

APPLIED DNA SCIENCES INC  
Form 10QSB  
May 21, 2007

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10QSB

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

For the Quarterly period ended March 31, 2007

Commission file number 002-90519

**APPLIED DNA SCIENCES, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**59-2262718**  
(I.R.S. Employer  
Identification Number)

**25 Health Sciences Drive, Suite 113**  
**Stony Brook, New York**  
(Address of Principal Executive Offices)

**11790**  
(Zip Code)

**(631) 444-6861**  
(Registrant's telephone number, including area code)

- Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the last 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

- The number of shares of Common Stock, \$0.001 par value, outstanding on May 15, 2007, was approximately 130,808,137 shares.
- Transitional Small Business Disclosure Format (check one):

Yes ☐ No ☒

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**APPLIED DNA SCIENCES, INC**  
**QUARTERLY REPORT ON FORM 10-QSB FOR THE**  
**QUARTERLY PERIOD ENDING MARCH 31, 2007**

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**APPLIED DNA SCIENCES, INC.**  
**(A Development stage company)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**(unaudited)**

		March 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash	\$	89,232
Prepaid expenses		26,667
Total current assets		115,899
Property, plant and equipment-net of accumulated depreciation of \$51,800		136,561
Other assets:		
Deposits		13,822
Capitalized finance costs-net of accumulated amortization of \$1,413,563		271,537
Intangible assets:		
Patients, net of accumulated amortization of \$22,019 (Note B)		12,238
Intellectual property, net of accumulated amortization and write off of \$7,520,996 (Note B)		1,909,904
Total Assets	\$	2,459,961

**LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY**

Current liabilities:		
Accounts payable and accrued liabilities	\$	7,926,210
Convertible notes payable, net of unamortized discount (Note D)		4,930,894
Total current liabilities		12,857,104
Debt derivative and warrant liability		8,820,085
Commitments and contingencies (Note J)		
Deficiency in Stockholders' Equity- (Note F)		
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; 60,000 issued and outstanding		6
Common stock, par value \$0.001 per share; 410,000,000 shares authorized; 121,162,385 issued		121,162

and outstanding (see Note J)

Additional paid in capital	83,037,855
Accumulated deficit	(102,376,251)
Total deficiency in stockholders' equity	(19,217,228)

Total liabilities and Deficiency in Stockholders'

Equity	\$	2,459,961
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See the accompanying notes to the consolidated financial statements

**APPLIED DNA SCIENCES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED STATEMENTS OF LOSSES**  
**(unaudited)**

	For the three months Ended March 31,		For the six months Ended March 31,		From September 16, 2002 (Date of Inception) Through March 31, 2007
	2007	2006 RESTATED	2007	2006 RESTATED	
Sales	\$ -	\$ -	\$ -	\$ -	\$ 18,900
Cost of sales	-	-	-	-	15,639
Gross Profit	-	-	-	-	3,261
Operating expenses:					
Selling, general and administrative	1,988,931	949,634	4,043,386	2,794,311	84,109,344
Research and development	39,479	75,033	68,785	91,303	1,099,384
Impairment of intangible asset(s)	-	-	-	-	5,655,011
Depreciation and amortization	108,358	341,676	216,237	684,375	1,945,963
Total operating expenses	2,136,768	1,366,343	4,328,408	3,569,989	92,809,702
NET LOSS FROM OPERATIONS	(2,136,768)	(1,366,343)	(4,328,408)	(3,569,989)	(92,806,441)
Net gain (loss) in revaluation of debt derivative and warrant liabilities	(6,387,761)	3,967,870	(4,289,290)	10,756,660	29,256,537
Other income	-	3,520	977	9,493	111,807
Interest expense	(845,709)	(571,696)	(1,424,739)	(2,350,402)	(38,938,153)
Net income (loss) before provision for income taxes	(9,370,238)	2,033,351	(10,041,460)	4,845,762	(102,376,251)
Income taxes (benefit)	-	-	-	-	-
NET INCOME (LOSS)	\$ (9,370,238)	\$ 2,033,351	\$ (10,041,460)	\$ 4,845,762	\$ (102,376,251)
Net income (loss) per share-basic	\$ (0.08)	\$ 0.02	\$ (0.08)	\$ 0.04	

Net loss per share-assuming fully diluted-Note A		\$	(0.02)		\$	(0.03)
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Weighted average shares outstanding-						
Basic	121,162,385	116,483,044	121,091,176	114,487,589		
Fully diluted		119,483,044		117,487,589		

See the accompanying notes to the consolidated financial  
statements

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APPLIED DNA SCIENCES, INC  
(A development stage company)  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY, (DEFICIENCY)  
FOR THE PERIOD SEPTEMBER 16, 2002 (DATE OF INCEPTION) THROUGH MARCH 31, 2007  
(unaudited)

	Preferred Shares	Preferred Amount	Common Shares	Common Stock Amount	Additional Paid in Capital Amount	Common Stock Subscribed	Stock Subscription Receivable	Deficit Accumulated During Development Stage	Total
Issuance of common stock to Founders in exchange for services on September 16, 2002 at \$.01 per share	-	-	100,000	\$ 10	\$ 990	\$ -	\$ -	\$ -	\$ 1,000
Net Loss	-	-	-	-	-	-	-	(11,612)	(11,612)
Balance at September 30, 2002	-	\$ -	100,000	\$ 10	\$ 990	\$ -	\$ -	\$ (11,612)	\$ (10,612)
Issuance of common stock in connection with merger with Prohealth Medical Technologies, Inc on October 1, 2002	-	-	10,178,352	1,015	-	-	-	-	1,015
Cancellation of common stock in connection with merger with Prohealth Medical Technologies, Inc on October 21, 2002	-	-	(100,000)	(10)	(1,000)	-	-	-	(1,010)
Issuance of common stock in									

exchange for services in October 2002 at \$0.65 per share	-	-	602,000	60	39,070	-	-	-	39,130
Issuance of common stock in exchange for subscription in November and December 2002 at \$0.065 per share	-	-	876,000	88	56,852	-	(56,940)	-	-
Cancellation of common stock in January 2003 previously issued in exchange for consulting services	-	-	(836,000)	(84)	(54,264)	-	54,340	-	(8)
Issuance of common stock in exchange for licensing services valued at \$0.065 per share in January 2003	-	-	1,500,000	150	97,350	-	-	-	97,500
Issuance of common stock in exchange for consulting services valued at \$0.13 per share in January 2003	-	-	586,250	58	76,155	-	-	-	76,213
Issuance of common stock in exchange for consulting services at \$0.065 per share in February 2003	-	-	9,000	1	584	-	-	-	585

Issuance of common stock to Founders in exchange for services valued at \$0.0001 per share in March 2003	-	-	10,140,000	1,014	-	-	-	-	1,014
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FOR THE PERIOD SEPTEMBER 16, 2002 (DATE OF INCEPTION) THROUGH MARCH 31, 2007  
(unaudited)

	Preferred		Common Shares	Common Stock Amount	Additional Paid in Capital Amount	Common Stock Subscribed	Stock Subscriptions Receivable	Deficit Accumulated During Development Stage	Total
	Shares	Amount							
Issuance of common stock in exchange for consulting services valued at \$2.50 per share in March 2003	-	-	91,060	10	230,624	-	-	-	230,634
Issuance of common stock in exchange for consulting services valued at \$0.065 per share in March 2003	-	-	6,000	1	389	-	-	-	390
Common stock subscribed in exchange for cash at \$1 per share in March 2003	-	-	-	-	18,000	-	-	-	18,000
Common stock issued in exchange for consulting services at \$0.065 per share on April 1, 2003	-	-	860,000	86	55,814	-	-	-	55,900
Common stock issued in exchange for cash at \$1.00 per									

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share on April 9, 2003	-	-	18,000	2	-	-	-	-	2
Common stock issued in exchange for consulting services at \$0.065 per share on April 9, 2003	-	-	9,000	1	584	-	-	-	585
Common stock issued in exchange for consulting services at \$2.50 per share on April 23, 2003	-	-	5,000	1	12,499	-	-	-	12,500
Common stock issued in exchange for consulting services at \$2.50 per share, on June 12, 2003	-	-	10,000	1	24,999	-	-	-	25,000
Common stock issued in exchange for cash at \$1.00 per share on June 17, 2003	-	-	50,000	5	49,995	-	-	-	50,000
Common stock subscribed in exchange for cash at \$2.50 per share pursuant to a private placement on June 27, 2003	-	-	-	-	-	24,000	-	-	24,000
Common stock retired in									

exchange for note payable at \$0.0118 per share, in June 30, 2003	-	-	(7,500,000)	(750)	750	-	-	-	-
Common stock issued in exchange for consulting services at \$0.065 per share, on June 30, 2003	-	-	270,000	27	17,523	-	-	-	17,550
Common stock subscribed in exchange for cash at \$1.00 per share pursuant to a private placement on June 30, 2003	-	-	-	-	-	10,000	-	-	10,000

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FOR THE PERIOD SEPTEMBER 16, 2002 (DATE OF INCEPTION) THROUGH MARCH 31, 2007  
(unaudited)

	Preferred		Common		Additional	Common	Stock	Deficit	
	Shares	Amount	Shares	Stock	Paid in	Stock	Subscription	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Subscribed	Receivable	During Development Stage	Total
Common stock subscribed in exchange for cash at \$2.50 per share pursuant to a private placement on June 30, 2003	-	-	-	-	-	24,000	-	-	24,000
Common stock issued in exchange for consulting services at approximately \$2.01 per share, July 2003	-	-	213,060	21	428,798	-	-	-	428,819
Common stock canceled in July 2003, previously issued for services rendered at \$2.50 per share	-	-	(24,000)	(2)	(59,998)	-	-	-	(60,000)
Common stock issued in exchange for options exercised at \$1.00 per share in July 2003	-	-	20,000	2	19,998	-	-	-	20,000
Common stock issued in exchange for exercise of									

options previously subscribed at \$1.00 per share in July 2003	-	-	10,000	1	9,999	(10,000)	-	-	-
Common stock issued in exchange for consulting services at approximately \$2.38 per Share in August 2003	-	-	172,500	17	410,915	-	-	-	410,932
Common stock issued in exchange for options exercised at \$1.00 per share in August 2003	-	-	29,000	3	28,997	-	-	-	29,000
Common stock issued in exchange for consulting services at approximately \$2.42 per share in September 2003	-	-	395,260	40	952,957	-	-	-	952,997
Common stock issued in exchange for cash at \$2.50 per share-subscription payable in September 2003	-	-	19,200	2	47,998	(48,000)	-	-	-
Common stock issued in exchange for cash at \$2.50 per share pursuant to a private placement in September 2003	-	-	6,400	1	15,999	-	-	-	16,000
Common stock issued in exchange for options exercised									



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at \$1.00 per share in September 2003	-	-	95,000	10	94,991	-	-	-	95,001
Common stock subscription receivable reclassification adjustment	-	-	-	-	-	-	2,600	-	2,600
Common Stock subscribed to									