FORM 10-QSB
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 1999

Commission File Number 0-12305

REPRO-MED SYSTEMS, INC.
____
(Exact name of registrant as specified in its charter)

NEW YORK	13-3044880
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
24 Carpenter Road, Chester, NY	10918
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (914) 469-2042

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 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 [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 31, 1999
Common stock, $.01 par value	22,142,000

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PART I Financial Information

PART I - FINANCIAL INFORMATION

REPRO-MED SYSTEMS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>
Assets

	May 31,1999	May 31,1998	Feb 28,1999
<S>	<C>	<C>	<C>
Current Assets			
Cash and Cash Equivalents	$ 102,126	$ 124,949	$ 683,321
Short-Term Investments	454,692	468,114	81,352
Accounts Receivable (Less Allowance for Doubtful Accounts of $2,976 in 1999 & $2,976 in 1998)	315,119	323,026	120,470
Inventory	538,331	709,785	573,560
Prepaid Expenses & Other Receivables	64,369	81,329	78,785
Deferred Taxes - Current	0	156,000	0
Deposits	190,000	0	190,000

Total Current Assets	1,664,637	1,863,203	1,727,488
Property, Equipment And Other Assets			
Land	0	290,303	0
Property and Equipment, Net	508,974	1,423,453	522,660
Deferred Taxes - Non-current	0	358,409	0
Other Assets, Net	66,889	65,995	68,484
Total Property, Equipment And Other Assets	575,863	2,138,160	591,144
Total Assets	$2,240,500	$4,001,363	$2,318,632
Liabilities And Stockholders' Equity			
Current Liabilities			
Accounts Payable	$ 123,404	$ 83,291	$ 41,250
Current Maturities of Long-term Debt	55,580	85,327	55,580
Bank Line of Credit Payable	372,614	480,000	439,372
Other Current Liabilities	416,843	157,433	344,818
Total Current Liabilities	968,441	806,051	881,020
Long-term Debt	162,101	1,052,453	184,926
Other Liabilities, Net	421,516	0	427,136
Total Liabilities	1,552,058	1,858,504	1,493,082
Minority Interest In Subsidiary	295,495	259,927	288,882
Stockholders' Equity			
Preferred Stock, 8% Cumulative $.01 Par Value, Authorized 2,000,000 shares, Issued & outstanding 10,000 shares	100	100	100
Common Stock, $.01 Par Value, Authorized 50,000,000 Shares, Issued and Outstanding 22,142,000	221,420	221,420	221,420
Warrants Outstanding	140	140	140
Additional Paid-In Capital	3,040,662	3,040,662	3,040,662
Accumulated (Deficit)	(2,727,374)	(1,237,390)	(2,583,654)
Treasury Stock at Cost (2,275,000 shares)	(142,000)	(142,000)	(142,000)
Total Stockholders' Equity	392,948	1,882,932	536,668
Total Liabilities And Stockholders'Equity	$ 2,240,500	4,001,363	2,318,632

</TABLE>

REPRO-MED SYSTEMS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED

<TABLE>
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<S>	May 31,1999 <C>	May 31,1998 <C>
Sales :		
Net Sales of Products	$ 527,277	$ 700,318
Sale of Impotence Treatment	0	0
	527,277	700,318
Costs And Expenses:		
Cost of Goods Sold	303,447	333,799
Selling, General & Administrative Expenses	296,341	283,913
Research and Development	33,812	58,676
Depreciation and Amortization	22,976	39,380
	656,576	715,768
Income (Loss) From Operations	(129,300)	(15,450)
Non-Operating Income(Expense):		
Licensing Income	0	0

Rental Income	0	21,525
Interest (Expense)	(10,216)	(29,214)
Interest & Other Income (Expense)	3,169	16,869
	(7,047)	9,180
Income (Loss) Before Minority Interest Share of Operations	(136,347)	(6,270)
Minority Interest In (Income) Loss of Subsidiary	(6,613)	20,566
Income (Loss) Before Income Taxes	(142,960)	14,296
Provision (Benefit) For Income Taxes	760	500
Net Income (Loss) After Income	$ (143,720)	$ 13,796
Earnings(Loss) Per Common Share :		
Primary	$ (0.01)	$ 0.00
Fully Diluted	$ (0.01)	$ 0.00

</TABLE>

REPRO-MED SYSTEMS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED

<TABLE>
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	May 31, 1999	May 31, 1998
<S>	<C>	<C>
Operating Activities:		
Income (Loss)from continuing operations	$ (143,720)	$ 13,796
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	22,976	39,380
Deferred income taxes	0	0
Income (loss) of minority interests	6,613	(20,566)
	(114,131)	32,610
Changes in assets and liabilities:		
Accounts receivable - trade	(194,649)	(90,111)
Inventories	35,229	(75,676)
Prepaid expenses & other accounts receivable	14,416	(15,453)
Accounts payable	82,154	(57,149)
Accrued expenses	66,405	(60,754)
	3,555	(299,143)
Net cash provided by (used in) operating activities	(110,576)	(266,533)
Investing activities:		
Short term investments	(373,340)	163,175
Capital expenditures	(7,695)	(26,863)
Other Assets	0	(245)
Net cash provided by (used in) investing activities	(381,035)	136,067
Financing activities:		
Proceeds term loan	0	0
Repayment of term loan	(22,825)	(16,788)
Proceeds line of credit	0	120,000
Repayment line of credit	(66,758)	0
Repayment of mortgage	0	(8,364)
Preferred stock dividend	0	0
Net cash provided by (used in) financing activities	(89,583)	94,848

Net increase (decrease) in cash and cash equivalents	(581,194)	(35,618)
Cash and cash equivalents, beginning of period	683,321	160,567
Cash and cash equivalents, end of period	$ 102,126	$ 124,949
Supplemental disclosures:		
Cash Payments for:		
Interest	10,216	29,214
Income taxes	0	0

</TABLE>

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Three months ending May 31, 1999 vs. May 31, 1998

The Company's sales, despite a substantial order for Freedom60 products of $35,204 from McKinley Medical, LLLP, which contributed to a $40,982 increase in infusion therapy sales for the three month period ending May 31, 1999 as compared to the same period in 1998, resulted in a decline of total Company sales of $173,041. The decrease was primarily a result of reduced impotency treatment sales to the Company's Original Equipment Manufacturers ("OEM") customers. For the period ending May 31, 1999 OEM sales were $147,512 versus $345,008 for the same period in 1998. Emergency medical product sales declined $21,454 to $265,860 from $287,314 in the three month periods ending May 31, 1999 and May 31, 1998 respectively. This decrease resulted primarily from the timing of purchases by certain customers who ordered large quantities of product in the first three months of the 1998 fiscal year. The Company expects comparable sales in the current fiscal year but distributed evenly throughout the year. Included in emergency medical product sales for the three month period ending May 31, 1999 were $49,211 of PLUS resuscitator sales for which there were no comparable sales in the three month period ending May 31, 1998.

Effective July 1, 1999 the Company entered into a Definitive Agreement with McKinley Medical, LLLP, an international supplier of IV infusion systems, to market Repro-Med's Freedom60 Infusion System in the U.S. and international IV therapy markets.

The definitive agreement gives McKinley exclusive worldwide rights to distribute Repro-Med's current portable, reusable infusion system called the Freedom60 as well as certain rights to Repro-Med's next generation intravenous infusion therapy systems including an electronic version containing a flow alarm presently under development and expected to be released in the next quarter for the hospital and home care markets. The Company has been informed by McKinley management that it plans to aggressively launch the Freedom60 through its network of distribution partners worldwide. In order to maintain exclusivity, McKinley must maintain increasing sales performance levels for the three year duration of the agreement which is renewable for successive twelve month periods unless either party provides notice of an intention not to renew.

Based on the potential market, and McKinley's focused, knowledgeable worldwide distribution network, Repro-Med management expects that this agreement will result in significant sales of the Freedom60 in an aggregate of over $6 million over the next three years, although there can be no assurance that that McKinley will be able to develop this market to the full extent that is envisioned by this agreement, or that other companies with greater resources than McKinley and Repro-Med will not market competing devices.

Company sales for the three months ending May 31, 1999 included sales by affiliates of $56,476 compared to sales by affiliates for the three months ending May 31, 1998 of $50,236.

Cost of goods sold was 57.5% for the three month period ending May 31, 1999 and 47.7% for the same period in 1998. The difference is primarily attributable to an adjustment to material cost in the first three months of 1998 which didn't repeat in the three months ending May 31, 1999.

Selling, general and administrative ("SG&A")expenses were $296,341 for the three months ending May 31, 1999 versus $283,913 for the same period in 1998. This $12,428 increase resulted from increased sales and marketing expenses to promote the Freedom60 products and to obtain additional customers and contracts for the Company's infusion and other products. The effects of on-going cost saving measures will become more apparent as the fiscal year progresses. The McKinley Medical agreement will further reduce sales and marketing expenses related to the Freedom60 product line.

Contributing to the increased SG&A expenses was an increase in building rental expense of $24,380, $30,000 rent less $5,620 deferred profit from building sale, which resulted from the sale-leaseback of the building in February 1999. The sale-leaseback was done to provide a source of capital for use in the business including promotion of the Company's products and to provide funds to develop new markets and customers. Part of the building rental expense is offset by elimination of mortgage interest expense, the mortgage was paid off in February 1999. Another significant difference between the periods ending May 31, 1999 and May 31, 1998 was the re-allocation of a portion of salary and benefits to SG&A expense for Andrew Sealfon, President, from Research and Development expenses. This allocation reflects the increased effort and focus being devoted to increasing sales of the Company's products.

Research and development expenses declined $24,864 in the period ending May 31, 1999. The reduction was primarily the result of the re-allocation of a portion of Andrew Sealfon's salary from Research and Development expense to SG&A expense.

Depreciation and Amortization expense was $16,404 lower in the period ending May 31, 1999 as a result of the sale of the building which occurred in February of 1999. The removal of the building from capital assets reduced the amount of depreciation expense.

The loss from operations for the period ending May 31, 1999 was $129,300 versus a loss of $15,450 for the same three month period in 1998. The increased loss was primarily the result of a decrease in gross margin resulting from lower sales for the period.

Non-operating Income/Expense included Rental Income in the three months ending May 31, 1999 of $0 compared to $21,525 for the three months ending May 31, 1998. The rental agreement which, in 1998, resulted in the Company receiving this rental income was sold as a part of the building sale-leaseback in February 1999. The elimination of rental income is partially offset by a reduction in interest expense resulting from the elimination of the building mortgage.

Interest Expense was reduced to $10,216 in the three months ending May 31, 1999 from $29,714 for the same period in 1998. This is a result of the building sale-leaseback which paid off the building mortgage and eliminated the monthly mortgage interest charges.

Interest and Other Income/Expense was lower by $10,500 in the period ending May 31, 1999 as compared to the three month period ending May 31, 1998 due to a one-time billing for technical services to an OEM customer which did not repeat in 1999.

The Net Loss was $143,720 for the three months ending May 31, 1999 versus a profit of $13,796 in 1998.

Liquidity and Capital Resources
- -------------------------------
For the period ending May 31, 1999, the Company had net working capital of $696,196 as compared to $846,468 at February 28, 1999 and $1,057,152 at May 31, 1998. A major source of new funds was the February 25, 1999 sale of the Company's Chester, New York building. The sale resulted in net cash to the company of $558,437. Additional funds were made available to the Company through an intercompany loan from an

affiliate, Gamogen. At February 28, 1999 the Company had an intercompany loan payable to Gamogen for $176,889. Under terms of an agreement with Gamogen, at the end of each quarter, the Company will pay interest at the rate of 9% on the balance outstanding for the quarter to its Gamogen affiliate. These interest payments will continue until the balance due to Gamogen has been repaid or offset by intercompany receivables for rent, wages and operating expenses that are paid by the Company and by the affiliates. The intercompany loan balance at May 31, 1999 was $190,757. First quarter interest of $3,980 was paid by the Company on July 15, 1999.

The funds available at May 31, 1999 are expected to meet the Company's cash requirements, under current operating conditions, for fiscal year 2000 which began on March 1, 1999 and ends on February 28, 2000. Additional funding may be required if the company needs to increase production for new purchases and accounts receivable funding. In anticipation of the need for increased funding, the Company has submitted for its lender, Key Bank ("Bank"), to be submitted with its annual line of credit renewal, a proposal for additional funds to handle new business working capital requirements. Furthermore, the Company, in its negotiations with new customers or with existing customers for new products, is requesting payments to support each specific project's initial working capital requirements. Inability to secure additional funds for working capital would have an adverse effect on the Company's ability to fulfill new business requirements.

During conversations with the Bank concerning the building sale-leaseback, the Bank required a cash collateral account of $150,000 be established from a portion of the proceeds from the building sale before the Bank would consent to the Company's proceeding with the sale. The $150,000 which appears as a deposit on the balance sheet, had been deducted from the proceeds of the building sale before arriving at the net amount of $558,437 available to the Company from the sale. The cash collateral deposit of $150,000 was established under the terms of a Cash Collateral Agreement (the "Agreement") entered into between the Company and the Bank. The Agreement was requested by the Bank as part of the building sale to provide the Bank additional collateral for the line of credit and term loan remaining after the mortgage loan was paid. The $150,000 deposit is held by the Bank in an interest bearing account, the Company's operating account will receive periodic credit for interest earned. The $150,000 will be released by the Bank for the Company's use when the line of credit of $500,000 is fully advanced and the Company has sufficient additional Collateral Base, described as 80% of accounts receivable and 40% of inventory, to collateralize the amount requested provided the Company is not in default.

The Company's line of credit with the Bank is up for renewal on July 31, 1999. Typically, the line of credit is renewed for a twelve month period. The Bank is currently reviewing the Company's results and projections to determine whether they will be willing to renew the loan(s) for another 12 month period. They have initially indicated they may be willing to renew the line for 60 days until September 30, 1999, that decision is pending. At May 31, 1999 the Company had a term loan of $217,681 and a line of credit of $372,614 outstanding with the Bank. Failure of the Bank to renew these loans may impede the Company's ability to meet its obligations for the fiscal year without locating new sources of funds. The Company is currently seeking alternate sources of capital. At May 31, 1999 the Company had $556,818 in cash and cash equivalents which does not include an additional $150,000 in a cash collateral deposit with the Bank.

The term loan is a five year note for $300,000 opened on December 1, 1997 for which the final payment will be paid on November 1, 2002. Monthly payments include principal and interest. In fiscal year 2000, total principal payments will be $55,580 or $4,632 on average per month with interest of approximately $17,000. The interest rate on the term loan is fixed at 8.43% through the use of an interest rate swap which reduced the interest rate from 8.83% for the life of the loan. The Company's fixed assets: machinery & equipment, tooling and furniture & fixtures, are pledged as collateral for the term loan.

The line of credit has a maximum cash available limit of $500,000 renewable by the Bank on an annual basis. The Company submits a monthly

Borrowing Certificate on which is calculated the line of credit access the Company has at that point in time. The available amount is based on a ratio of 80% of accounts receivable and 40% of inventory. Depending on the calculation, a payment to the Bank may be required or additional money may be made available to the Company. During the period ending May 31, 1999 the Company paid down the line of credit by $66,758 to comply with the line of credit terms. The Company had $372,614 outstanding on the line of credit at May 31, 1999. Monthly payments are for interest only. Interest paid on the line of credit in the three months ending May 31, 1999 was $7,376. The interest rate is variable based on the prime rate less 1/4%, at year end the rate being paid was 7.5% (7.75% less .25%). The line of credit loan is secured by accounts receivable and inventory.

2000 Compliance
- -----------------

Company State of Readiness - The Company will be ready for the year 2000 in both information technology (IT) and non-IT systems. In terms of IT systems, the Company has purchased and taken delivery of a software upgrade to make its primary accounting, sales and manufacturing systems year 2000 compliant. The upgrade will be installed and validated by the summer of 1999. The internal network on which the primary business IT software runs, has been upgraded on schedule.

In regard to non-IT systems, which refers to systems using embedded technology like microcontrollers, etc., the Company does not currently manufacture, nor has it completed development of, products which utilize microprocessors or similar date related functionality.

The Company has surveyed third parties with which it has material relationships to determine whether there are any known, significant risks for business interruption, no risk has been identified.

Costs of Year 2000 Issues - The estimated total cost of upgrading the Company's IT and non-IT systems is under $15,000.

Risks of Year 2000 Issues - The primary risk to the Company in terms of year 2000 issues, relates to external communication networks in the area of international telephone systems. This effects a small portion of the Company's overall business activity in the areas of customers and suppliers.

Contingency Plans - The Company has the flexibility to temporarily utilize off-the-shelf, year 2000 compliant software for key portions of business system applications, should the Company experience an unforeseen delay or problem with the aforementioned legacy system upgrades.

In regard to the risk of failures in international communications networks, a contingency plan including provisions for sending and receiving orders and payments using couriers and other secondary methods of communication is currently being explored.

The Company believes that becoming Year 2000 compliant will not have a significant impact on the financial position or results of operations of the Company. Although the Company is not aware of any material operational issues or costs associated with preparing its products or internal information systems for the year 2000, there can be no assurances that the Company will not experience significant unanticipated negative consequences or costs caused by undetected errors or defects in the technology used in its internal systems, which are composed predominately of third party software and hardware, or caused by software used by its vendors or customers or by government agencies.

Forward Looking Statements

The Company has made and will make certain forward-looking statements in the Quarterly Report relating to market and product development among others. These forward-looking statements represent challenging goals for the Company and are based on certain assumptions and estimates including the worldwide economy, competitive activity, funding availability, product introductions, governmental action and the development of certain markets. Some examples of key factors necessary to achieve the Company's goals are:

1.) the ability to continue successful technological innovation 2.) the avoidance of adverse cost increases 3.) the ability to achieve projected sales of the Company's products 4.) uncertainty related to Food and Drug Administration or other government regulation 5.) introduction by other companies of competitive products 6.) changes in the Company's relationships with its customers and distributors 7.) adequate and available sources of funds 8.) the ability of the Company to secure a definitive agreement from a company with which it has a letter of intent and sales orders from certain OEM customers. If the Company's assumptions and estimates are incorrect or do not come to fruition, or if the Company does not achieve all of these key factors, then the Company's actual performance could vary materially from the forward-looking statements made herein.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any material litigation, nor to the knowledge of the officers and directors of the Company, is there any material litigation threatened against the Company.

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders of the Company during the last quarter of the fiscal period ended May 31, 1999.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPRO-MED SYSTEMS, INC.

/s/ Andrew I. Sealfon
Andrew I. Sealfon, President
Dated: July 16, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Andrew I. Sealfon July 16, 1999
- -----------------------------
Andrew I. Sealfon, President, Treasurer, Chairman of the Board, Director, and Chief Executive Officer

/s/ Norman E. Rathfelder July 16, 1999
- ----------------------------
Norman E. Rathfelder, Secretary and Chief Financial Officer

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