

APPLIED DNA SCIENCES INC

Form S-1/A

November 12, 2014

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As filed with the Securities and Exchange Commission on November 12, 2014

Registration No. 333-199121

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

AMENDMENT NO. 3
TO
FORM S-1
registration statement under
the securities act of 1933

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

Delaware (State or other jurisdiction of incorporation or organization)	7380 (Primary Standard Industrial Classification Code Number)	59-2262718 (I.R.S. Employer Identification Number)
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50 Health Sciences Drive
Stony Brook, New York 11790
(631) 240-8800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

James A. Hayward, Ph.D., Sc.D.
Chairman, Chief Executive Officer and President
Applied DNA Sciences, Inc.

50 Health Sciences Drive
Stony Brook, New York 11790
(631) 240-8801
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this Prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED NOVEMBER 12, 2014
PROSPECTUS

APPLIED DNA SCIENCES, INC.

\$9,000,000 OF SHARES OF COMMON STOCK AND

WARRANTS TO PURCHASE SHARES OF COMMON STOCK

We are offering \$9,000,000 of shares of common stock and warrants to purchase shares of common stock in a firm commitment underwritten public offering. One share of common stock is being sold together with a warrant, with each warrant being immediately exercisable for share of common stock at an exercise price of \$ per share (or % of the price for each share sold in this offering) and expiring 5 years after the issuance date.

Our shares of common stock are currently quoted on the OTCQB marketplace, operated by OTC Markets Group. The symbol for our common stock is “APDN” (temporary symbol “APDND” through November 26, 2014, indicating a reverse stock split has occurred). We have applied to have our common stock and warrants offered hereby listed on The NASDAQ Capital Market under the symbols “APDN” and “APDNW,” respectively. No assurance can be given that our application will be approved. On November 11, 2014, the last reported sale price of our common stock on the OTCQB was \$5.87 per share.

On October 29, 2014, we effected a one-for-60 reverse split on our issued and outstanding shares of common stock. All warrant, option, share and per share information in this prospectus gives effect to the one-for-60 reverse split retroactively.

The purchase of the securities offered through this prospectus involves a high degree of risk. You should consider carefully the risk factors beginning on page 8 of this prospectus before purchasing any of the shares offered by this prospectus. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Per Warrant	Total
Public offering price	\$	\$	\$
Underwriting discounts and commissions (1)	\$	\$	\$
Proceeds, before expenses, to us (2)	\$	\$	\$

(1)

- We have agreed to issue warrants to the underwriter and to reimburse the underwriter for expenses incurred by it in an amount not to exceed \$100,000. We refer you to “Underwriting” beginning on page 79 of this prospectus for additional information regarding total underwriter compensation.

(2)

- We estimate the total expenses of this offering will be approximately \$520,500. We refer you to “Underwriting” for additional information.

One of our institutional investors (which is the holder of the Series B Warrant being repurchased with a portion of the proceeds of this offering) has indicated an interest in purchasing between \$1.0 to \$1.5 million in shares of common

stock and warrants in this offering at the public offering price and on the same terms as the other purchasers in this offering. However, because indications of interest are not binding agreements or commitments to purchase, this investor may determine to purchase more, less or no shares in this offering, or the underwriters may determine to sell more, less or no shares in this offering to this investor. It is also possible that one or more of our directors or their affiliates or related parties could purchase common stock and warrants in this offering at the public offering price and on the same terms as the other purchasers in this offering; however, these persons or entities may determine not to purchase any shares or warrants in this offering. The underwriters will receive the same underwriting discounts and commissions on any shares and warrants purchased by these parties as they will on any other shares and warrants sold to the public in this offering.

The underwriter expects to deliver the securities against payment in New York, New York on _____, 2014. We have granted the underwriter the option for a period of 45 days to sell up to an additional \$1,350,000 shares of common stock and warrants to purchase shares of common stock at the public offering price, less underwriting discounts and commission, to cover overallocments, if any.

Sole Book Running Manager

Maxim Group LLC

Co-Manager

Dawson James Securities, Inc.

The date of this prospectus is _____, 2014.

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You should rely only on the information contained in this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of securities described in this prospectus. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any prospectus supplement, as well as information we have previously filed with the Securities and Exchange Commission, is accurate as of the date on the front of those documents only. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS

The following summary highlights selected information contained in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our securities. Before making an investment decision, you should read the entire prospectus carefully, including the “risk factors” section, the financial statements and other information included in this prospectus. In this prospectus “Applied DNA,” “we,” “us” and “our” refer to Applied DNA Sciences, Inc. and its subsidiaries.

All warrant, option, share, and per share information in this prospectus gives retroactive effect to a one-for-60 reverse stock split that was effected on October 29, 2014.

Our Company

Using biotechnology as a forensic foundation, we create unique security solutions addressing the challenges of modern commerce. Whether working in supply chain security, brand protection or law enforcement applications, it is our goal to help establish secure and flourishing environments that foster quality, integrity and success. With secure taggants, high-resolution DNA authentication, and comprehensive reporting, our botanical DNA-based technologies are designed to deliver what we believe to be the greatest levels of security, deterrence and legal recourse strength. SigNature ® DNA. SigNature DNA is our platform ingredient, at the core of all of our security solutions. From application to application the vehicle which carries SigNature DNA is custom designed to suit the application. Exhaustive development efforts have yielded a flexible and durable marker with all the accuracy provided by nature. SigNature DNA is based on full, double stranded plant DNA, and provides forensic power and protection for a wide array of applications. Highly secure, robust and durable, SigNature DNA markers are an ingredient that can be used to fortify brand protection efforts; mark, track and convict criminals; and strengthen supply chain security. Custom DNA sequences can be embedded into a wide range of host carriers including ink, varnish, thread, laminates and metal coatings. These items can then be tested for the presence of SigNature DNA Markers through optical screening or a forensic level authentication. Hundreds of millions of SigNature DNA marks now exist in the public domain on items ranging from consumer product packaging to microcircuits to guitars. We believe that no marks have ever been copied.

SigNature DNA, SigNature ® T DNA, fiberTyping ®, DNANet ® and digitalDNA ®, our principal anti-counterfeiting and product authentication solutions and our Counterfeit Prevention Authentication Program can be used in numerous industries, including microcircuits and other electronics, cash-in-transit (transport and storage of banknotes), textiles and apparel, automotive, printing and packaging, homeland security, law enforcement and home asset marking, identity cards and other secure documents, industrial materials, agrochemicals, pharmaceuticals, consumer products, food and beverage, fine wine, and art and collectibles.

SigNature T DNA and fiberTyping. There is one common thread that runs through the global textile industry: success breeds counterfeiting and diversion. SigNature T botanical DNA markers are used for brand protection efforts and raw material source compliance programs. In situations where natural fibers like cotton or wool are utilized, we can isolate and type inherent DNA, making it possible to verify the presence of specified materials. This fiberTyping process provides DNA verification to help manufacturers, retailers and brand owners ensure quality, safety and compliance of their products.

DNANet. Recognizing that DNA-based evidence is the cornerstone of the modern era of law enforcement, we have created what we believe to be an effective crime fighting tool: DNANet, a botanical DNA marker that can be used to definitively link evidence and offenders to specific crime scenes. Whether deployed as a residential asset marker, an offender spray or fog in a retail location or a degradation dye in cash handling boxes, DNA markers facilitate conviction, and establish a heightened level of deterrence. DNANet, which includes our SmartDNA product line, is a unique security system and effective crime protection system for stores, warehouses, banks, pharmacies, ATMs and the protection of valuables. The system contains a water-based, non-toxic spray which may be triggered during a crime, marking the perpetrator and remaining on their person for weeks after the crime. Each unit is designed to be unique to

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each store, warehouse or sting operation, allowing the police and prosecutors to link criminals to the crimes. Assets acquired from RedWeb Technologies including Sentry 500 Intruder Spray Systems and Advanced Molecular Taggant Technology and our SmartDNA product line are now included in the DNANet family of products.

digitalDNA. digitalDNA is a security solution that utilizes the flexibility of mobile communications, the instant accessibility of secure, cloud-based data, and the certainty of DNA to make item tracking and authentication fast, easy and definitive, while providing the opportunity to create a new customer interface. digitalDNA begins with a DNA-secured form of the QR (“quick read”) code or other two dimensional code. A unique identification code is created for each article, and represented in an easy-to-read QR style barcode. The product uses forensic authentication of a botanical DNA marker, embedded within a secure QR code, and physically included within the ink used to digitally print the code. Should there ever be a question about the validity of a digitalDNA code; a laboratory-based analysis can be conducted to determine authenticity.

Counterfeit Prevention Authentication Program. Our turnkey program for electronics, military, commercial, and aerospace contractors called the Counterfeit Prevention Authentication Program (“CPA” Program) empowers end-users to verify the originality or provenance of parts which have been marked by their suppliers with our SigNature DNA Markers.

Summary Risks

Before you invest in our stock, you should carefully consider all the information in this prospectus, including matters set forth in the “Risk Factors” section beginning on page 8 of this prospectus. We believe that the following are some of the major risks and uncertainties that may affect us:

-
- We have a short operating history, a relatively new business model, and have not produced significant revenues, which makes it difficult to evaluate our future prospects and increases the risk that we will not be successful;
-
- We have a history of operating losses which may continue, and which may harm our ability to obtain financing and continue our operations;
-
- We will require additional financing which may require the issuance of additional shares which would dilute the ownership held by our stockholders;
-
- Our operating results could be adversely affected by a reduction in business with our customers that supply parts to the Defense Logistics Agency;
-
- If we are unable to obtain additional financing our business operations may be harmed or discontinued, and if we do obtain additional financing our stockholders may suffer substantial dilution;
-
- General economic conditions may adversely affect our business, operating results and financial condition;

- - If our existing products and services are not accepted by potential customers or we fail to introduce new products and services, our business, results of operations and financial condition will be harmed;
- - The expenses or losses associated with the continued lack of market acceptance of our solutions will harm our business, operating results and financial condition;
- - If we are unable to retain the services of Dr. Hayward or Dr. Liang, we may not be able to continue our operations;
- - The markets for our anti-counterfeiting and product authentication solutions are very competitive, and we may be unable to continue to compete effectively in these industries in the future;
- - We need to expand our sales, marketing and support organizations and our distribution arrangements to increase market acceptance of our products and services;

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-
- If we need to replace manufacturers, our expenses could increase, resulting in smaller profit margins;
-
- Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand;
-
- Intellectual property litigation could harm our business; and
-
- We may be subject to claims for damages in connection with certain sales of shares of our common stock in the open market.

Corporate Information

Our principal offices are located at 50 Health Sciences Drive, Stony Brook, New York 11790, and our telephone number is (631) 240-8800. We are a Delaware corporation, which was initially formed in 1983 under the laws of the State of Florida as Datalink Systems, Inc. In 1998, we reincorporated in Nevada, and in 2002, we changed our name to our current name, Applied DNA Sciences, Inc. In December 2008, we completed our reincorporation from Nevada to the State of Delaware. We maintain a website at www.adnas.com. The information contained on that website is not deemed to be a part of this prospectus.

Our corporate headquarters are located at the Long Island High Technology Incubator at Stony Brook University in Stony Brook, New York, where we established laboratories for the manufacture of DNA markers and product prototypes, and DNA authentication. To date, we have had a limited operating history, and as a result, our operations have produced limited recurring revenues from our services and products; we have incurred expenses and have sustained losses.

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SUMMARY OF THE OFFERING

Securities offered:

\$9,000,000 of shares of our common stock, together with warrants to purchase _____ shares of our common stock at the exercise price of \$ _____ per share (or _____ % of the price for each share sold in this offering). The warrants will be immediately exercisable and will expire 5 years after the issuance date.

Common stock outstanding before the offering (1):

13,935,954 shares

Common stock to be outstanding after the offering (1) (2):

_____ shares (_____ shares if the warrants being offered hereby are exercised in full).

Underwriter's Over-Allotment Option:

The Underwriting Agreement provides that we will grant to the underwriter an option, exercisable within 45 days after the closing of this offering, to purchase up to an additional 15% of the total number of common stock and warrants to be offered by us pursuant to this offering, solely for the purpose of covering over-allotments, if any.

Underwriter's Warrants:

The Underwriting Agreement provides that we will issue to the underwriter share purchase warrants covering a number of shares of common stock equal to 4% of the total number of shares being sold in the offering, including the over-allotments, if any.

Use of Proceeds:

We intend to use a portion of the net proceeds from this offering for the following purposes:

Proceeds:

Gross Proceeds	\$	9,000,000
Discounts, Fees and Expenses		(1,150,500)
Net Proceeds	\$	7,849,500

Uses:

Working Capital	\$	2,108,500
Repurchase of Warrants		4,091,000
Business Development		1,000,000
Research and Development		650,000
Total Uses	\$	7,849,500

Proposed Sale to Existing Investor and Potential Sales to Insiders

One of our institutional investors (which is the holder of the Series B Warrant being repurchased with a portion of the proceeds of this offering) has indicated an interest in purchasing between \$1.0 to \$1.5 million in shares of common stock and warrants in this offering at the public offering price and on the same terms as the other purchasers in this offering. However, because indications of interest are not binding agreements or commitments to purchase, this investor may determine to purchase more, less or no shares in

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this offering, or the underwriters may determine to sell more, less or no shares in this offering to this investor. It is also possible that one or more of our directors or their affiliates or related parties could purchase common stock and warrants in this offering at the public offering price and on the same terms as the other purchasers in this offering; however, these persons or entities may determine not to purchase any shares or warrants in this offering. The underwriters will receive the same underwriting discounts and commissions on any shares and warrants purchased by these parties as they will on any other shares and warrants sold to the public in this offering.

OTCQB Symbol:

APDN (temporary symbol “APDND” through November 26, 2014, indicating a reverse stock split has occurred)

Listing and Proposed Symbol:

We have applied to have our common stock and warrants offered hereby listed on The NASDAQ Capital Market under the symbols “APDN” and “APDNW,” respectively.

Risk Factors:

Investing in our securities involves substantial risks. You should carefully review and consider the “Risk Factors” section of this prospectus beginning on page 8 and the other information in this prospectus for a discussion of the factors you should consider before you decide to invest in this offering.

Reverse Split:

On October 29, 2014, we effected a one-for-60 reverse split on our issued and outstanding shares of common stock. All warrant, option, share and per share information in this prospectus gives retroactive effect to the one-for-60 reverse split.

(1)

- The number of shares of our common stock outstanding excludes the following:

•

- 3,854,150 shares of common stock issuable upon exercise of outstanding stock options and warrants, at a weighted average exercise price of \$5.98 per share; and

•

- _____ shares of common stock and warrants to purchase _____ shares of common stock issuable upon exchange for cancellation of principal and accrued interest of certain promissory notes issued to our President, Chairman and Chief Executive Officer and another individual in the aggregate principal amount of \$1,800,000 (assuming exchange of the notes at the public offering price of this offering). For a description of the notes, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Recent Debt and Equity Financing Transactions — Fiscal 2014;” and

•

- Assuming the over-allotment option is fully exercised, _____ shares of common stock issuable upon exercise of underwriter warrants.

(2)

- The total number of shares of our common stock outstanding after this offering is based on 13,935,954 shares outstanding as of November 10, 2014. Except as otherwise indicated herein, all information in this prospectus assumes the underwriter does not exercise the over-allotment option.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data presented below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes that are included elsewhere in this prospectus. We have derived the summary consolidated financial data for the nine month periods ended June 30, 2014 and 2013, and as of June 30, 2014, from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. We have derived the summary consolidated financial data for the years ended September 30, 2013, 2012 and 2011, and as of September 30, 2013, 2012 and 2011, from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated statements of operations data for the years ended September 30, 2010 and 2009 and the summary consolidated balance sheet data as of September 30, 2010 and 2009 were derived from our audited consolidated financial statements which are not included in this prospectus. The results of operations for the nine months ended June 30, 2014 are not necessarily indicative of the results to be expected for the full year ending September 30, 2014.

Consolidated Statements of Operations Data

	Years Ended September 30,					Nine Months Ended June 30,	
	2013	2012	2011	2010	2009	2014	2013
Revenues:	\$2,036,222	\$1,854,694	\$968,848	\$519,844	\$295,162	\$2,075,698	\$1,307,117
Operating expenses:							
Selling, general and administrative	11,198,505	7,615,734	8,388,873	7,189,020	6,637,672	10,093,631	8,516,390
Research and development	692,480	432,669	268,876	75,961	135,405	1,085,416	509,132
Depreciation and amortization	321,074	313,940	367,556	371,914	418,128	325,448	105,105
Total operating expenses	12,212,059	8,362,343	9,025,305	7,636,895	7,191,205	11,504,495	9,130,627
LOSS FROM OPERATIONS	(10,175,837)	(6,507,649)	(8,056,457)	(7,117,051)			