

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 ACT OF 1934

For the quarterly period ended NOVEMBER 30, 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 November 30, 1999 |
|-------------------------------|----------------------------------|
| Common stock, \$.01 par value | 22,142,000 shares                |

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PART I. ITEM 1 - FINANCIAL STATEMENTS

REPRO-MED SYSTEMS, INC.  
BALANCE SHEETS

<TABLE>

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|                                     | 11-30-99           | 2-28-99            |                |
|-------------------------------------|--------------------|--------------------|----------------|
|                                     | -----              | -----              |                |
| <S>                                 | <C>                | <C>                |                |
| <b>CURRENT ASSETS</b>               |                    |                    |                |
| Cash                                | \$182,162          | \$683,321          |                |
| Short-term Investments              | 0                  | 81,352             |                |
| Accounts Receivable, net            | 278,178            | 120,470            |                |
| Inventory                           | 493,744            | 573,560            |                |
| Prepaid Expenses                    | 44,661             | 78,785             |                |
| Deposits                            | 40,000             | 190,000            |                |
|                                     | -----              | -----              |                |
| <b>TOTAL CURRENT ASSETS</b>         | <b>1,038,745</b>   | <b>1,727,488</b>   |                |
|                                     | -----              | -----              |                |
| <b>PROPERTY &amp; EQUIPMENT-NET</b> |                    | <b>495,340</b>     | <b>522,660</b> |
| <b>OTHER ASSETS</b>                 | <b>61,647</b>      | <b>68,484</b>      |                |
|                                     | -----              | -----              |                |
| <b>TOTAL ASSETS</b>                 | <b>\$1,595,732</b> | <b>\$2,318,632</b> |                |
|                                     | -----              | -----              |                |
| <b>CURRENT LIABILITIES</b>          |                    |                    |                |
| Accounts Payable                    | \$110,861          | \$41,250           |                |
| Current Portion Long Term Debt      | 0                  | 55,580             |                |
| Bank Line of Credit Payable         | 0                  | 439,372            |                |
| Accrued Expenses                    | 77,139             | 75,727             |                |
| Current Portion Capital Gain        | 22,481             | 22,481             |                |
| Customer Deposits                   | 473,418            | 246,610            |                |
|                                     | -----              | -----              |                |
| <b>TOTAL CURRENT LIABILITIES</b>    | <b>683,899</b>     | <b>881,020</b>     |                |
|                                     | -----              | -----              |                |
| <b>DEFERRED CAPITAL GAIN</b>        |                    | <b>410,276</b>     | <b>427,136</b> |
| <b>LONG TERM DEBT</b>               | <b>0</b>           | <b>184,926</b>     |                |
|                                     | -----              | -----              |                |

|   |             |             |
|---|-------------|-------------|
| TOTAL LIABILITIES   | 1,094,175   | 1,493,082   |
| MINORITY INTEREST IN SUBSIDIARY   | 0           | 288,882     |
| STOCKHOLDERS' EQUITY  |             |             |
| Preferred Stock, 8% Cumulative \$.01 Par Value Authorized 2,000,000, issued & Outstanding 10,000 Shares | 100         | 100         |
| Common Stock, \$.01 Par Value, Authorized 50,000,000 Shares, Issued & Outstanding 22,142,000            | 221,420     | 221,420     |
| Warrants Outstanding  | 100         | 140         |
| Additional Paid-In Capital  | 3,040,662   | 3,040,662   |
| Accumulated Deficit   | (2,618,725) | (2,583,654) |
| Treasury Stock at Cost  | (142,000)   | (142,000)   |
| TOTAL STOCKHOLDERS' EQUITY  | 501,557     | 536,668     |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY  | \$1,595,732 | \$2,318,632 |

</TABLE>

REPRO-MED SYSTEMS, INC.  
STATEMENTS OF INCOME

<TABLE>  
<CAPTION>

|   | FOR 3 MONTHS ENDED |             | FOR 9 MONTHS ENDED |             |
|---|--------------------|-------------|--------------------|-------------|
|   | 11-30-99           | 11-30-98    | 11-30-99           | 11 30-98    |
| <S>   | <C>                | <C>         | <C>                | <C>         |
| SALES   |                    |             |                    |             |
| Net Sales of Products   | \$524,445          | \$312,103   | \$1,449,384        | \$1,383,651 |
| COST AND EXPENSES   |                    |             |                    |             |
| Cost of Goods Sold  | 303,920            | 237,204     | 900,132            | 859,127     |
| Selling, General & Administrative                               | 203,408            | 209,823     | 744,718            | 785,777     |
| Research & Development  | 25,248             | 56,771      | 83,932             | 139,886     |
| Depreciation & Amortization                                     | 22,545             | 31,880      | 76,148             | 110,640     |
| Total Expenses  | 555,121            | 535,678     | 1,804,930          | 1,895,430   |
| (LOSS) FROM OPERATIONS  | (30,676)           | (223,575)   | (355,546)          | (511,779)   |
| Non-Operating Income (Expense)                                  |                    |             |                    |             |
| Rental Income   | 0                  | 21,525      | 0                  | 64,575      |
| Interest Expense  | (9,858)            | (35,791)    | (31,083)           | (98,678)    |
| Interest & Other Income   | 5,021              | 2,659       | 10,016             | 88,479      |
| Gain on Sale of Investment                                      | 221,800            | 0           | 221,800            | 0           |
|   | 216,963            | (11,607)    | 200,733            | 54,376      |
| INCOME (LOSS) BEFORE TAXES                                      | 186,287            | (235,182)   | (154,813)          | (457,403)   |
| (Provision) Benefit for Income Taxes                            | (760)              | 39,119      | (2,280)            | 87,742      |
| NET INCOME (LOSS) BEFORE MINORITY INTEREST & EXTRAORDINARY ITEM | 185,527            | (196,063)   | (157,093)          | (369,661)   |
| Minority Interest   | 0                  | 56,243      | 54,542             | 96,222      |
| Extraordinary Item  | 71,480             | 0           | 71,480             | 0           |
| NET INCOME (LOSS)   | \$257,007          | (\$139,820) | (\$31,071)         | (\$273,439) |

WEIGHTED AVERAGE NUMBER OF SHARES

|               |            |            |            |            |
|---------------|------------|------------|------------|------------|
| OUTSTANDING   |            |            |            |            |
| Primary       | 22,142,000 | 22,142,000 | 22,142,000 | 22,142,000 |
| Fully Diluted | 25,967,158 | 25,581,762 | 25,967,158 | 25,581,762 |

|   |        |          |          |          |
|---|--------|----------|----------|----------|
| EARNINGS (LOSS) PER COMMON SHARE        |        |          |          |          |
| Primary-Before Extraordinary Item       | \$0.01 | (\$0.01) | (\$0.00) | (\$0.02) |
| Fully Diluted Before Extraordinary Item | \$0.01 | (\$0.01) | (\$0.00) | (\$0.01) |
| Primary-Extraordinary Item              | \$0.01 | (\$0.01) | (\$0.00) | (\$0.01) |
| Fully Diluted-Extraordinary Item        | \$0.01 | (\$0.01) | (\$0.00) | (\$0.01) |

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REPRO-MED SYSTEMS, INC  
STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

FOR 9 MONTHS ENDED

|  | 11-30-99    | 11-30-98    |  |
|--|-------------|-------------|--|
|  | -----       | -----       |  |
| <S>  | <C>         | <C>         |  |
| NET INCOME (LOSS)  | \$ (31,071) | \$(273,439) |  |
| ADJUSTMENTS TO RECONCILE NET INCOME<br>TO NET CASH PROVIDED BY OPERATIONS: |             |             |  |
| Income (Loss) in Minority Interest   | (54,542)    | (96,222)    |  |
| Depreciation & Amortization  | 76,148      | 110,640     |  |
| Gain on Sale of Investment   | (221,800)   | 0           |  |
| Gain on Forgiveness of Debt  | (71,480)    | 0           |  |
| Decrease in Short Term Investments   | 81,352      | 476,264     |  |
| Decrease (Increase) in Accounts Receivable                                 | (157,708)   | 81,780      |  |
| Decrease (Increase) in inventory   | 79,816      | (154,411)   |  |
| Decrease (Increase) in Prepaid Expenses                                    | 34,124      | (19,491)    |  |
| (Increase) in Deferred Taxes   | 0           | (88,492)    |  |
| (Decrease) Increase in Accounts Payable                                    | 69,611      | (37,997)    |  |
| (Decrease) in Deferred Capital Gain  | (16,860)    | 0           |  |
| (Decrease) Increase other Liabilities                                      | 228,220     | (27,013)    |  |
|  | -----       | -----       |  |
| NET CASH PROVIDED BY OPERATIONS  | 15,810      | (28,381)    |  |
|  | -----       | -----       |  |
| CASH FLOW FROM INVESTING ACTIVITIES  |             |             |  |
| Proceeds from sale of Investment   | 263,579     | 0           |  |
| Cost of Investment   | (41,779)    | 0           |  |
| Minority Interest  | (234,340)   | 0           |  |
| Acquisition of Equipment   | (48,828)    | (38,473)    |  |
| Acquisition of Other Assets  | 6,837       | (445)       |  |
|  | -----       | -----       |  |
| NET CASH USED IN INVESTING ACTIVITIES                                      | (54,531)    | (38,918)    |  |
|  | -----       | -----       |  |
| NET CASH FLOW FROM FINANCING ACTIVITIES                                    |             |             |  |
| Proceeds (Repayment) Bank Notes Payable                                    | (458,398)   | 120,000     |  |
| Repayment of Mortgage  | 0           | (100,671)   |  |
| Decrease in Warrants   | (40)        | 0           |  |
| Preferred Stock Dividend   | (4,000)     | (4,000)     |  |
|  | -----       | -----       |  |
| NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES                           | (462,438)   | 15,329      |  |
|  | -----       | -----       |  |
| NET INCREASE (DECREASE) IN CASH  | (501,159)   | (51,970)    |  |
| Cash and Equivalents beginning of Period                                   | 683,321     | 160,567     |  |
|  | -----       | -----       |  |
| CASH AND EQUIVALENTS END OF PERIOD   | \$ 182,162  | \$ 108,597  |  |
|  | -----       | -----       |  |
| SUPPLEMENTARY DATA   |             |             |  |
| Interest Paid  | \$ 29,766   | \$ 98,678   |  |
| Taxes Paid   | 0           | 0           |  |

REPRO-MED SYSTEMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS

MANAGEMENT'S STATEMENT

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-KSB dated February 28, 1999.

PART I ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-QSB contains certain "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to Rebro-Med Systems, Inc. that are based on the beliefs of the management of Rebro-Med Systems, Inc. as well as assumptions made by and information currently available to the management of Rebro-Med Systems, Inc. The Company's actual results may vary materially from the forward-looking statements made in this report due to important factors such as: recent operating losses, uncertainties associated with future operating results; unpredictability related to Food and Drug Administration regulations, introduction of competitive products, limited liquidity; reimbursement related risks; government regulation of the home health care industry; success of the research and development effort, market acceptance of FREEDOM60, availability of sufficient capital to continue operations and dependence on key personnel. When used in this report, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views of Rebro-Med Systems, Inc. with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Rebro-Med does not undertake any obligation to release publicly any revision to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

THREE MONTHS ENDED NOVEMBER 30, 1999 VS. 1998

-----  
Sales increased 68% from \$312,103 (1998) to \$524,445 (1999) for the quarters ended November 30. Of the increased revenue, 45% is attributed to intravenous

infusion and resuscitation products and 55% to suction and OEM (Original Equipment Manufacture) sales.

Cost of goods rose 28% with the sales increase improving the product margin from 24% in 1998 to 42% in 1999.

Selling, general and administrative expense decreased 3% for the three months period versus 1998. Management initiated expense and payroll reductions in September 1999 that continue to produce savings compared to prior periods.

Research and development expenses are decreased 56% period to period reflecting payroll reductions made in the second quarter of fiscal 2000.

The period to period reduction in depreciation and amortization expense reflects the end of write offs for some intangible assets and the elimination of building depreciation with its sale.

Interest expense was reduced 72% as the result of the sale and lease-back of the company's building. Interest expense is now replaced by rent payments.

Rental income has been eliminated with the sale of the building. Refer to "Liquidity and Capital Resources " below for sale of investment explanation.

#### NINE MONTHS ENDED NOVEMBER 30 1999 VS. 1998

-----

Sales increased modestly +5% year-to-date November 1999 versus 1998. Five of the Company's eight product lines increased revenues 1999 over 1998. Total OEM sales declined -55% period to period.

Cost of goods sold were 62% for both nine months periods. The low margins do not yet reflect the price structure objectives set for the new products at 50%.

Selling, General and Administrative expenses were 5% lower for the comparable period as management did initiate expense and payroll reductions in the second quarter. Research and Development expenses were 40% lower for the same reasons.

The sale and lease back of the Company's building served to eliminate rental income and debt expense reducing non-operating income and expenses. Refer to "Liquidity and Capital Resources " below for sale of investment explanation.

#### LIQUIDITY AND CAPITAL RESOURCES

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The Company did sign a forbearance agreement with its lender on July 27, 1999 that extended the maturity date for the line of credit to January 31, 2000 and precluded the issuance of new advances. Repto-Med Systems, Inc. then negotiated a settlement payment of \$350,000 with the lender that was remitted on October 29, 1999. The payment resulted in the recognition of \$71,480 in debt forgiveness that is reflected as an extraordinary item on the Statement of Income. As part of the agreement, Repto-

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Med Systems, Inc. signed a promissory note for \$66,000 that becomes due through October 2002 only upon the sale of either of the company's two major product lines. If neither of the two product lines is sold, the note payable terminates.

Repto-Med Systems, Inc. concluded the sale of its investment in Gamogen, Inc. on October 31, 1999 effective September 1, 1999. The proceeds from the transaction were \$ 263,579. The cost basis for the investment was \$41, 779. Consequently, the sale resulted in the recognition of a gain of \$221,800 that is reflected in the Statement of Income as "Other Income". As part of the sale, Repto-Med Systems, Inc. purchased income producing assets and assumed certain liabilities from Gamogen, Inc. and its subsidiary Gyneco, Inc. This purchase resulted in Repto-Med Systems, Inc. retaining control and obtaining sole ownership of the operations of Gyneco, Inc.

The funds available on November 30, 1999 are expected to meet cash requirements as planned under current operating conditions beyond the end of the current fiscal year.

#### PART II - OTHER INFORMATION

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##### ITEM 1. LEGAL PROCEEDINGS

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The Company is neither 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  
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None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES  
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None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS  
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No matters were submitted to a vote of security holders of the Company during the quarter ended November 30, 1999.

ITEM 5. OTHER INFORMATION  
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None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K  
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None

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SIGNATURES  
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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  
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January 7, 2000

Andrew I. Sealfon, President, Treasurer,  
Chairman of the Board, Director, and  
Chief Executive Officer

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<TABLE> <S> <C>

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| <S>                          | <C>         |
|------------------------------|-------------|
| <PERIOD-TYPE>                | 9-MOS       |
| <FISCAL-YEAR-END>            | FEB-28-2000 |
| <PERIOD-END>                 | NOV-30-1999 |
| <CASH>                       | 182,162     |
| <SECURITIES>                 | 0           |
| <RECEIVABLES>                | 278,178     |
| <ALLOWANCES>                 | 0           |
| <INVENTORY>                  | 493,744     |
| <CURRENT-ASSETS>             | 1,038,745   |
| <PP&E>                       | 495,340     |
| <DEPRECIATION>               | 0           |
| <TOTAL-ASSETS>               | 1,595,732   |
| <CURRENT-LIABILITIES>        | 683,899     |
| <BONDS>                      | 0           |
| <PREFERRED-MANDATORY>        | 0           |
| <PREFERRED>                  | 100         |
| <COMMON>                     | 221,420     |
| <OTHER-SE>                   | 280,037     |
| <TOTAL-LIABILITY-AND-EQUITY> | 1,595,732   |
| <SALES>                      | 1,449,384   |
| <TOTAL-REVENUES>             | 1,449,384   |
| <CGS>                        | 900,132     |
| <TOTAL-COSTS>                | 904,798     |
| <OTHER-EXPENSES>             | 0           |
| <LOSS-PROVISION>             | 0           |
| <INTEREST-EXPENSE>           | 31,083      |
| <INCOME-PRETAX>              | (154,813)   |
| <INCOME-TAX>                 | (2,280)     |
| <INCOME-CONTINUING>          | (157,093)   |
| <DISCONTINUED>               | 0           |
| <EXTRAORDINARY>              | 71,480      |
| <CHANGES>                    | 0           |
| <NET-INCOME>                 | (31,071)    |
| <EPS-BASIC>                  | (0.00)      |
| <EPS-DILUTED>                | (0.00)      |

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