

10QSB 1 form10qsb.htm QUARTERLY REPORT ENDING 06-30-07

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2007

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

For the transitional period from _____ to _____

BIOSPECIFICS TECHNOLOGIES CORP.

(Exact name of small business issuer as specified in its charter)

Delaware	0-19879	11-3054851
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

35 Wilbur Street

Lynbrook, NY 11563

(Address of principal executive office)

516.593.7000

(Issuer's telephone number)

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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the number of shares outstanding of the issuer's classes of common equity, as of the latest practicable date:

Class of Stock	Outstanding September 4, 2007
Common Stock (\$.001 par value)	5,316,101

Transitional Small Business Disclosure Format (Check one): Yes No

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Introductory Comments – Terminology

Throughout this quarterly report on Form 10-QSB (this “Report”), the terms “BioSpecifics,” “Company,” “we,” “our,” and “us” refer to BioSpecifics Technologies Corp. and its subsidiaries, Advance Biofactures Corporation (“ABC-NY”), which it still currently owns, Advance Biofactures of Curacao, N.V. (“ABC-Curacao”), which was sold in 2006, and BioSpecifics Pharma GmbH, which was liquidated in 2005. We also owned two dormant companies, BioSpecifics N.V. and Biota N.V., which were liquidated in January 2007.

Introductory Comments – Forward Looking Statements

This Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. All statements other than statements of historical facts are “forward looking statements” for purposes of these provisions, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or licensing or collaborative arrangements, any statements regarding future economic conditions or performance, and any statement of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “anticipates,” “estimates,” “potential,” or “continue” or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained in this Report are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including but not limited to the risk factors set forth below, and for the reasons described elsewhere in this Report. All forward-looking statements and reasons why results may differ included in this Report are made as of the date hereof, and we assume no obligation to update these forward-looking statements or reasons why actual results might differ.

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BIOSPECIFICS TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Balance Sheets

	<u>June 30,</u> <u>2007</u> (unaudited)
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,624,246
Accounts receivable, net	47,058
Prepaid expenses and other current assets	124,162
Total current assets	<u>2,795,466</u>
Property, plant and equipment, net	51,751
Total assets	<u><u>2,847,217</u></u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	1,909,453
Deferred revenue	1,437,116
Accrued tax and other accrued liabilities of discontinued operations	78,138
Total current liabilities	<u>3,424,707</u>
Long-term deferred revenue	3,625,192
Stockholders' equity (deficit):	
Series A Preferred stock, \$.50 par value, 700,000 shares authorized; none outstanding	-
Common stock, \$.001 par value; 10,000,000 shares authorized; 5,447,368 and 5,365,816 shares issued and outstanding at June 30, 2007 and December 31, 2006, respectively	5,447
Additional paid-in capital	4,303,927
Retained earnings (deficit)	(7,192,325)
Treasury stock, 131,267 shares at cost at June 30, 2007 and December 31, 2006	(693,957)
Notes receivable from former CEO and Chairman and other related party	(625,774)
Total stockholders' equity (deficit)	<u><u>(4,202,682)</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 2,847,217</u></u>

See accompanying notes to consolidated financial statements

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BIOSPECIFICS TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Operations
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Revenues:				
Net sales	\$ 10,832	\$ 6,883	\$ 11,932	\$ 13,676
Licensing fees	289,279	289,279	578,558	578,558
Consulting fees	70,000	70,000	140,000	93,333
	<u>370,111</u>	<u>366,162</u>	<u>730,490</u>	<u>685,567</u>
Costs and expenses:				
General and administrative	812,947	845,271	1,910,414	1,817,666
Research and development	72,060	247,847	458,419	993,212
	<u>885,007</u>	<u>1,093,118</u>	<u>2,368,833</u>	<u>2,810,878</u>
Operating loss from continuing operations	<u>(514,896)</u>	<u>(726,956)</u>	<u>(1,638,343)</u>	<u>(2,125,311)</u>
Other income (expense):				
Interest income	36,894	64,313	78,143	82,138
Interest expense	-	(16)	-	(521)
	<u>36,894</u>	<u>64,297</u>	<u>78,143</u>	<u>81,617</u>
Loss from continuing operations before benefit (expense) for income tax	(478,002)	(662,659)	(1,560,200)	(2,043,694)
Income tax benefit (expense)	-	-	(3,600)	-