

APPLIED DNA SCIENCES INC
Form 10-Q
August 14, 2009

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

FORM 10-Q

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from _____ to _____

Commission File Number: 33-17387

Applied DNA Sciences, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

59-2262718
(I.R.S. Employer
Identification No.)

25 Health Sciences Drive, Suite 113
Stony Brook, New York
(Address of principal executive offices)

11790
(Zip Code)

631-444- 8090
(Registrant's telephone number, including area code)

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 ☐
Non-accelerated filer ☐
(Do not check if a smaller reporting
company)

Accelerated filer ☐
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 August 13, 2009, the registrant had 274,891,570 shares of common stock outstanding.

Applied DNA Sciences, Inc.

Form 10-Q for the Quarter Ended June 30, 2009

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Part I

Item 1 - Financial Statements

APPLIED DNA SCIENCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009 (unaudited)	September 30, 2008
ASSETS		
Current assets:		
Cash	\$ 17,372	\$ 136,405
Restricted Cash	—	—
Accounts Receivable	16,425	75,150
Prepaid expenses	322,800	83,333
Total current assets	356,597	294,888
Property, plant and equipment-net of accumulated depreciation of \$191,645 and \$147,132, respectively	19,217	63,730
Other assets:		
Deposits	8,322	8,322
Capitalized finance costs-net of accumulated amortization of \$585,940 and \$464,274, respectively	74,060	113,226
Intangible assets:		
Patents, net of accumulated amortization of \$33,851 and \$31,762, respectively (Note B)	406	2,494
Intellectual property, net of accumulated amortization and write off of \$8,339,526 and \$8,066,682, respectively (Note B)	1,091,374	1,364,217
Total Assets	\$ 1,549,976	\$ 1,846,877
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note C)	\$ 940,692	\$ 12,821,171
Convertible notes payable, net of unamortized discount of \$420,720 and \$486,726, respectively (Note D)	1,529,280	3,063,274
Total current liabilities	2,469,972	15,884,445
Commitments and contingencies (Note H)	—	—
Deficiency in Stockholders' Equity (Note F)		
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; -0- and 60,000 issued and outstanding as of June 30, 2009 and September 30, 2008	—	—
Common stock, par value \$0.001 per share; 410,000,000 shares authorized; 261,888,747 and 205,359,605 issued and outstanding as of June 30, 2009 and	261,889	205,359

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September 30, 2008, respectively

Additional paid in capital	140,803,386	133,133,354
Accumulated deficit	(141,985,271)	(147,376,281)
Total deficiency in stockholders' equity	(919,996)	(14,037,568)
Total Liabilities and Deficiency in Stockholders' Equity	\$ 1,549,976	\$ 1,846,877

See the accompanying notes to the unaudited condensed consolidated financial statements

APPLIED DNA SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF LOSSES
(unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2009	2008	2009	2008
Sales	\$ 22,925	\$ 252,691	\$ 234,170	\$ 583,595
Cost of sales	(2,521)	(50,489)	(54,856)	(124,493)
Gross Profit	20,404	202,202	179,314	459,102
Operating expenses:				
Selling, general and administrative	982,945	951,828	5,430,490	3,365,880
Research and development	28,306	19,816	131,695	112,042
Depreciation and amortization	104,818	109,555	319,445	324,603
Total operating expenses	1,116,069	1,081,199	5,881,630	3,802,525
NET LOSS FROM OPERATIONS	(1,095,665)	(878,997)	(5,702,316)	(3,343,423)
Other income (Note C)	—	—	12,023,888	—
Interest expense, net	(234,940)	(649,722)	(929,991)	(1,643,727)
Net income (loss) before provision for income taxes	(1,330,605)	(1,528,719)	5,391,581	(4,987,150)
Income taxes (benefit)	75	—	572	—
NET INCOME (LOSS)	\$ (1,330,680)	\$ (1,528,719)	\$ 5,391,009	\$ (4,987,150)
Net income (loss) per share-basic	\$ (0.01)	\$ (0.01)	\$ 0.02	\$ (0.03)
Net income (loss) per share-diluted	\$ (0.01)	\$ (0.01)	\$ 0.02	\$ (0.03)
Weighted average shares outstanding-				
Basic	261,343,763	192,749,058	245,162,159	188,818,049
Diluted	261,343,763	192,749,058	291,705,369	188,818,049

See the accompanying notes to the unaudited condensed consolidated financial statements

APPLIED DNA SCIENCES, INC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Nine months ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income (loss)	\$ 5,391,009	\$ (4,987,150)
Adjustments to reconcile net loss to net used in operating activities:		
Depreciation and amortization	319,445	324,603
Reversal of accrued penalty charges	(12,023,888)	—
Fair value of vested options issued to officers, directors and employees	2,451,677	—
Fair value of warrants issued in exchange for services rendered	217,865	—
Amortization of capitalized financing costs	121,666	321,587
Amortization of debt discount attributable to convertible debentures		