

CHEMBIO DIAGNOSTICS, INC.

Form 10-Q

November 04, 2010

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

FORM 10 - Q

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

For the quarterly period ended September 30, 2010

000-30379

(Commission File Number)

Chembio Diagnostics, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

88-0425691

(IRS Employer Identification
Number)

3661 Horseblock Road
Medford, New York 11763

(Address of principal executive offices including zip code)

(631) 924-1135

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

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(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of November 2, 2010, the Registrant had 62,188,151 shares outstanding of its \$.01 par value common stock.

Quarterly Report on FORM 10-Q For The Period Ended

September 30, 2010

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PART I

Item 1. FINANCIAL STATEMENTS

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

- ASSETS -

	September 30, 2010 (UNAUDITED)	December 31, 2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,335,983	\$ 1,068,235
Accounts receivable, net of allowance for doubtful accounts of \$20,000 for 2010 and 2009	2,634,956	1,776,327
Inventories	1,883,441	1,555,903
Prepaid expenses and other current assets	190,515	266,637
TOTAL CURRENT ASSETS	6,044,895	4,667,102
FIXED ASSETS, net of accumulated depreciation	828,320	580,213
OTHER ASSETS:		
License agreements, net of current portion	625,000	700,000
Deposits on manufacturing equipment	28,800	338,375
Deposits and other assets	36,226	29,560
TOTAL ASSETS	\$ 7,563,241	\$ 6,315,250

- LIABILITIES AND STOCKHOLDERS' EQUITY -

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 2,416,672	\$ 1,906,163
Current portion of loans payable	55,470	9,600
Deferred research and development revenue	81,673	360,833
License fee payable	875,000	875,000
Current portion of obligations under capital leases	23,865	21,536
TOTAL CURRENT LIABILITIES	3,452,680	3,173,132
OTHER LIABILITIES:		
Loans payable - net of current portion	200,071	14,931
Obligations under capital leases - net of current portion	21,071	39,273
TOTAL LIABILITIES	3,673,822	3,227,336

COMMITMENTS AND
CONTINGENCIES

STOCKHOLDERS' EQUITY:

Preferred stock – 10,000,000 shares authorized, none outstanding	-	-
Common stock - \$.01 par value; 100,000,000 shares authorized, 62,188,151 and 61,979,901 shares issued and outstanding for 2010 and 2009, respectively	621,882	619,799
Additional paid-in capital	39,620,376	39,453,522
Accumulated deficit	(36,352,839)	(36,985,407)
TOTAL STOCKHOLDERS' EQUITY	3,889,419	3,087,914
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 7,563,241	\$ 6,315,250

See accompanying notes to condensed consolidated financial statements

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended		For the nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
REVENUES:				
Net product sales	\$ 3,786,572	\$ 3,924,237	\$ 8,337,133	\$ 9,245,039
License and royalty revenue	61,789	31,388	400,758	83,710
R&D, milestone and grant revenue	656,642	408,060	2,299,970	954,058
TOTAL REVENUES	4,505,003	4,363,685	11,037,861	10,282,807
Cost of product sales	2,296,502	2,494,719		