

CHEMBIO DIAGNOSTICS, INC.
Form 10-Q
November 12, 2015

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, 2015

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 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. (Check one):

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, 2015, the Registrant had 9,628,248 shares outstanding of its \$.01 par value common stock.

Quarterly Report on FORM 10-Q
For The Quarterly Period Ended
September 30, 2015

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PART I

Item 1. FINANCIAL STATEMENTS

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

- ASSETS -

| | September 30, 2015 (Unaudited) | December 31, 2014 |
|---|--------------------------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$1,102,477 | \$4,614,538 |
| Accounts receivable, net of allowance for doubtful accounts of \$52,000 at September 30, 2015 and December 31, 2014, respectively | 9,514,951 | 8,338,889 |
| Inventories | 3,010,537 | 3,638,299 |
| Prepaid expenses and other current assets | 1,537,070 | 1,066,473 |
| TOTAL CURRENT ASSETS | 15,165,035 | 17,658,199 |
| | | |
| FIXED ASSETS , net of accumulated depreciation | 2,622,003 | 2,797,929 |
| | | |
| OTHER ASSETS: | | |
| Deferred tax asset, net of valuation allowance | 4,597,085 | 4,031,302 |
| License agreements, net of current portion | 205,682 | 256,875 |
| Deposits on manufacturing equipment | - | 20,017 |
| Deposits and other assets | 218,298 | 245,870 |
| TOTAL ASSETS | \$22,808,103 | \$25,010,192 |
| | | |
| - LIABILITIES AND STOCKHOLDERS' EQUITY - | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$4,414,150 | \$4,946,030 |
| Deferred revenue | 150,000 | 340,000 |
| TOTAL LIABILITIES | 4,564,150 | 5,286,030 |
| | | |
| COMMITMENTS AND CONTINGENCIES | | |
| | | |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock – 10,000,000 shares authorized; none outstanding | - | - |
| Common stock - \$.01 par value; 100,000,000 shares authorized; 9,628,248 and 9,611,139 shares issued and outstanding for September 30, 2015 and December 31, 2014, respectively | 96,283 | 96,112 |
| Additional paid-in capital | 47,824,105 | 47,556,426 |
| Accumulated deficit | (29,676,435) | (27,928,376) |
| TOTAL STOCKHOLDERS' EQUITY | 18,243,953 | 19,724,162 |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$22,808,103 | \$25,010,192 |

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, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| REVENUES: | | | | |
| Net product sales | \$6,209,625 | \$7,247,881 | \$18,145,864 | \$19,400,515 |
| License and royalty revenue | 19,084 | 8,482 | 34,017 | 15,613 |
| R&D, milestone and grant revenue | 658,665 | 57,946 | 1,654,788 | 1,133,850 |
| TOTAL REVENUES | 6,887,374 | 7,314,309 | 19,834,669 | 20,549,978 |
| | | | | |
| Cost of product sales | 3,976,840 | 4,663,919 | 11,218,385 | 12,644,427 |
| | | | | |
| GROSS MARGIN | 2,910,534 | 2,650,390 | 8,616,284 | 7,905,551 |
| | | | | |
| OPERATING EXPENSES: | | | | |
| Research and development expenses | 1,570,044 | 972,439 | 4,911,587 | 3,438,714 |
| Selling, general and administrative expenses | 1,919,551 | 1,940,424 | 6,057,221 | 5,344,914 |
| | 3,489,595 | 2,912,863 | 10,968,808 | 8,783,628 |
| LOSS FROM OPERATIONS | (579,061) | (262,473) | (2,352,524) | (878,077) |
| | | | | |
| OTHER INCOME (LOSS): | | | | |
| Loss on sale of fixed asset | - | - | - | (5,707) |
| Interest expense | (749) | - | (749) | - |
| Interest income | 353 | 1,136 | 1,844 | 4,527 |
| | (396) | 1,136 | 1,095 | (1,180) |
| | | | | |
| LOSS BEFORE INCOME TAXES | (579,457) | (261,337) | (2,351,429) | (879,257) |