

CHEMBIO DIAGNOSTICS, INC.  
Form 10-Q  
May 12, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10 - Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2016

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

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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  
(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 March 10, 2016, the Registrant had 0 shares outstanding of its \$.01 par value common stock.

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Quarterly Report on FORM 10-Q  
For The Quarterly Period Ended  
March 31, 2016

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## PART I

## Item 1. FINANCIAL STATEMENTS

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

## - ASSETS -

	March 31, 2016 (Unaudited)	December 31, 2015
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$2,657,914	\$5,376,931
Accounts receivable, net of allowance for doubtful accounts of \$52,000 at March 31, 2016 and December 31, 2015, respectively	4,896,609	2,422,971
Inventories	3,383,273	3,578,025
Prepaid expenses and other current assets	1,109,410	1,256,879
<b>TOTAL CURRENT ASSETS</b>	<b>12,047,206</b>	<b>12,634,806</b>
FIXED ASSETS, net of accumulated depreciation	2,202,373	2,374,308
<b>OTHER ASSETS:</b>		
Deferred tax asset, net of valuation allowance	5,619,143	5,467,143
License agreements, net of current portion	75,000	100,000
Deposits on manufacturing equipment	28,473	30,918
Deposits and other assets	200,016	209,169
<b>TOTAL ASSETS</b>	<b>\$20,172,211</b>	<b>\$20,816,344</b>
<b>- LIABILITIES AND STOCKHOLDERS' EQUITY -</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$2,416,122	\$2,801,432
Deferred revenue	344,585	353,406
<b>TOTAL LIABILITIES</b>	<b>2,760,707</b>	<b>3,154,838</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock – 10,000,000 shares authorized; none outstanding	-	-
Common stock - \$.01 par value; 100,000,000 shares authorized; 9,650,707 and 9,628,248 shares issued and outstanding for March 31, 2016 and December 31, 2015, respectively	96,507	96,282
Additional paid-in capital	47,944,005	47,890,642
Accumulated deficit	(30,629,008)	(30,325,418)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>17,411,504</b>	<b>17,661,506</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$20,172,211</b>	<b>\$20,816,344</b>

See accompanying notes to condensed consolidated financial statements

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	For the three months ended	
	March 31, 2016	March 31, 2015
REVENUES:		
Net product sales	\$5,917,019	\$5,614,685
License and royalty revenue	22,201	7,051
R&D, milestone and grant revenue	661,879	609,401
TOTAL REVENUES	6,601,099	6,231,137
Cost of product sales	3,435,551	3,544,519
GROSS MARGIN	3,165,548	2,686,618
OPERATING EXPENSES:		
Research and development expenses	1,634,298	1,584,536
Selling, general and administrative expenses	1,999,404	1,977,574
	3,633,702	3,562,110
LOSS FROM OPERATIONS	(468,154 )	(875,492 )
OTHER INCOME:		
Interest income	2,564	1,175
	2,564	1,175
LOSS BEFORE INCOME TAXES	(465,590 )	(874,317 )
Income tax benefit	(162,000 )	(227,500 )
NET LOSS	\$(303,590 )	\$(646,817 )
Basic loss per share	\$(0.03 )	\$(0.07 )
Diluted loss per share	\$(0.03 )	\$(0.07 )
Weighted average number of shares outstanding, basic	9,631,686	9,624,691
Weighted average number of shares outstanding, diluted	9,631,686	9,624,691

See accompanying notes to condensed consolidated financial statements

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARY  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED  
(Unaudited)

	March 31, 2016	March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and grants	\$4,118,640	\$6,465,602
Cash paid to suppliers and employees	(6,811,814)	(7,408,585)
Interest received	2,564	1,175
Net cash used in operating activities	(2,690,610)	(941,808 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of License	-	(450,000 )
Acquisition of and deposits on fixed assets	(28,407 )	