

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 August 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 (IRS Employer
incorporation or organization) 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 August 31, 1999
-----	-----
Common stock, \$.01 par value	22,142,000 shares

REPRO-MED SYSTEMS, INC.

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None	

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PART I. ITEM 1 - FINANCIAL STATEMENTS
REPRO-MED SYSTEMS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	8-31-99	2-28-99	
	-----	-----	
CURRENT ASSETS			
Cash	\$ 218,186	\$ 683,321	
Short-term Investments	249,884	81,352	
Accounts Receivable, net	149,253	120,470	
Inventory	649,634	573,560	
Prepaid Expenses	68,042	78,785	
Deposits	190,000	190,000	
	-----	-----	
TOTAL CURRENT ASSETS		\$ 1,524,999	\$ 1,727,488
	-----	-----	
PROPERTY, PLANT & EQUIPMENT-NET		504,144	522,660
OTHER ASSETS		63,242	68,484
	-----	-----	
TOTAL ASSETS		\$ 2,092,385	\$ 2,318,632
	-----	-----	
CURRENT LIABILITIES			
Accounts Payable	\$ 90,220	\$ 41,250	
Current Portion Long Term Debt	55,580	55,580	
Bank Line of Credit Payable	358,364	439,372	
Other Current Liabilities	535,859	344,818	
	-----	-----	
TOTAL CURRENT LIABILITIES		\$ 1,040,023	\$ 881,020
	-----	-----	
Other Liabilities	415,896	427,136	
Long Term Debt	157,536	184,926	
	-----	-----	
TOTAL LIABILITIES		1,613,455	1,493,082
	-----	-----	
Minority Interest in Subsidiary	234,340	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	140	140	
Additional Paid-In Capital	3,040,662	3,040,662	
Accumulated Deficit	(2,875,732)	(2,583,654)	
Treasury Stock at Cost	(142,000)	(142,000)	
	-----	-----	
TOTAL STOCKHOLDERS' EQUITY		244,590	536,668
	-----	-----	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		\$ 2,092,385	\$ 2,318,632
	-----	-----	

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REPRO-MED SYSTEMS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	FOR 3 MONTH ENDED		FOR 6 MONTH END	
	8-31-99	3-31-98	8-31-99	8-31-98
<S>	<C>	<C>	<C>	<C>
SALES				
Net Sales of Products	\$397,663	\$371,230	\$924,939	\$1,071,548
COST AND EXPENSES				
Cost of Goods Sold	292,765	288,125	596,212	621,924
Selling, General & Administrative	244,969	292,040	541,310	575,954
Research & Development	24,872	24,440	58,684	83,115
Depreciation & Amortization	30,627	39,380	53,603	78,760
Total Expenses	593,233	643,985	1,249,809	1,359,753
INCOME (LOSS FROM OPERATIONS)		(195,570)	(272,755)	(324,870)
Non-Operating Income (Expense)				(288,205)
Rental Income	0	21,525	0	43,050
Interest Expense	(11,009)	(33,673)	(21,225)	(62,887)
Interest & Other Income	1,826	68,953	4,995	85,821
	(9,183)	56,805	(16,230)	65,984
Minority Interest In Loss of Subsidiary	61,155	19,413	54,542	39,979
(LOSS)BEFORE TAXES		(143,598)	(196,537)	(286,558)
(Provision) Benefit for Income Taxes	(760)	49,123	(1,520)	48,623
NET INCOME (LOSS)		(144,358)	(147,414)	(288,078)
EARNINGS (LOSS PER COMMON SHARE)				(133,619)
Primary	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Fully Diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

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REPRO-MED SYSTEMS, INC. AND SUBSIDIARY
STATEMENTS OF CASH FLOWS

	FOR 6 MONTH ENDED	
	8-31-99	8-31-98
NET INCOME (LOSS)	\$(288,078)	\$(133,619)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATIONS:		
Income (Loss) in Minority Interest	(54,542)	(39,979)
Depreciation & amortization	53,603	78,760
Decrease (Increase) in Short Term Investments	(168,532)	279,776
Decrease (increase) in Accounts Receivable	(28,783)	(6,982)
Decrease (Increase) in inventory	(76,074)	(118,483)
Decrease (Increase) in Prepaid Expenses	10,743	(1,211)
Decrease (Increase) in Deferred		

Taxes	0	(49,373)	
Decrease (Increase) in Accounts Payable	48,970	(56,415)	
Decrease (Increase) other Liabilities	179,801	(63,188)	
	-----	-----	
NET CASH PROVIDED BY OPERATIONS		(322,892)	(110,714)
	-----	-----	

CASH FLOW FROM INVESTING ACTIVITY

Acquisition of Property and Equipment	(29,845)	(32,533)	
Acquisition of Other Assets	0	(245)	
	-----	-----	
Net Cash Used in Investing Activities	(29,845)	(32,778)	
	-----	-----	

NET CASH FLOW FROM FINANCING

Activities

Proceeds (Repayment) from Bank Notes Payable	(108,398)	120,000	
Repayment of Mortgage	0	41,910)	
Preferred Stock Dividend	(4,000)	(4,000)	
	-----	-----	
Net Cash Used in Financing Activities	(112,398)	74,090	
	-----	-----	

NET INCREASE (DECREASE) IN CASH (465,135) (69,402)

Cash and Equivalents beginning
Of Period 683,321 160,567

CASH AND EQUIVALENTS END OF PERIOD \$ 218,186 \$ 91,165

SUPPLEMENTARY DATA

Interest Paid	\$ 21,225	\$ 62,887
Taxes Paid	0	0

REPRO-MED SYSTEMS, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reference is made to Notes to Financial Statements included in the Company's Annual Report).

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.

PART I. ITEM 2.

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

Three months ended August 31, 1999 vs. 1998

Sales increased +7% from \$371,230 to \$397,663 for the quarter ended August 31, 1999 versus 1998. The increase is attributed to sales

of the Company's new intravenous infusion products.

Cost of goods rose moderately + 1.6% with the sales increase improving the product margin from 22% in 1998 to 26% in 1999.

Selling, general and administrative expense decreased \$47,071 for the three months period versus 1998. Management initiated expense and payroll reductions that resulted in the savings.

Research and development expense are virtually unchanged period to period. 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.

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Interest expense was reduced -67% as the result of the sale and lease-back of the company's building. Interest expense is now replaced by rent payments.

Interest and other income decreased by -97% with the elimination of rental income upon sale of the building.

The loss from operations was lowered 27% with margins improving +\$21,793, SG&A reductions of \$47,071 and lower depreciation \$8,753 accounting for the gain.

Six Months ended August 31, 1999 vs. 1998

Sales decreased \$146,609 (14%) primarily because the Company's OEM (Original Equipment Manufacture) sales in 1998 have not been repeated to the same levels in 1999 and the sales of new products have not yet compensated for that shortfall.

Cost of goods sold were 64% for the first six months of 1999 versus 58% for the comparable period in 1998. The lower margins reflect the price structure for the new products that have yet to meet the Company's objective of +50%.

Selling, General and Administrative expenses were 6% lower for the comparable period as management did initiate expense and payroll reductions in the second quarter. Research and Development expenses were 29% 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 \$82,214.

The loss before taxes increased \$104,316 as savings in operating expenses \$84,232 were impacted by lower gross margin of -\$120,897 and reduced non-operating income of -\$82,214. The minority interest in subsidiary loss increased \$14,563.

Liquid and Capital Resources

For the first six months of fiscal 2000, through August 31, 1999, the company experienced negative cash flow of approximately \$300,000 as a result of declining sales and significant expenses to prepare new products for the market. In August/September management initiated expense and payroll reductions that are expected to reduce negative cash flow below \$20,000 per month if sales achieve minimum expectations or to a cash breakeven with increased volume.

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The Company did sign with its lender on July 27, 1999 a Forebearance Agreement that extended the maturity date for the line of credit to January 31, 2000 and precluded the issuance of new advances. The Company continues to attempt to refinance the indebtedness before January 31, 2000. If new financing is not arranged the Company will attempt to negotiate an extension of the forbearance agreement or other arrangement with the lender.

The funds available on August 31, 1999 are expected to meet cash requirements as planned under current operating conditions for the remainder of the fiscal year.

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 and (7) adequate and available sources of funds. 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 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

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 quarter ended August 31, 1999.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

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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

October 14, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been and on the date indicated.

/s/ Andrew I. Sealfon

October 14, 1999

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

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