

CHEMBIO DIAGNOSTICS, INC.
Form 10-Q
August 08, 2013

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 June 30, 2013

OR

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

For the transition period from: _____ to _____

000-30379

(Commission File Number)

Chembio Diagnostics, Inc.

(Exact name of registrant as specified in its charter)

Nevada

88-0425691

(State or other jurisdiction of incorporation) (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)

N/A

(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 x 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 x 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. (Check one):

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

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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 August 6, 2013, the Registrant had 9,324,783 shares outstanding of its \$.01 par value common stock.

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Quarterly Report on FORM 10-Q
For The Quarterly Period Ended
June 30, 2013

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PART I

Item 1. FINANCIAL STATEMENTS

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

- ASSETS -

	June 30, 2013 (Unaudited)	December 31, 2012
CURRENT ASSETS:		
Cash and cash equivalents	\$8,645,392	\$2,951,859
Accounts receivable, net of allowance for doubtful accounts of \$24,000 and \$58,000 at June 30, 2013 and December 31, 2012, respectively	3,894,207	4,821,357
Inventories	3,848,295	2,488,071
Prepaid expenses and other current assets	730,383	747,463
TOTAL CURRENT ASSETS	17,118,277	11,008,750
FIXED ASSETS, net of accumulated depreciation	1,832,570	1,427,646
OTHER ASSETS:		
Deferred tax asset, net of valuation allowance	4,197,113	4,233,194
License agreements, net of current portion	350,000	400,000
Deposits on manufacturing equipment	1,975	223,584
Deposits and other assets	41,976	41,976
TOTAL ASSETS	\$23,541,911	\$17,335,150
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$3,929,431	\$3,303,923
Current portion of loans payable	-	51,236
Customer deposits	-	23,224
TOTAL CURRENT LIABILITIES	3,929,431	3,378,383
OTHER LIABILITIES:		
Loans payable - net of current portion	-	82,247
TOTAL LIABILITIES	3,929,431	3,460,630
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock – 10,000,000 shares authorized, none outstanding	-	-
Common stock - \$.01 par value; 100,000,000 shares authorized, 9,324,783 and 8,036,232 shares issued and outstanding for June 30, 2013 and December 31, 2012, respectively	93,248	80,362
Additional paid-in capital	46,765,088	41,116,149
Accumulated deficit	(27,245,856)	(27,321,991)
TOTAL STOCKHOLDERS' EQUITY	19,612,480	13,874,520
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$23,541,911	\$17,335,150

See accompanying notes to condensed consolidated financial statements

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

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
REVENUES:				
Net product sales	\$5,061,691	\$5,811,190	\$11,374,881	\$12,174,342
License and royalty revenue				
R&D, milestone and grant revenue	331,831	272,701	696,794	562,801
TOTAL REVENUES	5,393,522	6,083,891	12,071,675	12,737,143
Cost of product sales	3,112,347	3,513,267	7,096,610	6,833,656
GROSS MARGIN	2,281,175	2,570,624	4,975,065	5,903,487
OPERATING EXPENSES:				
Research and development expenses	1,500,645	979,044	2,545,904	2,358,174
Selling, general and administrative expenses	1,160,256	1,079,201	2,322,336	2,313,169
	2,660,901	2,058,245	4,868,240	4,671,343
INCOME (LOSS) FROM OPERATIONS	(379,726)	512,379	106,825	1,232,144
OTHER INCOME (EXPENSE):				
Gain on sale of fixed asset	7,500	-	7,500	-
Interest income	897	1,598	2,235	3,117
Interest expense	-	(2,317)	(335)	(4,758)
	8,397	(719)	9,400	