safety and Health Administration (OSHA). Univec has FDA approval for an extendible barrel sleeve syringe used in the sliding sheath syringes based on technology licensed by Univec.

In addition, Univec has developed a Bifurcated Needle Safety Syringe specifically designed to comply with the Federal Needlestick Safety and Prevention Act of the United States government. Univec has been granted 510(k) clearance by the FDA. The device is intended for use in administering smallpox vacines in response to potential bio-terrorist threats. The Needlestick Safety mandate requires all U.S. healthcare providers to evaluate and implement safer medical devices under their OSHA "Exposure Control Plans". All healthcare providers must now adopt safer devices to protect workers and others from needles potentially contaminated with blood borne pathogens such as hepatitis B, hepatitis C, and HIV.

In general, this "safer device" rule applies in the normal course of operations, as well as in connection with any mass immunization program authorized by the federal government.

Univec markets its AD-Syringes and Sliding Sheath Safety Syringes to governments of developing countries, provided that such syringes are manufactured in the United States, private hospitals and health facilities in the United States, and distributors in the United States.

In developing countries, accidental or deliberate reuse of disposable syringes poses a serious risk of transmitting HIV-AIDS, hepatitis and other blood-borne pathogens. Relief agencies, including UNICEF and WHO, administered almost a billion immunizations to women and children through immunization programs in developing countries in 1998 and anticipate administering 3.5 billion immunizations by 2005. WHO reported that surveys carried out in four of its six regions indicated that up to a third of immunization injections were not sterile. Immunization injections account for less than 10% of injections administered within the health sector. The United Nations estimates that more than half of all non-immunization injections in developing countries are unsafe. According to WHO, an estimated 40.0 million adults and children worldwide are infected with HIV, 90% of who live in developing countries.

Intravenous drug users, who share syringes or use syringes discarded by hospitals, medical clinics and laboratories, doctors or diabetic patients, are extremely susceptible to HIV, hepatitis and other blood-borne pathogens. An article in the May 1996 American Journal of Public Health for Disease Control written by an epidemiologist for the Center for Disease Control and Prevention (the "CDC") estimates that nearly half of all new HIV infections are occurring in intravenous drug users. In the United States, up to 30% of pregnant mothers infected with HIV transmit the virus to their babies, according to the CDC. Based on a study of children with HIV, who received care at Children's Hospital of Wisconsin, researchers estimated that the mean total lifetime costs of caring for a child with HIV was close to $1 million.

As a result of findings in the United States and developing countries, public health officials have encouraged the medical industry to develop safer syringes to prevent the spread of blood-borne pathogens, such as HIV and hepatitis. In 1995, the House of Delegates -- American Medical Association requested "manufacturers of disposable hypodermic needles and syringes to adopt designs to prevent reuse and to include in the packaging clear directions for their correct disposal." In late 1995, UNICEF and WHO recommended "the use of auto-disable syringes instead of disposable, single use syringes in order to avoid the hazards of unsafe injection practices."

Needlestick Prevention

Needlestick prevention devices are designed to prevent accidental puncture injuries to health care workers and patients before, during, and after the use of hypodermic syringes and needles. Statistics indicate that less than 1% of all reported HIV infections in the United States are attributed to needlestick injuries. The most prevalent needle stick prevention device, the extendible barrel sleeve, is not a substitute for features that render a syringe difficult-to-reuse; however, it can be combined with devices that make a syringe difficult-to-reuse. Needlestick prevention methods include:

Retracting Needles retract the needle into the barrel after use. These devices are effective needlestick prevention devices; however, operators must manually trigger the retraction of needles. Retracting needle devices that automatically trigger with a single use of the syringe can render the syringe design difficult to reuse. However, such devices are costly to manufacture due to the complexity of the mechanics required to retract the needle.

Self-Destruct Needles permit the needle to be collapsed or deformed into a shape, which cannot result in a needlestick injury. Although self-destruct needle devices are mechanically simpler than retracting needle devices, less prone to malfunction and less costly to manufacture, such devices are effective only if the operator triggers the self-destruct feature.

Extendible Barrel Sleeves enclose the barrel of the syringe in a second cylinder. The operator extends the sleeve before and after use to cover the tip of the needle. The extendible barrel sleeves often lock in the extended position after use. In virtually all designs, the operator of the syringe must manually extend the barrel sleeve after use. The sleeve does not prevent multiple use of the syringe before the operator encloses the barrel. However, extendible barrel sleeves are more cost-effective than the other alternatives and can be combined with a device that makes the syringe difficult to reuse.

UNIVEC Syringes

Univec has developed a 1cc AD-Syringe for aspirating and non-aspirating applications, which are ideally suited for dispensing accurate dosages of allergy, immunization and insulin medicines. The Company's 1cc AD-Syringe can deliver dosages of up to .95cc. With the aspirating syringe, the UNIVEC locking clip does not limit the user's ability to withdraw and depress ("to aspirate") the plunger until the user locks the syringe voluntarily. With the non-aspirating syringe, the UNIVEC locking clip limits the user's ability to aspirate the plunger and locks the syringe passively.

When the non-aspirating syringes are assembled, the syringe clip is placed on the ratcheted plunger in the position needed to limit dosage as desired. When the operator depresses the plunger, the clip travels down the barrel by an equal distance. Withdrawal of the plunger by any amount embeds the prongs into the barrel and the user cannot retract the plunger.

Univec's 1cc non-aspirating syringe was developed for the needs of immunization programs. Using existing components, the Company can limit its non-aspirating syringe to any dosage between .05cc and .95cc.

Univec's 1cc aspirating syringe works similarly to the non-aspirating model, except that the clip prongs do not engage the barrel until the operator withdraws the plunger completely. Once the operator does so, the clip catches a single ratchet and travels down the barrel as the plunger is depressed and the operator cannot withdraw the plunger.

Univec's 1cc aspirating syringe was developed for healthcare workers, who need to mix medications in the syringe barrel and inject medicines intravenously. Furthermore, the Company believes that aspirating syringes are preferred by diabetes patients and needle-exchange programs. The Company does not know of any other company that offers an aspirating syringe that can be locked.

Univec has licensed rights to a United States patent for a sliding sheath to function on all standard syringes. The Company believes that its licensed design for a safety syringe will compete successfully with the other safety syringes on the market. This design can be used on barrels of various sizes.

Marketing of Pharmaceutical Company Drug Samples to Physicians

PPSI patient StarterScript prescription drug program allows the physician to provide to the patient a cost effective means to support medication management from both a clinical and economic perspective. The patient sees if they may tolerate the medication under both the physician and pharmacist oversight.

The PPSI online network provides better marketing and clinical integration information than traditional systems, and enables pharmaceutical companies to maintain market share when competing with generic drugs. The PPSI information system includes detailed information such as the individual sales representative, zip codes, DEA number, pharmacy and prescribing physician. The PPSI system provides pharmaceutical companies with an easy, safe way to offer free samples through physicians and increase their value to patients who benefit through savings on prescriptions. In addition, the PPSI system provides incentives for chain drug stores to stock the pharmaceutical products and for pharmaceutical companies to keep their products on managed care formularies. Pharmaceutical manufacturers spend over $16 billion a year for the marketing of products. PPSI's strategy is to provide flexible sample programs supported by technology to assist with distribution, dispensing, reporting, and clinical integration that maximizes the intent of appropriate sample model for marketing.

Sales, Marketing and Distribution

Univec has entered into several agreements with large United States based wholesalers for the support and expansion of distribution channels for nationwide delivery of the Univec product line.

Univec also markets its StarterScript patient prescription sampling services to pharmaceutical companies desiring to maintain or expand market position. The company management believes that with the growth of third party payments of prescription drug such as Medicare and managed care companies the direct to consumer programs will grow. Univec also believes that with more branded pharmaceutical products coming off patent will further enhance direct patient sampling or StarterScript programs as an offense to generic drug substitution.

Univec has shipped its lcc AD-Syringes to over 80 countries. Univec intends to market its Safety-Shield syringes, as well as the Demolizer medical waste disposal system to governments of developing countries, private hospitals and health facilities in the United States, and distributors in the United States. Univec is a licensee of products and proprietary manufacturing processes relating to 1cc AD-Syringes. For manufacturing in our facilities. The Company markets such syringes to governments of developing countries, private hospitals and medical facilities. To stimulate demand for its safety syringes, Univec plans to initiate promotional and educational campaigns directed at (i) public health officers and other government officials responsible for public health policies, (ii) doctors and administrators of healthcare facilities responsible for treatment of HIV-AIDS and hepatitis patients, and (iii) liability insurance companies.

Univec also markets its drug sampling services to pharmaceutical companies desiring to maintain or expand market position.

Production

Univec's lcc locking syringes are being assembled by contract manufacturers in the United States and foreign countries. (See Item 1, "Description of Business" and Item 3 "Legal Proceedings" for the current status of the Company's business. The United States manufacturers also mold the Company's proprietary syringe plungers. Univec owns stamping, assembly, and molding equipment at its U.S. contract manufacturer. Univec relocated its clip plunger assembly production facility designed to produce 1cc AD-Syringes from Farmingdale, New York to Baltimore, Maryland during July 2003. These assemblies are shipped to our contract manufacturers to produce Auto-Disable Syringes.

Univec's syringes consist of a standard needle, barrel, rubber stopper, a ratcheted plunger designed by the Company, and a pronged stainless steel locking clip designed by Univec. The locking clip and plunger can be assembled, with minor modifications, into barrels manufactured by Becton-Dickinson, Tyco, and other syringe manufacturers. Univec has obtained a patent on its stainless steel locking clip, and has been granted a patent for the design of a plunger which, when combined with the locking clip, results in a narrow-barreled, difficult-to-reuse, locking syringe. The stainless steel for the locking clip and the plastic for the syringe barrels and plungers is readily available from several sources. The syringe barrels for some of the syringes sold by Univec have been manufactured by a Portuguese contract manufacturer. Univec has been successful through other sources worldwide in purchasing barrels to increase the overall production capacity. In addition, Univec continues to send clip plunger assemblies produced in the U.S. to syringe manufacturers to also increase overall production. Univec continues to pursue alternate sources of supply for components. Should there be a need for a certain component from an alternate supplier, there can be no assurance that the Company will be able to obtain it on acceptable terms, and there can be no assurance that production of certain configurations of its lcc locking syringes will not be delayed. Delays resulting from the selection of an alternate supplier to produce certain components could have a materially adverse effect on Univec's business.

Competition

Univec's principal competition for syringes is from traditional disposable syringes. Becton-Dickinson, Tyco and Terumo control approximately 90% of the worldwide syringe market, and are substantially larger, more established and have significantly greater financial, sales and marketing, distribution, engineering, research and development and other resources than the Company. To Univec's knowledge, only Becton-Dickinson and Bader, a German machine tool manufacturer, distribute commercially a line of difficult-to-reuse syringes, none of which allow for aspiration. The Bader DestroJect syringe and the Becton-Dickinson SOLOSHOT syringe were designed to dispense a dosage of .5cc only, whereas the UNIVEC 1cc locking clip syringe was designed to dispense dosages up to .95cc. Univec believes that UNIVEC syringes are more effective than competitors' difficult-to-reuse syringes and that the UNIVEC syringes are competitively priced. There can be no assurance that the major syringe manufacturers or others will not commence production of 1cc difficult to-reuse-syringes, or locking syringes which aspirate, or that Univec will be able to successfully compete in this market.

PPSI's competition comes from traditional sampling providers that include the actual drug samples and other pharmaceutical benefit management companies that offer similar services such as Caremark and Medco Health.

Patents, Licenses and Proprietary Rights

In 1995, Univec was granted a United States patent for a locking clip device not biased against the plunger. The patent is broad enough to include several applications of the design covering the first series of products to be marketed by Univec. Univec was granted a United States patent for a plunger design which, in conjunction with its patented locking clip, results in a narrow barrel, difficult-to-reuse syringe that allows for aspiration during use.

In the past, Univec has filed patent applications for its locking clip and aspirating plunger in certain foreign countries participating in the Patent Cooperation Treaty (Canada, Brazil, Mexico, certain European countries, Japan, South Korea, China, Russia and Australia). However, patent applications filed in foreign countries and patents granted in such countries are subject to laws, rules and procedures that differ from those in the United States, and accordingly, patent protection in such countries may be different from patent protection provided by United States laws. In December 2003, to settle an outstanding note with Syrinter, Ltd. (Switzerland), the Company assigned certain patents for the 1cc auto-disabled syringe as in full payment of the note and interest thereon. The Company in turn received relief from restrictive patent payments and a perpetual license to exploit these patents provided manufacturing occurs in the United States. In addition, the Company will continue to receive 15% of future royalties being earned from the licensing of these items.

Univec has registered trademarks UNIVEC(R), and Rx Ultra(R), Rx Plus, The Univec Crest and the symbol representing no second use, (i.e., the number 2 crossed out inside of a circle), with the United States Patent and Trademark Office.

In March 2001, Univec exercised an option to acquire a license of a component for a period of the later of ten years or the expiration of the last patent relating to the component and its improvements, with the right to terminate the agreement if the Company fails to produce and ship at least ten million of this component within three years. Univec is committed to pay a royalty of $.001, per component sold, with an advance royalty fee of $15,000 previously paid. As of December 31, 2005, Univec has sold only an insignificant amount subject to royalties under this agreement.

In July 2000, Univec received FDA approval of the sliding sheath syringe and began to manufacture and market this product in 2001.

In August 2000, Univec entered into a licensing agreement providing for the non-exclusive, worldwide use of Univec patents for the manufacturing, use and marketing of its auto-disable syringes through the period any patents are still in effect, providing for royalties on sales and for the sale of equipment necessary to manufacture the product. In accordance with this agreement, Univec has earned royalties of $0 and $30,284 for the years ended December 31, 2005 and 2004, respectively.

In 2003 the Company assigned certain patents to a creditor in payment of an amount due and also assigned the future royalties under the auto-disable syringe licensing agreement. The Company has licensed back the rights under these patents to market and manufacture in North America.

In 2004 the Company applied for and received a Provisional Patent from the U.S. Patent and Trademark Office on September 21, 2004, the Patent #60/611,670 and Foreign Filing License Granted October 15, 2004, code US60/611,670. However, patent applications filed in foreign countries and patents granted in such countries are subject to laws, rules and procedures that differ from those in the United States, and accordingly, patent protection in such countries may be different from patent protection provided by United States laws. In brief description, a medical device with a sliding sheath to protect caregivers in the dental and the cosmetic market.

Revenue Recognition

As a result of the differing circumstances related to the Company's manufacture, procurement, distribution and physician sampling programs diverse financial accounting methods are utilized to recognize revenue from its various revenue sources. The Company's manufacturing and specialty pharmaceutical drug distribution programs employ the "gross" method of recognizing revenue. However, because of the distinctive type of services provided to customers, the GPO and physician sampling programs utilize the "net" method of revenue recognition.

Government Regulation

The manufacture and distribution of medical devices are subject to extensive regulation by the FDA in the United States, and in some instances, by foreign and state regulatory authorities. Pursuant to the Federal Food, Drug, and Cosmetic Act, as amended, and the regulations promulgated there under (collectively, the "FDC Act"), the FDA regulates the clinical testing, manufacture, labeling, sale, distribution and promotion of medical devices. Before a new device can be introduced into the market, a manufacturer must obtain FDA permission to market through either the 510(k) pre-market notification process or the costlier, lengthier and less certain pre-market approval ("PMA") application process. With the 510(k) notification, the Company may sell its 1cc locking clip syringe in the United States, subject to compliance with other applicable FDA regulatory requirements. As a Class II device, performance standards may be developed for the 1cc locking clip syringe which the product would then be required to meet. Failure to meet standards for effectiveness and safety could require the Company to discontinue the manufacturing and/or marketing of the product in the United States. Furthermore manufacturers of medical devices are subject to record-keeping requirements and required to report adverse experiences relating to the use of the device. Device manufacturers are also required to register their establishments and list their devices with the FDA and with certain state agencies and are subject to periodic inspections by the FDA and certain state agencies.

Medical devices are subject to strict federal regulations regarding the quality of manufacturing ("Good Manufacturing Practices" or "GMP"). GMP regulations impose certain procedural and documentation requirements upon the Company with respect to manufacturing and quality assurance activities. The FDA conducts periodic audits and surveillance of the manufacturing, sterilizing and packaging facilities of medical device manufacturers to determine compliance with GMP requirements. These procedures may include a product recall or a "cease distribution" order which would require the manufacturer to direct its distributors and sales agents to stop selling products, as well as other enforcement sanctions. Univec's manufacturing facilities have not been certified as satisfying GMP requirements. Univec's facilities will be subject to extensive audits in the future, pursuant to standard FDA procedure. No assurance can be given that when the Company is audited that it will be found to be in compliance with GMP requirements, or that if it is not found in compliance, what penalties, enforcement procedures or compliance effort will be levied on or required of the Company. To date, Univec has not been audited by the FDA. The FDA also has the authority to request repair, replacement or refund of the cost of any device manufactured or distributed by the Company, and the failure to meet standards for safety and effectiveness could require the Company to discontinue marketing and/or manufacturing its product in the United States.

The introduction of Univec's products in foreign markets will also subject Univec to foreign regulatory clearances which may impose additional substantive costs and burdens. International sales of medical devices are subject to the regulatory requirements of each country. The regulatory review process varies from country to country. Many countries also impose product standards, packaging requirements, labeling requirements and import restrictions on devices. In addition, each country has its own tariff regulations, duties and tax requirements. Univec's products are required to satisfy international manufacturing standards for sale in certain foreign countries.

The approval by the FDA and foreign government authorities is unpredictable and uncertain, and no assurance can be given that the necessary approvals or clearances for the Company's products will be granted on a timely basis or at all. Delays in receipt of, or a failure to receive, such approvals or clearances, or the loss of any previously received approvals or clearances, could have a materially adverse effect on the business, financial condition and results of operations of the Company. Furthermore, approvals that have been or may be granted are subject to continual review, and later discovery of previously unknown problems may result in product labeling restrictions or withdrawal of the product from the market. Moreover, changes in existing requirements or adoption of new requirements or policies could adversely affect the ability of Univec to comply with regulatory requirements. There can be no assurance that Univec will not be required to incur significant costs to comply with applicable laws and regulations in the future. Failure to comply with applicable laws or regulatory requirements could have a materially adverse effect on Univec's business, financial position and results of operations.

Research and Development

For the years ended December 31, 2005 and 2004, Univec expended $3,802 and $28,871, respectively, on product development expenses.

Employees

As of December 31, 2005, Univec employed four persons, including two full time in sales and marketing, one full time in financial administration, and one full time in production. None of Univec's employees is covered by a collective bargaining agreement.

As of December 31, 2005, PPSI had no employees, but utilizes outside marketing representatives and consultants for marketing and employees of affiliated companies, owned by a stockholder/officer of the Company, to provide certain administrative services. These expenses, together with other expenses, have not been allocated between these companies.

Item 2. Description of Property.

Univec occupied a production facility, warehouse, administrative, and executive offices in Baltimore, MD (comprised of approximately 22,000 square feet of space) pursuant to a lease that expired on July 15, 2004 with ten (10) renewable one (1) year option terms which are automatically renewable by Univec. Rental expense for the space is $72,000 per annum plus certain common charges, maintenance costs and real estate taxes, subject to a maximum increase of 3% for each three year term. The lease on this facility was terminated on February 6, 2006.

Item 3. Legal Proceedings.

In February 2000, a former consultant commenced an action against the Company and its directors, Alleging breach of contract and fiduciary duty, and is seeking consulting fees in the amount of: (1) 250,000 shares of common stock, (2) $192,000 and (3) costs of this action. The Company and counsel do not believe the consulting fees are due and will continue to vigorously defend this action.

Item 4. Submission of Matters to Vote of Security Holders

The Annual Meeting of Stockholders of Univec, Inc. for the year ended December 31, 2004, was held on October 14, 2005, to consider and vote upon a proposal to elect S. Robert Grass, Dr. David Dalton and William Wooldridge as directors.

A second proposal was presented and voted upon to amend the Articles of Incorporation to effect a one-for-ten reverse stock split of the issued and outstanding shares of common stock and correspondingly to decrease the share capital from 75,000.000 shares to 7,500,000 shares, then to increase the share capital from 7,500,000 shares to 50,000,000 shares on a date to be determined by the Board of Directors.

A third proposal was considered and voted upon to give authorization to the Board of Directors to change the name of the corporation to another or new name on a date to be determined by the Board of Directors.

The number of votes cast for and the number of abstentions are set forth below:

Proposal 1 - Election of Directors

	For	Withhold
S. Robert Grass	35,227,022	0
David Dalton	35,227,022	0
William Wooldridge	35,227,022	0

Proposal 2 - To amend the Articles of Incorporation to effect a one-for-ten reverse stock split of the issued and outstanding shares of common stock and correspondingly to decrease the share capital from 75,000.000 shares to 7,500,000 shares, then to increase the share capital from 7,500,000 shares to 50,000,000 shares on a date to be determined by the Board of Directors.

	For	Withhold
Total vote result for Proposal 2	35,227,022	0

Proposal 3 - To give authorization to the Board of Directors to change the name of the corporation to another or new name on a date determined by the Board of Directors.

	For	Withhold
Total vote result for Proposal 3	35,227,022	0

Item 5. Market for Common Equity and Related Stockholder Matters.

(a)(1) Prior to July 2, 1999, the Company's Common Stock and redeemable Common Stock Purchase Warrants (expired April 2002) traded on the Nasdaq Small Cap Market. Following that date, the common stock and warrants have been quoted on the OTC Bulletin Board under the symbols "UNVC" and "UNVCW", respectively.

Set forth below are the high and low closing sale prices for the Common Stock on the over-the-counter bulletin board from January 1, 2004 through December 31, 2005 and the first quarter of 2006.

	Common Stock ("UNVC")	
Quarter Ended	High	Low
March 31, 2004	$ 0.150	$ 0.090
June 30, 2004	$ 0.120	$ 0.070
September 30, 2004	$ 0.090	$ 0.060
December 31, 2004	$ 0.110	$ 0.040
March 31, 2005	$ 0.120	$ 0.080
June 30, 2005	$ 0.110	$ 0.030
September 30, 2005	$ 0.050	$ 0.020
December 31, 2005	$ 0.040	$ 0.020
March 31, 2006	$ 0.020	$ 0.020

(1) As of December 31, 2005, there were 120 holders of record of the Common Stock.

(2) During the fiscal year ended December 31, 2005, Univec sold unregistered securities to a limited number of persons in transactions exempt from the registration requirements of the Securities Act, as described below. Except as indicated, there were no underwriters involved in the transactions, and there were no underwriting discounts or commissions paid in connection therewith. The purchasers of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the certificates for the securities issued in such transactions. All purchasers of securities in each such transaction had adequate access to information about Univec, and in the case of transactions exempt from registration under Section 4(2) of the Securities Act, were sophisticated investors.

1. On January 10, 2005, the Company issued 698,893 shares of common stock to officers of the Company in exchange for payroll earned of $35,364. During March 2005, another 250,000 common shares were issued to an officer in exchange for payroll earned of $20,400.

2. On January 10, 2005, the Company issued 339,087 shares of common stock to an officer/director of the Company in exchange for benefits not taken of $17,158.

3. On January 20, 2005, the Company issued 804,688 common shares to a preferred stockholder in exchange for 30 shares of Series E preferred stock and unpaid dividends worth an aggregate of $32,188.

4. During March 2005, the Company sold 350,000 common shares to independent investors for $35,000.

5. On March 9, 2005, the Company sold 20,833 Series D Preferred shares for $50,000.

6. On April 6, 2005, the Company issued 1,386,527 common shares to a preferred stockholder in exchange for 70 shares of Series E preferred stock and unpaid dividends worth an aggregate of $5,843.

7. On June 28, 2005, the Company issued 1,896,970 shares of common stock to two officers in exchange for operating expenses incurred by them but not previously paid.

8. On June 29, 2005, the Company issued 1,500,000 shares of common stock to an independent marketing consultant in exchange for fees not paid of $45,000.

9. On June 30, 2005, the Company issued 1,286,082 shares of common stock to an officer/director of the Company in exchange for benefits not taken of $42,441.

10. On June 30, 2005, the Company converted $70,000 of notes payable to an affiliated company owned by an executive officer in exchange for 2,333,333 shares of common stock.

11. On October 10, 2005, the Company issued 1,169,850 shares of common stock to an officer/director of the Company in exchange for benefits not taken of $12,868.

Item 6. Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with Univec, Inc's ("Univec", "we" or "our"), consolidated financial statements, including the notes thereto, appearing elsewhere in this report.

Condensed Consolidated Results of Operations

	2005	2004	Change
Revenues	$ 81,398	$ 327,827	(75%)
Cost of Revenues	(3,164)	128,933	(102%)
Gross Margin	84,562	198,894	(57%)
Expenses:			
Marketing and Selling Expense	233,990	123,400	90%
Product Development	3,802	28,871	(87%)
General and Administrative	1,535,840	1,772,246	(13%)
Loss on write-off of Goodwill		1,774,119	-
Interest Expense, Net	200,019	108,092	85%
Gain on Extinguishment of Debt		(144,819)	-
Other Income	-	(47,795)	-
Total Expenses	1,973,651	3,614,114	(45%)
Discontinued Operations		(8,260)	-
Loss on sale of Subsidiary	-	(597,056)	-
Net Loss	$ (1,889,089)	$ (4,020,536)	(53)%

Sales within PPSI's GPO comprised 50% of the total sales for 2005. The GPO program utilizes the "net" method of revenue recognition.

A breakdown of revenues and cost of revenues for 2005 between the Company and its wholly-owned subsidiary, PPSI, are as follows:

	Univec	PPSI	Total
Revenue	$ 40,793	$ 40,605	$ 81,398
Cost of Revenues	3,164	-	3,164
Gross Margin	$ 43,957	$ 40,605	$ 84,562

The Company has its focus on the marketing, production, development and distribution of its pharmaceutical and proprietary products and licensing of the technology of its insulin and tuberculin sliding sheath safety syringes.

Sales within PPSI's GPO program utilizing the "net" revenue recognition comprised 48% and 82% of the total revenue for 2005 and 2004, respectively.

Gross profit for the year ended December 31, 2005 decreased to 0.4% from 1.0% in 2004. Gross profit based on product sales for 2005 decreased to $39,871 as compared to $198,894 in 2004. The reduced gross profit is primarily due to the lower sales revenue and lower gross profit contribution from PPSI's GPO revenue and also from lower sales volume of our 1cc clip syringe. The GPO gross profit was 0.4% and 1.4% for the years 2005 and 2004, respectively. The reduction of syringe gross profit is largely the result of decreased sales volume. We anticipate gross profit levels to remain at current levels, unless we increase our market penetration, our prices, product mix and/or realize anticipated production or economic benefits that we anticipate as a result of our relocation to Maryland from New York during 2003 and our 2004 financings.

As a result of the acquisitions of PPSI, we have broadened our pharmaceutical product distribution base. We anticipate increases in sales on a period by period basis from PPSI if we can increase our market penetration in these areas. However, during 2005 our largest CPO customer was unable to renew a significant contract, which resulted in a significant loss of sales by PPSI.

Marketing and selling costs in 2005 increased $110,590 (90%) from 2004. This increase is attributable primarily to increases in compensation and consulting costs, which were as a result of our increased efforts to increase corporate revenues.

Product development expense for 2005 decreased by $25,069 (87%) as compared to 2004. This decrease was the result of reduced expenditures for product design and engineering costs, which were curtailed until financing became available to market a new medical syringe with a sliding sheath to protect caregivers in the dental and the cosmetic market.

General and administrative expenses for the year ended December 31, 2005 decreased $236,406 (13%) as compared to 2004. This decrease is due primarily to reductions in compensation, insurance, equipment costs and securities maintenance expenses offset in part by increases in professional fees and travel costs.

Interest expense for the year ended December 31, 2005 increased by $91,927 (85%) as compared to 2004 primarily as a result of increased debt outstanding during 2005.

During the year ended December 31, 2004, the Company determined that an extremely minimal net income had been generated by the wholly owned subsidiary which had been acquired utilizing $1,774,119 of goodwill. The Company also determined that future profitability of the subsidiary was also in doubt. This lack of profitable operations led to the conclusion that the goodwill had been completely impaired and therefore the entire goodwill balance was written-off. The subsidiary owns no physical assets.

Other income for the year ended December 31, 2004 included $36,349 gain on the sale of marketable securities plus $11,446 gain on the sale of equipment.

The Company had a net loss of $1,889,089 for the fiscal year ended December 31, 2005, as compared to a net loss of $4,020,536 for the year ended December 31, 2004. The decreased loss of $2,131,447, or 53%, during 2005 was attributable in part to the 2004 nonrecurring loss of $597,056 on the sale of a subsidiary. The subsidiary was sold during August 2004 in order to reduce the fixed costs associated with its operation. The Company incurred a 2004 nonrecurring $1,749,235 loss on the write-off of goodwill, the $597,056 loss on the sale of a subsidiary and an offsetting gain on extinguishment of debt of $144,819. This increased portion of the Company’s net loss was further related to the 2005 $131,332 reduction in gross profit.

The December 31, 2005 net loss included $787,447 payroll and related expenses versus $849,547 for the year ended December 31, 2004. Insurance expense was $153,969 during 2005 versus $210,696 during 2004. Product development expense was $3,802 during 2005 versus $28,871 during 2004. Professional fees for the year ended December 31, 2005 were $385,093 versus $335,875 incurred for the year ended December 31, 2004.

Liquidity and Capital Resources

The working capital deficit of $4,207,570 at December 31, 2004, increased to a deficit of $5,116,766 at December 31, 2005. This reduction of working capital is primarily attributable to the Company’s $1,933,780 net loss. However, net decreases in accounts receivable and increases in deferred compensation were partially offset by decreases in accounts payable and accrued expenses and also by a decrease in total loans payable. All of these factors contributed to the overall decrease in working capital.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of December 31, 2005, the Company had negative working capital of $5,116,766 and a stockholders' deficit of $4,900,219 and incurred net losses of $(1,933,780) and $(4,020,536) for the years ended December 31, 2005 and 2004, respectively. These factors, among others, indicate that the Company's continuation as a going concern is dependent upon its ability to obtain adequate financing and/or achieve profitable operations. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management is currently seeking additional investment capital to support its entrance into new business ventures and provide the capital needed to operate.

Net cash used in operating activities decreased by $428,502 (57%) to $319,482 for the year ended December 31, 2005 from 2004, primarily due to the continued net loss.

Net cash provided by investing activities of $326,907 resulted from the redemption of restricted cash deposits, which was partially offset by the purchase of fixed assets during 2005.

Net cash used in financing activities increased by $1,544,628 (102%) to $(35,877) for 2005 from $1,508,751 provided during 2004. This increase in net cash used in financing activities resulted from a decrease in aggregate borrowings of

$1,363,827 and an increase in aggregate repayments of borrowings of approximately $218,969. There was also an $85,000 non-recurring sale of securities during 2005.

Although revenue decreased as a result of the 2005 PPSI GPO operations for the year ended December 31, 2005, we continued to market our safety syringes. We suffered from a serious shortage of working capital, which resulted in the Company's limited ability to market and sell its products.

In July 2004, the Company borrowed an aggregate of $1,000,000 from a city development agency, ,a state development agency and a stockholder. These proceeds provided us with resources to acquire equipment, refinance an equipment capital lease and for working capital to enable us to continue to implement our business strategy. The proceeds from the above loans and our designation as a minority business enterprise (MBE) should increase our marketing service capabilities to pharmaceutical companies and to develop new products.

Unless we introduce new products or increase our market share Univec's management anticipates that operations will generate a negative cash-flow during our next fiscal year, but there can be no certainty this will occur.

The relatively low trading price and volume of our common shares hampers our ability to raise equity capital. There is no assurance that any such equity financing will be available to the Company or on terms we deem favorable. Management will continue its efforts to obtain debt and/or equity financing.

Significant Estimates

Univec's business plan upon acquiring PPSI was to fully utilize each other's capabilities to increase their sales and profitability. Although a shortage of cash flow has slowed the plan, management has reviewed the carrying amount of goodwill and fixed assets. We have considered all the circumstances, specifically the fair value based on current and anticipated future undiscounted cash flows. In addition, as part of our relocation strategy, various production equipment is being reevaluated. During 2004, the Company determined that the goodwill with a carrying value of $1,774,119 had been fully impaired and has written-off the entire balance.

New Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements. Financial Accounting Standards Board Statement # 123R Stock Based Compensation is not expected to have a material effect on the Company's financial statements.

Major Customer - Certain Relationships and Related Transactions

For the year ended December 31, 2005, our largest customer, Pharmacy Services, Inc., a company owned and operated by Dr. David Dalton, President and Chief Executive Officer, purchased goods and generated revenues of $40,605 from PPSI's GPO. We intend to reduce our reliance on this customer through expanding sales to other parties.

Forward Looking Statements

Except for the historical information contained herein, the matters discussed in this report are forward-looking statements that involve risks and uncertainties, including market acceptance of Univec's products, timely development and acceptance of new products, impact of competitive products, development of an effective organization, interruptions to production, and other risks detailed from time to time in Univec's SEC reports and its Prospectus dated April 24, 1997 (as supplemented by the Prospectus Supplement dated April 29, 1997) forming a part of its Registration Statement on Form SB-2 (File No.333-20187), as amended, which was declared effective by the Commission on April 24, 1997.

Item 7. Financial Statements.

The financial statements follow Item 13 of this report.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

A Form 8-K was filed on June 13, 2005 and amended by two Forms 8-K/A filed on August 1, 2005 and January 11, 2006. These filings reported the resignation of the Company's principal registered independent public accounting firm. Further, the Registrant reported that the auditor's report for the previously issued Form 10-KSB for the year ended December 31, 2003 could no longer be relied upon. Also, the former principal registered independent public accounting firm has informed the Registrant that it may no longer rely upon review reports issued for all Form 10-QSB for all quarters starting with the quarter-ended March 31, 2003 through the quarter-ended September 30, 2004.

The Company did file a Form 10-KSB amendment on January 11, 2006. This report bore a qualification as to the Company's ability to continue as a going concern.

Item 8A CONTROLS AND PROCEDURES

(a) Based on their evaluation required by Rule 13a-15(b) or 15d-15(b) under the Securities and Exchange Act of 1934 (the "Exchange Act"), management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this report. Although the Company did change from the "gross" to the "net" revenue method of accounting for the GPO (Group Purchasing) and physician sampling programs use the "net" method of revenue recognition, this change to a more appropriate accounting method does not reflect on the effectiveness of the controls applied in the circumstances.

(b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

Item III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act.

Directors, Executive Officers and Key Employees

The directors, executive officers and key employees of Univec are as follows:

Name	Age	Position
Dr. David Dalton	57	Chief Executive Officer, President and a Director
S. Robert Grass	72	Chairman of the Board of Directors
William Wooldridge	60	Director
Raphael Langford	61	Chief Operating Officer and Executive Vice President
Michael Lesisko	56	Treasurer, Secretary and Chief Financial Officer

Dr. David Dalton assumed the position of President and Chief Executive Officer of the Company on January 1, 2002, concurrent with the acquisition by Univec, Inc. of Physician and Pharmaceutical Services, Inc. (PPSI), a Baltimore based company founded by Dr. Dalton. Dr. Dalton has over 35 years experience in the healthcare industry, including 18 years with Rite-Aid where he served as Corporate Vice President.

Dr. Dalton founded Health Resources, Inc., in 1983, a pharmacy service provider having contracts with over 50,000 retail pharmacies for billing and payment of prescription orders through plan providers. HRI is recognized as one of the leading Black Enterprises in the United States. Dr. Dalton also founded Pharmacy Services, Inc., a pharmacy fulfillment center for correctional and other institutions, with facilities in Maryland, Tennessee and Pennsylvania.

On March 15, 2002 S. Robert Grass was elected a director of Univec. He was elected Chairman of the Board of Directors in May, 2002. Mr. Grass has been associated with the pharmaceutical and medical device industry for over thirty-two years. Mr. Grass developed a chain of pharmacies known as White Shield Drugstores in Pennsylvania, serving as President, Chief Executive Officer and Chairman of the Board from 1970 to 1996. Mr. Grass also served as Chief Executive Officer and Chairman of the Board of Managed Care RX, a drug fulfillment and mail order business from 1994 to 1999.

William Wooldridge has been a director since August 5, 2003. Mr. Wooldridge is a recognized and respected entrepreneur. He is the founder of MedEcon, Inc. one of the largest group purchasing organizations in the United States. Over a twenty-eight year period he has developed a corporation with medical portfolio sales in excess of $3.5 billion. In 1999, Mr. Wooldridge formed OrderButton.Net, a new web-based transaction processing service that facilitates the establishment of merchant sites on the internet. Since 2002, Mr. Wooldridge has been developing a franchised, non-traditional based photography company.

Raphael Langford has been Chief Operating Officer of the Company since April 2003. Prior to April 2003, Mr. Langford was the Executive Director of the National Foundation of Women Legislators. Mr. Langford served as liaison to Federal and State elected officials. Mr. Langford has over thirty-five years experience in senior management positions with AT&T, Inc., Norton Simon, Inc. and other telecommunications entities. Mr. Langford is a past president and past Chief Executive Officer of Olympic International, Inc. This company is an international broker and manufacturing network of raw materials to third world countries.

Michael Lesisko, a certified public accountant, was named as Chief Financial Officer of Univec on September 9, 2002. Mr. Lesisko was named Treasurer and Secretary of Univec on February 11, 2003. From June 1996 to September 2002 Mr. Lesisko was a CPA in public practice. He served as Vice President of Finance of CarrerCom Corporation and Subsidiaries from November 1988 to May 1996. Prior thereto, he served as a partner with KPMG Peat Marwick from July 1982 to August 1988, where he managed financial audits and a diverse tax practice.

All directors hold office until the annual meeting of stockholders of the Company following their election or until their successors are duly elected and qualified. Officers are appointed by the Board of Directors and serve at its discretion.

Meetings of the Board of Directors and Information Regarding Committees

The Board of Directors has two standing committees, an Audit Committee and a Compensation Committee. On June 21, 2005, William Wooldridge was elected to the Audit Committee. The duties of the Audit Committee include recommending the engagement of independent auditors, reviewing and considering actions of management in matters relating to audit functions, reviewing with independent auditors the scope and results of its audit engagement, reviewing reports from various regulatory authorities, reviewing the system of internal controls and procedures of Univec, and reviewing the effectiveness of procedures intended to prevent violations of law and regulations. TheAudit Committee held two meetings in 2005. On October 14, 2005, Mr. S. Robert Grass was elected to the Compensation Committee. There was one meeting of the Compensation Committee in 2005.

The Board of Directors held seven meetings in 2005, which included special telephonic meetings. All Directors attended at least 75% of the total number of Board meetings and meetings of committees on which they served during the period they served thereon during 2005.

Section 16(a) Beneficial Ownership Reporting

Section 16(a) of the Securities Exchange Act of 1934 requires Univec's Officers, Directors and persons who own more than ten percent of a registered class of Univec's equity securities within specified time periods to file certain reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission"). Officers, Directors and ten percent stockholders are required by regulation to furnish Univec with copies of all Section 16(a) forms they file. Based solely on a review of copies of such reports received by Univec and written representations from such persons concerning the necessity to file such reports, Univec is not aware of any failures to file reports or report transactions in a timely manner during the fiscal year ended December 31, 2005.

Item 10. Executive Compensation.

The following table sets forth the compensation awarded to, earned by or paid to Univec's Chief Executive Officer and each other executive officers of the Company whose salary and bonus for the two years ended December 31, 2005 exceeded $100,000.

		Annual Compensation		Long-Term Compensation
Name and Principal Position	Year	Salary	Other Annual Compensation	Securities Underlying Options
Dr. David Dalton Chief Executive Officer and President	2004	$ 396,000(1)	-	0 (1)
	2005	$ 435,600(2)	-	0 (2)

(1)) During 2004, Dr. David Dalton earned a salary of $396,000, plus life, health and disability insurance, as well as an automobile lease and insurance allowance equal to $24,000 per year.

(2) During 2005, Dr. David Dalton earned a salary of $435,600, plus life, health and disability insurance, as well as an automobile lease and insurance allowance equal to $24,000 per year.

Employment Agreements

Dr. David Dalton provides the amount of time necessary to perform his corporate duties. Dr Dalton's salary was $435,600 for 2005, plus a bonus determined by the agreement of Dr. Dalton and the Compensation Committee. On each January 1, the base salary will be increased by an amount agreed upon by Dr. Dalton and the Compensation Committee. The agreement also provides Dr. Dalton with an option to purchase 2,000,000 shares of Common Stock at an exercise price of $.24 per share, vesting 500,000 shares on the first anniversary of the agreement, and an additional 41,667 shares vesting each month following the initial vesting date. The unexpired term of the agreement will be extended automatically by one year on each January 1 following the date of the agreement, such that the unexpired term of the agreement will at all times not be less than two years following each extension. The agreement provides for payment by Univec of annual premiums on a term life insurance policy with a face amount of $2 million. The agreement also provides for health and disability benefits, as well as an automobile lease and insurance allowance equal to $24,000 per year. Under the terms of the agreement, Dr. Dalton is entitled to a severance payment equal to his highest annual base salary during the term for the remainder of the term if the agreement is terminated by Dr. Dalton for good reason, or in the event of a change in control of Univec.

Stock Options

The following table contains information concerning the grant of stock options to Dr. David Dalton (the "Named Executive Officer") during the fiscal year ended December 31, 2005.

Name	Number of Shares Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date
Dr. David Dalton	-	0%	$0.00	N/A

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION/SAR VALUES

The following table summarizes for Dr. Dalton the total number of shares acquired upon exercise of options during the year ended December 31, 2005, and the value realized (fair market value at the time of exercise less exercise price), the total number of unexercised options, if any, held at December 31, 2005, and the aggregate dollar value of in-the-money, unexercised options, held at December 31, 2005. The value of the unexercised, in-the-money options at December 31, 2005, is the difference between their exercise or base price, and the fair market value of the underlying Common Stock on December 31, 2005. The closing bid price of the Common Stock on December 31, 2005 was $0.02.

	Shares Acquired Upon Exercise of Options During Fiscal 2005		Number of Securities Underlying Unexercised Options at December 31, 2005		In-The-Money Options at December 31, 2005	
Name	Number	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable

Dr. David Dalton	None	None	3,083,342	416,658	$ -	$ -

Certain Transactions

At December 31, 2005, the following Deferred Payroll was payable to executive officers and other employees:

David Dalton, Chief Executive Officer and President	$ 1.291,600
Raphael Langford, Chief Operating Officer	205,169
Michael Lesisko, Secretary - Treasurer	181,442
	1,678,211
Other employees	200,272
	$ 1,878,483

At December 31, 2005, notes payable to companies owned by David Dalton, President, amounted to $815,510. These loans are the result of providing working capital to the Company.

At December 31, 2005, notes payable to David Dalton, President amounted to $100,000 and notes payable to S. Robert Grass, Chairman of the Board of Directors amounted to $208,300. These amounts were advanced to the Company at terms and rates similar to commercial bank provisions. The funds were provided to the Company for working capital operating needs.

On January 20, 2005, the Series E preferred stockholder exchanged 30 preferred shares plus $2,187 accrued dividends for 804,688 shares of Common Stock at $0.040 per share On April 6, 2005 this Series E preferred stockholder exchanged 70 preferred shares plus $5,843 accrued dividends for 1,386,527 shares of Common Stock at $0.0547 per share

On January 7, 2005, two executive officers exchanged a combined $52,879 of accrued payroll for 698,893 common shares at $0.075 per share. On March 13, 2006 an executive officer exchanged $29,892 of accrued payroll for 250,000 common shares at $0.120 per share These exchanges were authorized by the Company's Board of Directors on August 5, 2003.

On June 30, 2005, the Company's Chief Executive Officer exchanged $42,441 of employment Contract benefits for 1,286,082 common shares. On October 12, 2004, the Chief Executive Officer exchanged an additional $12,868 of employment contract benefits for 1,169,850 common shares. These exchanges were authorized by the Company's Board of Directors on August 5, 2003

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information concerning the beneficial ownership of the Common Stock as of December 31, 2005 by (i) each stockholder known by the Company to be a beneficial owner of more than five percent of the outstanding Common Stock, (ii) each director of the Company and each Named Executive Officer and (iii) all directors and officers as a group.

Name	Amount and Nature of Beneficial Ownership (1)	Percentage of common Stock Beneficially Owned (2)
David Dalton (4)	24,816,320 (5)	40.82% (6)
S. Robert Grass (4)	1,065,951 (9)	1.83% (10)
William Wooldridge (4)	250,000 (13)	0.43% (14)
Raphael Langford (4)	3,366,667 (7)	5.73% (8)
Michael Lesisko (4)	2,640,668 (11)	4.49% (12)
All directors and executive officers as a group (5 persons)	32,139,606 (3)(16)	50.29% (17)
Emerald Capital Partners LP	6,000,000	10.41% (15)

(1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated, subject to community property laws, where applicable. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above as of December 31, 2005 any security which such person or group of persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership for such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2) Except as otherwise stated, calculated on the basis of 57,634,282 shares of Common Stock issued and outstanding on December 31, 2005.

(3) For purposes of this calculation, shares of Common Stock beneficially owned by more than one person have only been included once.

(4) Address is c/o the Company, 10 E. Baltimore Street, Suite 1404, Baltimore, Maryland 21202.

(5) Includes 3,166,676 shares issuable upon exercise of presently exercisable options.

(6) Calculated on the basis of 60,800,958 shares of Common Stock issued and outstanding.

(7) Includes 1,133,333 shares issuable upon exercise of presently exercisable options.

(8) Calculated on the basis of 58,767,615 shares of Common Stock issued and outstanding.

(9) Includes 312,501 shares issuable upon conversion of Series D Preferred Stock and 250,000 issuable upon exercise of presently exercisable options.

(10) Calculated on the basis of 58,196,783 shares of Common Stock issued and outstanding.

(11) Includes 1,166,667 shares issuable upon exercise of presently exercisable options.

(12) Calculated on the basis of 58,800,949 shares of Common Stock issued and outstanding.

(13) Includes 250,000 shares issuable upon exercise of presently exercisable options.

(14) Calculated on the basis of 57,884,282 shares of Common Stock issued and outstanding.

(15) Calculated on the basis of 57,634,282 shares of Common Stock issued and outstanding.

(16) Includes 6,279,177 shares issuable upon exercise of presently exercisable options.

(17) Calculated on the basis of 57,634,282 shares of Common Stock issued and outstanding.

Item 12. Certain Relationships and Related Transactions

During 2003, Univec received a line of credit from Dr. David Dalton, President and Chief Executive Officer, and S. Robert Grass, Chairman of the Board of prime plus 2%, per annum. This line of credit was issued under the same terms as an underlying line of credit which Dr, Dalton and Mr. Grass received from a commercial bank. As of December 31, 2005, the outstanding balance of this loan was $200,000.

During February 2004, Univec borrowed $50,000 from Mr. S. Robert Grass, Chairman of the Board of Directors, repayable on demand at prime plus 2%, per annum.

During the years ended December 31, 2005 and 2004, Univec has borrowed an aggregate of $873,904 from Pharmacy Services, Inc., Health Resources, Inc. and other companies all owned by Dr. David Dalton, President and Chief Executive Officer. These loans are repayable on demand at 10%, per annum. At December 31,2005 and 2004, the aggregate balance outstanding was $815,510 and $578,800, respectively.

During 2005, Pharmacy Services, Inc., a company owned by Dr. David Dalton, President and Chief Executive Officer, purchased $9,936,042 from PPSI's GPO. This transaction represented 99% of total revenue.

PPSI shares office space and other administrative expenses with affiliated companies owned by Dr. David Dalton, the Chief Executive Officer of Univec. These expenses have not been allocated between the companies, but PPSI's portion would be insignificant.

Item l3. Exhibits and Reports on Form 8-K.

A Form 8-K was filed on July 31, 2006, reporting the completion of a private placement of a $2,000,000 6% Note and Warrants Securities Purchase Agreement. The agreement allows the investor to purchase 10,000,000 common stock warrants for seven years at an exercise price of $0.02 each. The Note and Warrants were issued in reliance upon exemptions from registration pursuant to Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D promulgated thereto. Each of the Investors is an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933.

(a) Exhibits

Exhibit	Description
2.1(1)	Stock Purchase Agreement and Plan of Reorganization made and entered into as of December 31, 2001, by and among Physician and Pharmaceutical Services, Inc. ("PPSI"), the stockholder of PPSI and the Registrant.
2.2(2)	Stock Purchase Agreement made and entered into as of February 28, 2002, by and among Thermal Waste Technologies, Inc. ("TWT"), the stockholders of TWT and the Registrant.
3.1(4)	Restated Certificate of Incorporation of the Registrant, as amended.
3.2(3)	By-laws of the Registrant, as amended. 4.1(3) Agreement and Plan of Merger dated as of October 7, 1996 between the Registrant and UNIVEC, Inc., a New York corporation.
4.3(3)	Form of warrant between the Registrant and the underwriters of the Registrant's initial public offering.
4.4(3)	Specimen Common Stock Certificate.
4.5(3)	Specimen Warrant Certificate (included as Exhibit A to Exhibit 4.3 herein).

4.6(3) Registration Rights Agreement among Registrant and the holders of bridge warrants.

4.7(5) Certificate of Designation of Series B Preferred Stock. 4.8(6) Certificate of Amendment of Certificate of Designation of Series B Preferred Stock.

4.9(5) Form of Warrant Agreement dated July 27, 1998, between Company and selling security-holder.

4.10(6) Form of Amended and Restated Warrant Agreement, amending and restating the Warrant Agreement dated July 27, 1998, between the Company and the selling security-holder.

4.11(5) Registration Rights Agreement dated July 27, 1998, between the Company' and selling security-holder.

4.12(6) Registration Rights Agreement, dated February 8, 1999, between the Company and the selling security-holder.

4.13(6) Certificate of Designation of Series C Preferred Stock. 4.14(6) Form of Warrant Agreement dated February 8, 1999. between the Company and selling security-holder.

10.1(3) Amended 1996 Stock Option Plan of the Registrant.

10.2(7) 1998 Stock Option Plan of the Registrant.

10.3(8) 2000 Stock Option Plan of the Registrant.

10.4(7) Employment Agreement dated as of September 4, 1998 between the Registrant and Joel Schoenfeld.

10.5(9) Patent License Agreement dated August 16, 2000 by and between the Company and Terumo Europe, NV.

10.6(9) Manufacturing Agreement dated August 16, 2000, by and between the Company and Terumo, N.V.

10.7(9) Equipment Purchase Agreement dated August 16, 2000, by and between the Company and Terumo Europe, N.V.

10.10(9) Employment Agreement dated as of January 1, 2002, between the Registrant and David L. Dalton.

10.11 Employment Agreement dated as of December 31, 2001, between the Registrant and Joel Schoenfeld.

21.1(3) List of Subsidiaries.

31.1(10) Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2(10) Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1(10) Statement of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2(10) Statement of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference to the Registrant's Form 8K filed January 4, 2002.

(2) Incorporated by reference to the Registrant's Form 8K filed March 11, 2002.

(3) Incorporated by reference to the Registrant's Form 8K filed February 10, 2005.

(4) Incorporated by reference to the Registrant's Form 8K filed June 13, 2005.

(5) Incorporated by reference to the Registrant's Form 8K/A Amendment 2 filed January 11, 2006.

(6) Incorporated by reference from the Registrant's Registration Statement on Form SB-2 (File No. 333-20187) declared effective on April 24, 1997.

(7) Incorporated by reference from the Registrant's Periodic Quarterly Report on Form 10-QSB for the fiscal quarter ended September 30, 2000.

(8) Incorporated by reference from the Registrant's Registration Statement on Form S-3 (File No. 333-62261) declared effective December 11, 1999.

(9) Incorporated by reference from Amendment No. 2 to the Registrant's Registration Statement Form 10-S-3 (File 333-74199).

(10) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1998 (File No. 0-22413).

(11) Incorporated by reference from the Registrant's Post-Effective Amendment No 1 on Form S-2 to Form S-3 (File No. 333-74199) declared effective on January 26, 2001.

(12) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 2000 (File No. 0-22413).

(13) Filed herewith.

(b) Reports on Form 8-K filed during the fourth quarter 2005.

No Forms 8-K were filed during the fourth quarter 2005.

Item 14. Principal Accountant Fees and Services.

The following table presents the cost of Univec's principal accountants' fees and services for the years ended December 31, 2005 and 2004, respectively:

	2005	2004
Audit fees	$ 153,240	$ 110,261
Audit related fees	-	-
Tax fees	-	18,750
All other fees	-	-
Total	$ 153,240	$ 129,011

Univec's Audit Committee pre-approves the engagement of the principal accountant and the estimated audit fee, by each category.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

Dated: February 22,2007

UNIVEC, INC.

By: s/ Dr. David Dalton
Dr. David Dalton
Chief Executive Officer
(Principal Executive Officer)

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant on February 22, 2007 in the capacities indicated.

UNIVEC, INC.

By: */s/ Dr. David Dalton*
Chief Executive Officer and a Director
(Principal Executive Officer)

By: */s/ Michael Lesisko*
Chief Financial Officer, Treasurer, Secretary

By: /*s/ S. Robert Grass*
Chairman and a Director

UNIVEC, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND FOR THE TWO YEARS THEN ENDED

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Univec, Inc.

We have audited the accompanying consolidated balance sheet of Univec, Inc. and Subsidiaries as of December 31, 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the two-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Univec, Inc. and Subsidiaries as of December 31, 2005 and the consolidated results of their operations and their consolidated cash flows for each of the years in the two-year period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered from recurring losses from operations, has negative working capital, has a total stockholders' deficit and is in default on certain debt, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Baltimore, Maryland /s/ Abrams, Foster, Nole & Williams, P.A
November 15, 2006 Abrams, Foster, Nole & Williams, P.A.

Univec, Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2005

ASSETS		
Cash	$	991
Accounts receivable		174,864
Inventories		193,325
Total current assets		369,180
Fixed assets, net		520,092
Other assets		64,638
Total assets	$	953,910
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable and accrued expenses	$	1,598,524
Deferred payroll		1,878,483
Notes and loans payable - current		890,438
Loans payable - officers/directors - current		258,300
Due to affiliated companies		815,510
Total current liabilities		5,441,255
Notes and loans payable - long-term		318,183
Loans payable - officers/directors - long term		50,000
Total liabilities		5,809,438
Commitments and contingencies (Notes 3, 4, 12 and 13)		

STOCKHOLDERS' DEFICIT		
Preferred stock $.001 par value; 3,743,500 shares		
authorized; none issued and outstanding		
Series D 5% cumulative convertible preferred stock,		
$.001 par value; authorized: 1,250,000; issued and		
outstanding: 208,333 shares (aggregate liquidation		
value: $554,272)		208
Series E cumulative convertible preferred stock,		
$.001 par value; authorized: 2,000 shares; issued and		
outstanding: 312 shares (aggregate liquidation		
value: $350,747)		1
Common stock $.001 par value; authorized: 75,000,000 shares;		57,634
issued: 57,634,282 and outstanding: 57,230,128 shares		
Additional paid-in capital		11,514,390
Treasury stock, 404,154 shares - at cost		(28,291)
Accumulated deficit		(16,399,470)
Total stockholders' deficit		(4,855,528)
Total liabilities and stockholders' deficit	$	953,910

See notes to consolidated financial statements.

Univec, Inc. and Subsidiaries
Consolidated Statement of Operations
Years ended December 31, 2005 and 2004

	2005	2004
Revenues (Note 4)	$ 81,398	$ 327,827
Cost of revenues	(3,164)	128,933
Gross Margin	84,562	198,894
Operating Expenses		
Marketing and selling	233,990	123,400
Product development	3,802	28,871
General and administrative	1,535,840	1,772,246
Loss on write-off of goodwill	0	1,774,119
	1,773,632	3,698,636
Loss from Operations	(1,689,070)	(3,499,742)
Other Income (Expense)		
Interest expense, net	(200,019)	(108,092)
Gain on extinguishments of debt	-	144,819
Other income	-	47,795
Total other expenses	(200,019)	84,522
Loss from continuing operations	(1,889,089)	(3,415,220)
Loss from discontinued operations	-	(8,260)
Loss on sale of subsidiary	0	(597,056)
Net loss	(1,889,089)	(4,020,536)
Dividends attributable to preferred stock	(34,844)	(35,921)
Loss attributable to common stockholders	$ (1,923,933)	$ (4,056,457)
Share information		
Basic net loss per common share	$ (0.04)	$ (0.11)
Basic weighted average number of common shares outstanding	52,729,533	38,510,467

See notes to consolidated financial statements.

Univec, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
Years ended December 31, 2005 and 2004

	Series D Preferred Shares	Amount	Series E Preferred Shares	Amount	Common Stock Shares	Amount	Additional Paid-in Capital	Treasury Stock Shares	Amount	Prepaid Consulting Services	Accumul De
Balance, January 1, 2004	104,167	$ 104	492	$ 1	35,168,476	$ 35,169	$ 10,506,007				($10,478
Sale of Series D	20,833	21					49,979				
Common stock issued for:											
Cash											
Consulting fees					6,000,000	6,000	234,000			($240,000)	
Deferred payroll and accrued expenses - officers					2,160,035	2,160	173,102				
Loans payable - officers/directors					500,000	500	9,500				
Sale of subsidiary							2,829	404,154	($28,291)		
Convert Series E and dividends			(80)		1,790,341	1,790	(1,790)				(3
Amortization										30,000	
Options issued							4,000				
Net loss											(4,020
Balance, December 31, 2004	125,000	125	412	1	45,618,852	45,619	10,977,627	404,154	(28,291)	(210,000)	(14,502
Sale of Series D	83,333	83					199,917				
Common stock issued for:											
Cash					350,000	350	34,650				
Consulting fees					1,500,000	1,500	43,500				
Deferred payroll and accrued expenses - officers					5,640,882	5,641	185,189				
					2,333,333	2,333	67,667				

Loans payable - affiliates											
Loans payable - officers/directors											
Convert Series E and dividends			(100)		2,191,215	2,191	5,840				(8
Amortization										210,000	
Net loss											(1,889
Balance, December 31, 2005	208,333	$ 208	312	$ 1	57,634,282	$ 57,634	$ 11,514,390	$ 404,154	($28,291)	$ 0	($16,399

Univec, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Years ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Net loss	$ (1,889,089)	$ (4,020,536)
Adjustments to reconcile net loss to net cash used in operating activities		
Loss on write-off of goodwill	-	1,774,119
Loss on sale of subsidiary	-	481,719
Depreciation and amortization	342,122	189,008
Write-off of equipment	-	57,295
Valuation allowance for inventories	-	75,000
Stock based compensation	-	4,000
Loss on cancellation of capital lease	-	(2,894)
Gain on extinguishment of debt	-	(98,547)
Gain on receipt of marketable securities	36,349	(36,349)
Other	-	(11,435)
Changes in assets and liabilities, net of effects from sale of subsidiary -TWT		
Accounts receivable	3,098,629	(506,983)
Inventories	(13,447)	17,698
Other current assets and other assets	45,431	(3,320)
Accounts payable and accrued expenses	(2,629,243)	713,610
Deferred payroll	689,766	619,631
Net cash used in operating activities	(319,482)	(747,984)
Cash flows from investing activities		
Purchases of fixed assets	(13,500)	(397,068)
(Increase) decrease in restricted cash	340,407	(340,407)
Cash used in sale of subsidiary (net of notes and other payables of $103,600)	-	(5,670)
Net cash used in investing activities	326,907	(743,145)
Cash flows from financing activities		
Proceeds from notes and loans payable, net of expenses of $80,146 in 2004	-	1,104,343
Increase in due from affiliated companies	306,710	567,194
Increase in loans payable - officers/directors	55,000	54,000
Proceeds from sale of common stock	35,000	-
Proceeds from sale of preferred stock	50,000	50,000
Payments on notes and loans payable	(482,587)	(242,386)
Payments of capitalized lease obligations	-	(21,232)
Dividends converted to preferred stock	-	(3,168)
Net cash provided by financing activities	(35,877)	1,508,751
Net increase (decrease) in cash	(28,452)	17,622
Cash, beginning of period	29,443	11,821
Cash, end of period	$ 991	$ 29,443

Supplemental disclosure of cash flow information				
Cash paid for interest	$	87,667	$	48,709
Supplemental disclosures of noncash activity				
Common stock issued in payment of				
loans payable - officers/directors	$	0	$	10,000
Common stock and options issued in payment	$	262,837		179,262
of deferred payroll and accrued expenses				
Conversions of Series E to common stock,				
including dividends	$	8,031	$	3,168
Treasury stock received, net of options issued,				
on sale of subsidiary	$	0		(125,462)

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Nature of Operations

Univec, Inc. (Company) produces, licenses and markets medical products, primarily syringes, on a global basis. Physician and Pharmaceutical Services, Inc. (PPSI), a subsidiary, provides pharmaceutical sample and group purchasing services of pharmaceutical products. Thermal Waste Technologies, Inc. (TWT), a subsidiary until its sale, marketed a medical waste disposal unit.

2. Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of December 31, 2005, the Company had negative working capital of $5,175,588 and stockholders' deficit of $4,959,041 and had incurred net losses of $(1,842,602) and $(4,020,536) for the years ended December 31, 2005 and 2004, respectively. These factors, among others, indicate that the Company's continuation as a going concern is dependent upon its ability to obtain adequate financing and/or achieve profitable operations. The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Management is currently seeking additional investment capital to support its entrance into new business ventures and provide the capital needed to operate.

3. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries, Physician and Pharmaceutical Services, Inc. (PPSI), Thermal Waste Technologies, Inc. (TWT), until its sale and Rx Ultra, Inc. (inactive). All material inter-company balances and transactions have been eliminated. The consolidated financial statements include all the accounts of Thermal Waste Technologies, Inc. until its sale

Accounts Receivable

Accounts receivable consisted of receivables from customers. The Company records a provision for doubtful receivables, if necessary, to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends. As of December 31, 2005, no allowance was necessary.

Inventories

Inventories are valued at the lower of cost, determined by the first-in, first-out method, or market.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation, and are depreciated on a straight-line basis over the estimated useful lives of seven years. Maintenance and repairs are charged to expense as incurred; renewals and improvements which extend the life of assets are capitalized. Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss, if any, is included in the results of operations.

The carrying value of fixed assets is evaluated whenever changes in circumstances indicate the carrying amount of such assets may not be recoverable. If necessary, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value. Fair value is based on current and anticipated future undiscounted cash flows.

Shipping Income and Expense

Shipping income is included in product sales. Shipping expenses are included in marketing and selling. Shipping expense was $2,396 and $5,312 for the years ended December 31 2005 and 2004, respectively. The Company has included these immaterial shipping expenses in marketing and selling expenses on the consolidated statement of operations. This method is in accordance4 with Emerging Issues Task Force (EITF) Issue No. 00-10, paragraph 6.

Product Development

Research and development costs have been expensed as incurred.

Basic Loss per Share

Basic net loss per common share was computed based on the weighted average number of common shares outstanding during the year. Dilutive net loss per share has not been presented as they are anti-dilutive.

Revenue Recognition

Product sales are recognized when products are shipped. Although the Company warrants its products, it is unable to estimate the future costs relating to warranty expense and, as such, recognizes warranty expenses as incurred. Revenues for PPSI's group purchasing (GPO)service are recognized when the products are shipped.

The Company utilizes the net sales method of recognizing the amount of revenue from GPO product sales. This method is influenced by several factors as defined by EITF 99-19, which the Company’s market agreement has indicated to be in accordance with the net sales method. The suppliers maintain the general inventory risk until the point when the pharmaceutical drug is dispensed to the patient in compliance with the “just in time” inventory method.

As a result of the different circumstances related to the Company's manufacture, procurement, distribution and physician sampling programs diverse financial accounting methods are utilized to recognize revenues from its various revenue sources. The Company's manufacturing and specialty pharmaceutical drug distribution programs employ the "gross" method of recognizing revenue. However, because of the distinctive type of services provided to the customers, GPO and physician sampling programs utilize the "net" method of revenue recognition.

Distributor Arrangements

The Company markets its syringe products exclusively through distributors and various government agencies. Accounts receivable balances are payable within thirty days of shipment. Univec provides a product quality warranty on its products. The Company has never had any of its products returned due to product deficiencies. The products are priced under competitive arrangements with each customer. The product revenue recognition is based upon the prices charged to each customer. The Company has no price concessions which allow payments below the agreed prices.

Product Warranties

The Company provides a product warranty for the products sold. However, the Company has never had a product returned due to defective quality. Further, there are no warranty costs recognized in the years ended December 31, 2005 and 2004. The Company believes that because no warranty costs were incurred during any of the periods mentioned, there is no need to disclose any additional warranty cost policy or amounts.

Stock Based Compensation

Compensation cost for common stock, stock options, warrants, etc., issued to employees and non-employees is based on the fair value method. The corporate stock is publicly traded. In accordance with Statement of Financial Accounting Standards Board Statement Number 123, paragraph 47(d), the cost of such transactions are measured at the closing trade price of the common stock at the date of issue of the stock and stock options.

During the year ended December 31, 2005, 5,640,882 common shares valued at $190,830 were exchanged for $82,771 of payroll expenses plus $108,059 of employee benefit costs and other employee expenses. During the year ended December 31, 2004, 2,160,035 common shares valued at $175,262 were exchanged for $50,000 of payroll expenses plus $125,262 of employee benefit costs.

Income Taxes

Deferred income taxes have been provided for temporary differences between financial statement and income tax reporting under the liability method , using expected tax rates and laws that are expected to be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not , that the deferred tax assets will not be realized.

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.

Fair Values

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses, notes and loans payable and deferred payroll approximate their fair values.

New Accounting Pronouncements

Financial Accounting Standards Board (FASB) Statement # 123R, Stock Based Compensation, is effective for the year ended December 31, 2006. The interpretive response states that a registrant should evaluate each new accounting standard to SEC Staff Accounting Bulletin Topic 11:M - Question 2 directs the registrant to determine the appropriate disclosure in the given circumstances. Univec, Inc. intends to adopt Statement # 123R, Stock Based Compensation, for the year ended December 31, 2006. This response also applies to the unaudited interim financial statements for the six months ended June 30, 2006.

Management does not believe that any other recently issued , but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

4. Concentrations

Cash
From time to time, the Company maintains cash in financial institutions in excess of insured limits. In assessing its risk, the Company's policy is to maintain funds only with reputable financial institutions.

Revenue Recognition
As a result of the differing circumstances related to the Company’s manufacture, procurement, distribution and physician sampling programs, diverse financial accounting methods are utilized to recognize the revenue from its various financial sources.

The Company utilizes the “gross” sales method of recognizing the amount of revenue from its syringe manufacturing and specialty pharmaceutical drug product sales. This method is influenced by several factors as defined by EITF 99-19, which the Company’s market agreements indicate to be in accordance with the gross sales method. The most significant factor under these agreements include the Company’s retention of the inventory’s risk of loss for these products.

The GPO and physician sampling programs use the “net” method of revenue recognition. However, the Company remains as the primary credit obligor in these arrangements.

Purchases

During both 2005 and 2004, the Company purchased 99% of its pharmaceutical drugs for its group purchasing service (GPO) from one non-related vendor. The arrangement requires the Company to pay for the drugs within forty five days after the respective period month-end. As of December 31, 2005, accounts payable to that one vendor were 2% of total accounts payable.

5. Marketable Securities

As of December 31, 2004, marketable securities consisted of an investment in an equity security, with a fair market value of $36,349. Management classified the investment as available-for-sale. The Company received this security in December 2004 upon the conversion from a mutual to a stock insurance company in which Univec had owned a policy.

In January 2005, the security was sold for $36,101.

6. Inventories

Inventories consisted of the following:

Raw materials	$	158,499
Work-in-process		89,641
Finished goods		25,494
		273,634
Less: allowance for valuation		(125,000)
	$	148,634

The Company provided a $0 and $75,000 valuation allowance in 2005 and 2004, respectively.

7. Fixed Assets

Fixed assets consisted of the following:

Equipment	$	1,114,284
Less: accumulated depreciation		594,192
	$	520,092

As of December 31, 2004, the Company wrote-off fixed assets located at former suppliers with a cost of $371,764 and a net book value of $85,088.

Depreciation expense was $116,093 and $128,901 in 2005 and 2004, respectively. For the year ended December 31, 2005, fully depreciated assets were approximately $180,000.

8. Notes and Loans Payable

As of December 31, 2005, notes and loans payable consisted of:

Loan due to a shareholder through July, 2009, with interest at prime plus 2% (1)	$	500,000
Loans payable to agencies for economic development payable at $4,615 per month until July 2009, with interest at 4% per annum (1)		97,321
Loan payable to a vendor without specific payment terms or interest (2)		211,852
Loan payable to a vendor without, specific interest		135,000
Loan payable to a vendor due April 30, 2007 with interest at prime plus 2% per annum		78,151
Notes payable with interest at 8%		85,000
Notes payable with interest at 12%, per annum		55,000
Notes payable to a shareholder's trusts, with interest at 12%, per annum (2)		27,000
Other		19,297
		1,208,621
Less: Current portion of notes and loans payable		890,438
	$	318,183

(1) On July 23, 2004, the Company borrowed an aggregate of $500,000 from the City of Baltimore Development Corporation and the Maryland Department of Business and Economic Development payable in aggregate remaining equal monthly installments of $4,615 over five years, with interest at 4%, per annum. Proceeds were used to purchase equipment of $450,000, which together with certain other equipment of the Company, collateralize the borrowings. Loans from certain officers and directors of approximately $180,000 have been subordinated.

As required under the borrowings, the Company has obtained a revolving line of credit of $500,000 from a stockholder of the Company under which the Company may borrow for working capital through July 22, 2009. Loans under the line bear interest at the prime rate, plus 2%, per annum, and may be converted into common stock at $.065, per share, as defined. The Maryland Department of Business and Economic Development has guaranteed 80% of the loan and interest thereon. In July 2004, the Company borrowed $500,000 under the line of credit. As of December 31, 2005, the interest rate was 9%, per annum. Financing expenses in connection with these borrowings were $80,146 and are being amortized over the term of the borrowings.

(2) Subject to forgiveness upon the vendor's sale of shares of the Company’s common stock.

9. Due to Affiliated Companies

Due to affiliated companies, owned by the chief executive officer of the Company, on demand, with interest at 10%, per annum.

10. Loans Payable - Officer/Directors

As of December 31, 2005, loans payable - officer / directors consisted of:

Note payable to the chief executive officer and the chairman of the board of the Company, due on demand, with interest at prime, plus 2%, per annum (1)	$	200,000
Notes payable to a directors		108,300
	$	308,300

(1) The same terms as an underlying borrowing from a bank and collateralized by certain equipment. As of December 31, 2005 the interest rate was 9%, per annum.

11. Income Taxes

The Company files consolidated income tax returns with its subsidiaries. Prior to its acquisition, PPSI was a Subchapter S Corporation.

As of December 31, 2005, the Company had net operating loss carry forwards of approximately $14,950,000 available to reduce future taxable income expiring through 2025, which may be limited due to ownership changes.

For the years ended December 31, 2005 and 2004, the Company's deferred tax benefits (expenses) were as follows:

	2005	2004
Net operating loss carry forwards	$ 632,000	$ 615,000
Depreciation	7,000	191,000
Goodwill	(45,000)	(19,000)
Compensation	230,000	132,000
Inventory and equipment valuation allowances	-	60,000
Valuation allowance	(824,000)	(979,000)
None		None

As of December 31, 2005, the tax effects of the components of deferred tax assets and liabilities were as follows:

Deferred tax assets		
Net operating loss carry forwards	$	6,000,000
Compensation		712,000
Goodwill		509,000
Total deferred tax asset		7,221,000
Deferred tax liabilities		
Depreciation		(91,000)
Net deferred tax asset		7,130,000
Valuation allowance		(7,130,000)
None		

As of December 31, 2005, realization of the Company's net deferred tax asset of approximately $7,130,000 was not considered more likely than not and, accordingly, a valuation allowance of $7,130,000 was provided.

The following is a reconciliation of expected income tax benefit utilizing the Federal statutory tax rate to income tax benefit reported on the statement of operations.

		2005		2004
Expected income tax benefit	$	(632,000)	$	(437,000)
Change in valuation allowance arising in current year		1,233,000		1,164,000
State income tax benefit, net of federal income tax effect		(120,000)		(107,000)
Other		(481,000)		(620,000)
None				None

12. Commitments and Contingency

Lease

The Company was committed under a non-cancelable lease for production, storage and office space through July 2005. The lease provides for minimum annual rent of $72,000, additional rents for the Company's share of normal maintenance plus its pro-rata share of real estate taxes and eight one year renewals at the Company's option. This lease was terminated on February 6, 2006.

For 2005 and 2004, total rent expense was $72,000 and $78,000, respectively.

Employment Agreement

The Company is committed under an employment agreement to the chief executive officer, through January 2005, requiring annual compensation to be determined annually by the officer and Company. Annually, the agreement shall automatically renew for one year, resulting in a new three year term each January 1. For the years ended December 31, 2005 and 2004, the compensation was $435,600 and $396,000, respectively, which have been fully deferred by the chief executive officer. The agreement also provides for bonuses, as determined by the officer and the Company, an automobile allowance (of $24,000, per annum, for 2005) and life, disability and health insurance. In addition, the officer was granted options to purchase 2,000,000 shares of common stock exercisable at $.24, per share, through 2012. The options vest 25% on January 1, 2003 and 41,667 during each subsequent month.

13. Litigation Reserve

In December 2003, the Company assigned certain of their patents, earned royalties of $72,125 and 85% of all future royalties being earned from these patents in payment of a note payable and interest thereon for an aggregate of $99,434, in settlement to a collection matter. The Company recognized a $24,872 gain upon extinguishment of the debt. The Company in turn received relief from the restrictive patent payments and a perpetual license to exploit, market and manufacture these patents in North America. As the value of the license received could not be determined, no value was assigned to them.

In March 2004, the Company settled a collection matter with a former consultant in the amount of $165,000, payable in varying amounts through March 2007 and options to purchase 359,375 shares of common stock of the Company, all of which have been accrued as of December 31, 2003.

In February 2000, a former consultant commenced an action against the Company and its directors, alleging breach of contract and fiduciary duty, and is seeking consulting fees in the amount of: (1) 250,000 shares of common stock, (2) $192,000 and (3) costs of this action. The Company and counsel do not believe the consulting fees are due and will continue to vigorously defend this action.

14. Stockholders' Equity

Common Stock

During the year ended December 31, 2004, the Company issued an aggregate of 2,660,034 shares of common stock to a stockholder and three officers in payment of notes and loans of $10,000, deferred payroll of $$50,000 and benefits of $125,262.

In November 2004, the Company exchanged 6,000,000 shares of common stock for $240,000 of professional consulting services over a one-year term.

On April 6, 2005, the Company issued 1,386,527 common shares to a preferred stockholder in exchange for 70 shares of Series E preferred stock and unpaid dividends worth an aggregate of $5,843.

On June 28, 2005, the Company issued 1,896,970 shares of common stock to two officers in exchange for operating expenses incurred by them but not previously paid.

On June 29, 2005, the Company issued 1,500,000 shares of common stock to an independent marketing consultant in exchange for fees not paid of $45,000.

On June 30, 2005, the Company issued 1,286,082 shares of common stock to an officer/director of the Company in exchange for benefits not taken of $42,441.

On June 30, 2005, the Company converted $70,000 of notes payable to an affiliate owned by an executive officer in exchange for 2,333,333 shares of common stock.

On October 10, 2005, the Company issued 1,169,850 shares of common stock to an officer/director of the Company in exchange for benefits not taken of $12,868.

Preferred Stock

Series D
The Company has designated 1,250,000 shares of 5% cumulative convertible preferred stock (Series D), which are entitled to receive, prior to the payment of dividends to the common stock, cumulative dividends of 5%, per share, per annum. The Series D stock may be redeemed at the option of the Company, in cash at $2.40, per share. In addition, Series D stockholders are entitled to a liquidation preference of $2.40, per share, plus unpaid dividends. Each share of Series D is initially convertible into three shares of common stock.

During December 2004 and again during March, 2005 the Company sold 20,833 shares of Series D preferred stock to a customer for $50,000 for each respective group of20,833 shares. At December 31, 2005, another $150,000 is receivable from the shareholder for Series D stock purchase commitments due under this agreement.

Series E
In August 2003, the Company designated 2000 shares of 5% cumulative convertible preferred stock (Series E), which are entitled to receive, prior to the payment of dividends to the Series D and common stock, cumulative dividends of 5%, per share, per annum. The Series E stock may be redeemed at the option of the Company, in cash, at 135% of the stated value, per share, plus all unpaid dividends. In addition, Series E stockholders are entitled to a liquidation preference of $1,000, per share, plus all unpaid dividends. Each share of Series E is convertible into shares of common stock at the lesser of $1.10 or 80% of market value, as defined. In August 2006, the Company is required to convert all the Series E into common stock at the conversion price, unless the holder becomes a 5% or greater stockholder. The Company may redeem the Series E in cash at $1,350, per share, plus all unpaid dividends, as defined.

On August 5, 2003, the Company exchanged 122 shares of Series B and 250 shares of Series C, all the outstanding shares, for 522 shares of Series E.

In 2005 and 2004, 100 and 80 shares, respectively of Series E were converted into 2,191,215 and 1,790,431 shares of common stock at prices ranging from $.03 to $.06, per share.

Holders of preferred shares have no voting rights.

As of December 31, 2005, cumulative dividends in arrears on preferred stock were:

Series D	$	54,272
Series E		38,747
	$	93,019

Non Plan Options

During the year ended December 31, 2004, the Company issued options to purchase an aggregate of 1,050,000 shares of common stock of the Company to two officers and an employee. The options are exercisable at $.04, per share, through December 2009 and were valued at $4,000.

During the year ended December 31, 2005, the Company issued no options to purchase common stock of the Company

During 2005 and 2004, options to purchase 802,236 and 4,850,000 shares, respectively, of common stock expired or were cancelled without being exercised.

Reserved Shares

As of December 31, 2005, the Company has reserved shares of common stock as follows:

Non-plan options and warrants	7,446,862
Options under the Plans	685,000
Series D conversions	350,000
Series E conversions(a)	17,537,350
Litigation	250,000
	26,269,212

(a) assumes conversions as of December 31, 2005 at $.02, per share.

15. Stock Option Plans

The 1996 Stock Option Plan (96 Plan) is administered by the Board of Directors or a committee thereof and options to purchase 4,709,219 shares of common stock may be granted under the Plan to directors, employees (including officers) and consultants to the Company. The Plan authorizes the issuance of incentive stock options (ISO's), as defined in Section 422A of the Internal Revenue Code of 1986, as amended, and non-qualified stock options (NQSO's). Consultants and directors who are not also employees of the Company are eligible for grants of only NQSOs. The exercise price of each ISO may not be less than 100% of the fair market value of the common stock at the time of grant, except that in the case of a grant to an employee who owns 10% or more of the outstanding stock of the Company or a subsidiary or parent of the Company, the exercise price may not be less than 110% of the fair market value on the date of grant. The aggregate fair market value of the shares covered by ISO's granted under the Plan that become exercisable by a Plan participant for the first time in any calendar year is subject to a $100,000 limitation. The exercise price of each NQSO is determined by the Board, or committee thereof, in its discretion; provided that NQSO's granted a 10% Stockholder be no less than 110% of the fair market value on the date of grant.

Under the 1998 Stock Option Plan (98 Plan), the Company may grant options to purchase 300,000 shares of common stock to employees, directors, independent contractors and consultants of the Company. The 98 Plan is similar to the Plan and authorizes the issuance of ISO's, NQSO's and Stock Appreciation Rights.

Under the 2000 Stock Option Plan (2000 Plan), the Company may grant options to purchase 2,000,000 shares of common stock to employees, directors, independent contractors and consultants of the Company. The Plan includes options to purchase an addition 250,000 shares of common stock, reserved for an Industrial and Scientific Advisory Committee to be formed as necessitated by the Company.

The following table summarizes the activity of the Plans for 2005 and 2004.

	2005		2004	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	1,335,000	$ 0.70	1,335,000	$ 0.70
Granted	None	-	None	-
Canceled, exercised, expired or exchanged	(650,000)	$ 0.675	None	-
Options outstanding, end of year	685,000	$ 0.72	1,335,000	$ 0.70
Options exercisable, end of year	685,000	$ 0.72	1,335,000	$ 0.70
Options available for grant, end of year	1,050,000		1,050,000	
Weighted-average fair value of options granted during the year	$ .00		$ .00	

The following table summarizes information about stock options outstanding under the Plan at December 31, 2005:

Range of Exercise Prices	Outstanding Options	Weighted Average Remaining Contractual Life (Years)	Exercisable Options	Weighted Average Exercisable Price
$3.50	65,000	1.50	65,000	$3.50
$2.00	70,000	2.00	70,000	$2.00
$0.50	100,000	5.25	100,000	$0.50
$0.24	35,000	7.00	35,000	$0.24
$0.20	60,000	0.75	60,000	$0.20
$0.15	355,000	4.50	355,000	$0.15
$0.15 to $3.50	685,000	2.70	685,000	$0.72

16. Sales of Technology

Through September 1, 2003, the Company licensed the non-exclusive, Worldwide use of the Company's patents for the manufacture, use and marketing of its auto-disable syringes providing for royalties on sales. In December 2003, the Company sold this license and assigned certain patents to a creditor in payment of $99,433 and also assigned certain future royalties under the auto-disable syringe licensing agreement. The Company has licensed back the rights under these patents to market and manufacture in North America.

17. Discontinued Operations

On August 16, 2004, in settlement of litigation, the Company sold TWT, a wholly-owned subsidiary, to an officer of the Company and his related parties, all former owners of TWT, in exchange for 404,154 shares of common stock of the Company, cancellation of deferred compensation to the officer of $221,042 and cancellation of the officer’s employment agreement. In addition, the officer received options to purchase 97,710 shares of common stock of the Company, exercisable at $.01, per share, for 10 years and the other purchasers received option to purchase 296,444 shares of common stock of the Company, exercisable at $.07, per share, for 10 years. The officer also will receive $100,000 in cash, payable in monthly installments of $10,000, commencing August 2004 and medical insurance payments of $3,600.

Expenses in connection with the sale were $87,307.

18 Goodwill

Goodwill had represented the excess purchase prices paid by the Company over the fair value of the tangible and other intangible assets and liabilities at the dates of acquisitions. Goodwill had not been amortized, but instead was subject to an annual assessment of impairment by applying a fair-value based test. The Company evaluated the carrying value of goodwill as of December 31, 2004. During the year ended December 31, 2004. The Company determined the carrying value of goodwill has been fully impaired and wrote-off the carrying value of $1,774,119.

In accordance with Statement of Financial Accounting Standards No. 142 Goodwill and Other Intangible Assets, paragraph 47(a) and 47(b), the Company determined that because the entire balance of this goodwill had ceased being of any economic value to the Company the entire carrying value of the asset was subject to write-off. The Company determined that this goodwill was providing no economic value and therefore in accordance with the provisions of Financial Accounting Standards No. 142, the entire economic value of the asset was written-off.

19. Subsequent Events

Common Stock

In February 2006, the Company issued an aggregate of 1,410,639 shares of common stock to an executive officer of the Company in exchange for accrued employment contract benefits of $29,842.

In July 2006, the Company issued an aggregate of 3,264,669 shares of common stock to an executive officer of the Company in exchange for accrued employment contract benefits of $42,441.

On July 31, 2006 the Company completed the private placement of a $2,000,000 6% Note Warrants Securities Purchase Agreement. The Agreement allows the investor to purchase 10,000,000 common stock warrants for seven years at an exercise price of $0.02 each. The Notes and Warrants were issued in reliance upon exemptions from regulation pursuant to section 4(2) of the Securities Act of 1933 and Regulation 506 of Regulation D promulgated thereto. Each of the Investors is an accredited investor as defined in Rule 501 of Regulation D under the Securities Act of 1933.

The initial closing was for financing of the principal amount of $700,000 for which callable secured convertible notes were issued. Under the securities purchase agreement, the principal amount of $600,000 is be received when the SB-2 registration statement is filed with the SEC. The final amount of $700,000 is to be received when the registration statement is declared effective. At both times, callable secured convertible notes will be issued for such amounts. The note is convertible into the Company’s common shares at the lowest three intra-day trading prices during the twenty trading days immediately prior to the conversion date as discounted by 40%. The investors in the financing shall not be entitled to convert the promissory note if such conversion would result in any investor solely owning more than 4.99% of the outstanding common shares of the Company

The Notes carry an interest rate of 6% per annum and a maturity date of July 31, 2009. The notes are convertible into our common shares at the Applicable Percentage of the average of the lowest three (3) trading prices for our shares of common stock during the twenty (20) trading day period prior to conversion. The “Applicable Percentage” means 50%; provided, however, that the Applicable Percentage shall be increased to (i) 55% in the event that a Registration Statement is filed within thirty days of the closing and (ii) 60% in the event that the Registration Statement becomes effective within one hundred and twenty days from the Closing.

At our option, we may prepay the Notes in the event that no event of default exists, there are a sufficient number of shares available for conversion of the Notes and the market price is at or below $.25 per share. In addition, in the event that the average daily price of the common stock, as reported by the reporting service, for each day of the month ending on any determination date is below $.25, we may prepay a portion of the outstanding principal amount of the Notes equal to 101% of the principal amount hereof divided by thirty-six (36) plus one month’s interest. Exercise of this option will stay all conversions for the following month. The full principal amount of the Notes is due upon default under the terms of Notes. In addition, the Company has granted the investors a security interest in substantially all of its assets and intellectual property as well as registration rights.

The Investors have contractually agreed to restrict their ability to convert the Notes and exercise the Warrants and receive shares of the Company's common stock such that the number of shares of the Company's common stock held by them and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of the Company's common stock.

Based on this recent financing, we have also issued 10,000,000 warrants convertible into shares of the Company's common stock. Each warrant entitles the holder to one share of common stock. The exercise price is $0.02 per share and is exercisable for seven years from the date of issuance. The warrants have a cashless exercise feature. For the 10,000,000 warrants issued on July 31, 2006, the expiration date is July 31, 2013.

The convertible notes and warrants (the "Securities") were issued in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. No commission was paid for the issuance of such Securities. The above issuance of Securities qualified for exemption under Section 4(2) of the Securities Act since the issuance of such shares by the Company did not involve a public offering. The holders of these Securities were each accredited.

None of the Securities has been converted to common stock as yet. The Securities have been recoded as convertible debt payable by the Company.

As defined by EITF 00-19, paragraph 12 to 32, because the Contracts include a provision that could require net-cash settlement then the contracts cannot be accounted for as equity of the Company (that is liability classification is required for such contracts). Further, the Company has concluded that this obligation qualifies as conventional convertible debt.

As provided by SFAS No. 133 and EITF Issue 11-19, because the warrants are not a hedging instrument, the gain or loss resulting from changes in the fair value of the instrument are to be recognized in earnings of the period of the change in value.

Because the Callable Convertible Secured Notes and warrants were not issued until July 31, 2006, their value has not been included in the financial statements of the Company at June 30, 2006

Due to Affiliated Companies and Officers

Subsequent to December 31, 2005, the Company borrowed an additional $4,208 from the affiliated companies.

Note 20 Selected Quarterly Financial Data

20. Selected Quarterly Financial Data -
2005 (Unaudited)

Univec, Inc. and Subsidiaries
Balance Sheets

	December 31, 2005 (As Restated)	September 30, 2005 (As Restated)	June 30, 2005 (As Restated)	March 31, 2005 (As Restated)
Assets				
Cash	$ 991	$ 3,301	$ 2,970	$ 10,079
Accounts receivable	174,864	970,529	3,066,601	2,956,590
Inventories	193,325	179,877	179,878	179,878
Certificates of Deposit - Restricted		348,949	340,407	340,407
Other current assets				5,967
Total current assets	369,180	1,502,656	3,589,856	3,492,921
Fixed assets - net	520,092	542,031	578,139	606,185
Other assets	64,638	67,310	70,117	75,461
Total assets	$ 953,910	$ 2,111,997	$ 4,238,112	$ 4,174,567
Liabilities and Stockholders Deficit				
Accounts payable & accrued expenses	$ 1,598,524	$ 2,310,356	$ 4,279,589	$ 4,180,057
Deferred payroll	1,878,483	1,711,081	1,535,309	1,354,639
Notes and loans pay - current	890,438	1,334,446	1,337,946	1,417,199
Loans payable - officers/directors	258,300	265,493	260,493	260,493
Due to affiliated companies	815,510	752,360	684,175	685,225
Total current liabilities	5,441,255	6,373,736	8,097,512	7,897,613
Notes and loans payable - long-term	318,183	216,332	258,352	211,152
Loans payable - officers/directors long-term	50,000	-	-	-
Total liabilities	5,809,438	6,590,068	8,355,864	8,108,765

Stockholders' deficit				
Preferred stock - D	208	146	146	146
Preferred stock - E	1	1	1	1
Common stock	57,634	56,464	56,465	48,062
Additional paid-in capital	11,514,390	11,352,754	11,352,754	11,135,273
Treasury stock	(28,291)	(28,291)	(28,291)	(28,291)
Stock subscription		(30,000)	(90,000)	(150,000)
Accumulated deficit	(16,399,470)	(15,829,145)	(15,408,827)	(14,939,389)
Total stockholders' deficit	(4,855,528)	(4,478,071)	(4,117,752)	(3,934,198)
Total liabilities and stockholders deficit	$ 953,910	$ 2,111,997	$ 4,238,112	$ 4,174,567

20. Selected Quarterly Financial Data - 2004 (Unaudited)
Univec, Inc. and Subsidiaries
Balance Sheets

	December 31, 2004 (As Restated)	September 30, 2004 (As Restated)	June 30, 2004 (As Restated)	March 31, 2004 (As Restated)
Assets				
Cash	$ 29,443	$ 8,024	$ 49,162	$ 852
Marketable securities	36,349			
Accounts receivable	3,123,493	1,628,446	1,508,933	1,472,635
Inventories	179,878	269,672	301,913	295,248
Certificates of Deposit - Restricted	340,407	335,000	335,000	
Other current assets	46,630	83,341	96,297	124,888
Total current assets	3,756,200	2,324,483	2,291,305	1,893,623
Fixed assets - net	622,685	894,802	542,401	587,598
Goodwill		1,774,119	2,328,662	2,328,662
Other assets	79,468	83,475	6,000	6,000
Total assets	$ 4,458,353	$ 5,076,879	$ 5,168,368	$ 4,815,883
Liabilities and Stockholders Deficit				
Accounts payable & accrued expenses	$ 4,380,826	$ 2,946,251	$ 2,877,647	$ 2,762,038
Deferred payroll	1,271,488	1,092,697	1,261,588	1,064,292
Notes and loans pay - current	1,472,163	1,065,795	350,872	166,376
Loans payable - officers/directors	260,493	260,493	270,493	270,493
Due to affiliated companies	578,800	504,643	663,452	328,017
Total current liabilities	7,963,770	5,869,879	5,424,052	4,591,216
Notes and loans payable - long-term	211,852	696,814	409,051	497,033
Total liabilities	8,175,622	6,566,693	5,833,103	5,088,249
Stockholders' deficit				
Preferred stock - D	125	104	104	104
Preferred stock - E	1	1	1	1
Common stock	45,619	38,628	37,872	37,872
Additional paid-in capital	10,977,627	10,690,639	10,661,408	10,661,408
Treasury stock	(28,291)	(28,291)		
Stock subscription	(210,000)			
Accumulated deficit	(14,502,350)	(12,190,895)	(11,364,120)	(10,971,751)
Total stockholders' deficit	(3,717,269)	(1,489,814)	(664,735)	(272,366)
Total liabilities and stockholders deficit	$ 4,458,353	$ 5,076,879	$ 5,168,368	$ 4,815,883

20. Selected Quarterly Financial Data - 2005 (Unaudited) Univec, Inc. and Subsidiaries Statements of Operations

	Year ended Dec. 31, 2005 (As Restated)	Three months ended Dec. 31, 2005 (As Restated)	Nine months ended Sept. 30, 2005 (As Restated)	Three months ended Sept. 30, 2005 (As Restated)	Six months ended June 30, 2005 (As Restated)	Three months ended June 30, 2005 (As Restated)	Three months ended March 31, 2005 (As Restated)
Revenues	$ 81,398	$ 3,014	$ 78,384	($6,683)	$ 85,067	$ 45,056	$ 40,011
Cost of revenues	3,164	9,176	(6,012)	17,135	(23,147)	(8,201)	(14,946)
Gross margin	84,562	12,190	72,372	10,452	61,920	36,855	25,065
Operating expenses							
Marketing and selling	(233,990)	(1,015)	(232,975)	(74,897)	(158,078)	(65,988)	(92,090)
Product development	(3,802)	(3,154)	(648)	0	(648)	(648)	
General & administrative	(1,535,840)	(524,333)	(1,011,507)	(283,161)	(728,346)	(389,941)	(338,405)
Total operating expenses.	(1,773,632)	(528,502)	(1,245,130)	(358,058)	(887,072)	(456,577)	(430,495)
Loss from operations	(1,689,070)	(516,312)	(1,172,758)	(347,606)	(825,152)	(419,722)	(405,430)
Other income (expense)							
Interest expense, net	(200,019)	(54,012)	(146,007)	(72,712)	(73,295)	(43,874)	(29,421)
Total other income (expense)	(200,019)	(54,012)	(146,007)	(72,712)	(73,295)	(43,874)	(29,421)
Net loss	(1,889,089)	(570,324)	(1,318,765)	(420,318)	(898,447)	(463,596)	(434,851)
Dividends attributable to preferred stock	(34,844)	(9,704)	(26,631)	(8,213)	(18,418)	(8,213)	(10,205)
Loss attributable to common stockholders	($1,923,933)	($502,810)	($1,345,396)	($428,531)	($916,865)	($471,809)	($445,056)

Basic net loss per share	($0.04)	($0.01)	($0.03)	($0.01)	($0.02)	($0.01)	($0.01)
Basic weighted average number common shares outstanding	52,729,533	57,634,282	50,999,828	56,464,432	48,222,239	49,500,728	47,330,653

20. Selected Quarterly Financial Data - 2004 (Unaudited)
Univec, Inc. and Subsidiaries
Statements of Operations

	Year ended Dec. 31, 2004 (As Restated	Three months ended Dec. 31, 2004 (As Restated)	Nine months ended Sept. 30, 2004 (As Restated)	Three months ended Sept. 30, 2004 (As Restated)	Six months ended June 30, 2004 (As Restated)	Three months ended June 30, 2004 (As Restated)	Three months ended March 31, 2004 (As Restated)
Revenues	$ 327,827	$ 31,658	$ 296,169	99,631	$ 196,538	$ 171,688	$ 24,850
Cost of revenues	(128,933)	(71,997)	(56,936)	(33,861)	(23,075)	(38,511)	(15,436)
Gross margin	198,894	(40,339)	239,233	65,770	173,463	133,177	40,286
Operating expenses							
Marketing and selling	(123,400)	(7,986)	(115,414)	14,052	(129,466)	(5,328)	(124,138)
Product development	(28,871)	(609)	(28,262)	(25,530)	(2,732)	(1,886)	(846)
General & administrative	(1,772,246)	(457,965)	(1,314,281)	(393,881)	(920,400)	(486,329)	(434,071)
Loss on write-off of goodwill	(1,774,119)	(1,774,119)	-	-	-	-	-
Total operating expenses.	(3,698,636)	(2,240,679)	(1,457,957)	(405,359)	(1,052,598)	(493,543)	(559.055)
Loss from operations	(3,499,742)	(2,281,018)	(1,218,724)	(339,589)	(879,135)	(360,366)	(518,769)
Other income (expense)							
Interest expense, net	(108,092)	(23,288)	(84,804)	(38,424)	(46,380)	(32,003)	(14,377)
Gain on extinguishment of debt	144,819	64,225	80,594	40,554	40,400	-	40,400
Other income (expense)	47,795	47,795					
Total other income	84,522	88,732	(4,210)	2,130	(6,340)	(32,003)	25,663

(expense)							
Loss from continuing operations	(3,415,220)	(2,192,284)	(1,222,934)	(337,459)	(885,475)	(392369)	(493,106)

Loss from discontinued operations							
Discontinued operating losses	(8,260)		(8,260)	(8,260)			
Loss on sale of subsidiary	(597,056)	(116,000)	(481,	(481,056)	(481,056)	-	-	-
Net loss	(4,020,536)	(2,308,286)		(1,712,250)	(826,775)	(885,475)	(392,369)	(493,106)
Dividends distributable to preferred stock	(35,921)	(8,721)		(27,200)	(8,650)	(18,550)	(9,275)	(9,275)
Loss attributable to common stockholders	($4,056,457)	($2,317,007)		($1,739,450)	($835,425)	($904,025)	($401,644)	($502,371)
Basic net loss per share	($0.11)	($0.06)	($0.05)	($0.02)	($0.02)	($0.01)	($0.01)
Basic weighted average number common shares outstanding	38,510,467	39,393,090	37,394,433	38,244,097	36,952559	37871795	35,331,157

20. Selected Quarterly Financial Data - 2005 (Unaudited)

Univec, Inc. and Subsidiaries
Statement of Cash Flow

	Year Ended December 31, 2005 (As Restated)	Nine Months Ended September 30, 2005 (As Restated)	Six MonthsEnded June 30, 2005 (As Restated)	Three Months Ended March 30, 2005 (As Restated)
Cash flows from operating activities				
Net loss	($1,889,089)	($1,318,765)	($898,447)	($434,851)
Adjustments to reconcile net loss to net cash				
used in operating activities				
Depreciation and amortization	342,122	286,312	187,397	94,007
Stock based compensation	167,198	167,198	167,198	
Gain on receipt of marketable securities	36,349	36,349	36,349	36,349
Changes in assets and liabilities, net				
Accounts receivable	3,098,629	2,152,963	56,891	166,902
Inventories	(13,447)			
Other current assets and other assets	45,431	46,630	46,630	40,663
Accounts payable and accrued expenses	(2,629,243)	(2,097,474)	(128,241)	(210,617)
Deferred payroll	522,068	522,364	346,592	165,922
Net cash used in operating activities	(319,982)	(204,423)	(185,631)	(141,625)
Cash flows from investing activities				
Purchases of fixed assets	(13,500)	(13,500)	(13,500)	(13,500)
(Increase) decrease in restricted cash	340,407	(8,542)		
Net cash used in investing activities	326,907	(22,042)	(13,500)	(13,500)
Cash flows from financing activities				
Increase in due to affiliated companies	306,710	243,560	175,375	106,423
Increase in loans payable - officers/directors	55,000	55,000	50,000	
Proceeds from sale of stock	85,000	85,000	85,000	85,000
Payments on notes and loans payable	(482,587)	(183,237)	(137,717)	(55,662)
Net cash provided by financing activities	(35,877)	200,323	172,658	135,761
Net increase (decrease) in cash	(28,952)	(26,142)	(26,473)	(19,364)
Cash, beginning of period	29,443	29,443	29,443	29,443
Cash, end of period	$ 491	$ 3,301	$ 2,970	$ 10,079

20. Selected Quarterly Financial Data - 2005 (Unaudited)

Univec, Inc. and Subsidiaries
Statement of Cash Flow

	Year Ended December 31, 2004 (As Restated)	Nine Months Ended September 30, 2004 (As Restated)	Six Months Ended June 30, 2004 (As Restated)	Three Months Ended March 30, 2004 (As Restated)
Cash flows from operating activities				
Net loss	($4,020,536)	($1,712,250)	($885,475)	($493,106)
Adjustments to reconcile net loss to net cash used in operating activities				
Loss on write-off of goodwill	1,774,119			
Loss on sale of subsidiary	481,719	489,316		
Depreciation and amortization	189,008	135,686	91,135	45,938
Write-off equipment	57,295			
Valuation allowance for inventories	75,000			
Stock based compensation	4,000			
(Gain) on cancellation of capital lease	(2,894)			
(Gain) on extinguishment of debt	(98,547)	(80,594)	(40,040)	(40,040)
Gain on receipt of marketable securities	(36,349)			
Other	(11,435)			
Changes in assets and liabilities, net				
Accounts receivable	(506,983)	(367,110)	(235,611)	(199,313)
Inventories	17,698	2,904	(10,198)	(3,533)
Other current assets and other assets	(3,320)	(104,130)	51,338	28,332
Accounts payable and accrued expense	713,610	674,430	306,120	228,872
Deferred payroll	619,631	440,840	496,793	299,497
Net cash used in operating activities	(747,984)	(520,908)	(225,938)	(133,353)
Cash flows from investing activities				
Purchases of fixed assets (net)	(397,068)	(397,068)		
(Increase) in restricted cash	(340,407)	(335,000)	(335,000)	
Cash used in sale of subsidiary (net)	(5,670)	(92,977)		
Net cash used in investing activities	(743,145)	(825,045)	(335,000)	0

Cash flows from financing activities				
Proceeds from loans payable (net)	1,104,344	1,184,623	140,585	
Increase in due to affiliated companies	567,193	270,883	429,693	92,283
Increase in loans payable - officers/directors	54,000	54,000	54,000	54,000
Proceeds from sale of stock	50,000			
Payments on notes and loans payable	(242,386)	(167,350)	(25,999)	(23,899)
Payments of capital lease obligations	(21,232)			
Dividends converted to preferred stock	(3,168)			
Net cash provided by financing activity	1,508,751	1,342,156	598,279	122,384
Net increase (decrease) in cash	17,622	(3,797)	37,341	(10,969)
Cash, beginning of period	11,821	11,821	11,821	11,821
Cash, end of period	$ 29,443	$ 8,024	$ 49,162	$ 852

The year ended December 31, 2005 and 2004, including all quarterly periods within those years, financial statements have been restated to properly reflect the revenues and related cost of revenues from its Group Purchasing Operation (GPO) and physician sampling programs. The Company has restated the revenue and cost of revenue from these activities to the “net” method of revenue recognition. Previously, the Company utilized the “gross” method of revenue recognition for such activities.

As a result of the differing circumstances related to the Company’s manufacture, procurement, distribution and physician sampling programs, diverse financial accounting methods are utilized to recognize the revenue from its various financial sources.

The Company utilizes the “gross” sales method of recognizing the amount of revenue from its syringe manufacturing and specialty pharmaceutical drug product sales. This method is influenced by several factors as defined by EITF 99-19, which the Company’s manufacturing and specialty pharmaceutical drug product sales market agreements indicate to be in accordance with the gross sales method. The most significant factor under these agreements include the Company’s retention of the inventory’s risk of loss for these products.

The GPO and physician sampling programs use the “net” method of revenue recognition. However, the Company rather than the supplier is the primary credit obligor in these arrangements.

The year ended December 31, 2005 Statement of Operations has been further restated to properly reflect $17,000 of general and administrative expenses which had originally been reported as cost of revenues.