

Edgar Filing: BIOMERICA INC - Form 10QSB/A

BIOMERICA INC  
Form 10QSB/A  
June 09, 2003  
00

FORM 10-QSB/A  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

For Quarter Ended November 30, 2002  
-----

Commission File No. 0-8765  
-----

BIOMERICA, INC.

-----  
(Exact name of registrant as specified in its charter)

Delaware

95-2645573

-----  
(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1533 Monrovia Avenue, Newport Beach, California

92663

-----  
(Address of principal executive offices)

(Zip Code)

Registrant's telephone number including area code: (949) 645-2111  
-----

(Not applicable)

-----  
(Former name, former address and former fiscal year, 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 the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date: 5,258,475 shares of common  
stock as of January 10, 2003.

Edgar Filing: BIOMERICA INC - Form 10QSB/A

BIOMERICA, INC.

INDEX

PART I

Item 1. Consolidated Financial Statements:

Consolidated Statements of Operations and Comprehensive Loss  
(unaudited) - Six Months and Three Months Ended November  
30, 2002 and 2001..... 2-3

Consolidated Balance Sheet (unaudited) - November 30, 2002..... 4-5

Consolidated Statements of Cash Flows (unaudited) Six Months  
Ended November 30, 2002 and 2001..... 6-7

Consolidated Statement of Changes in Shareholders' Equity  
(unaudited) Six Months Ended November 30, 2002..... 8

Notes to Consolidated Financial Statements..... 9-17

Item 2. Management's Discussion and Analysis of Financial Condition  
and Selected Financial Data..... 17-19

Item 3. Quantitative and Qualitative Disclosures about Market Risk..... 19

Item 4. Procedures and controls..... 19

PART II Other Information..... 20

Signatures..... 21-25

PART I - FINANCIAL INFORMATION  
SUMMARIZED FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

BIOMERICA, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE LOSS (UNAUDITED)

Edgar Filing: BIOMERICA INC - Form 10QSB/A

	Six Months Ended November 30,		Three No
	2002	2001	2002
Net sales .....	\$ 4,226,038	\$ 4,138,255	\$ 2,136,52
Cost of sales .....	2,952,354	2,826,192	1,517,92
Gross profit .....	1,273,684	1,312,063	618,60
Operating Expenses:			
Selling, general and administrative .....	1,457,869	1,640,076	701,71
Research and development .....	110,206	88,650	62,32
	1,568,075	1,728,726	764,04
Operating loss from continuing operations .....	(294,391)	(416,663)	(145,43
Other Expense (income):			
Interest expense .....	17,700	15,253	6,90
Other (income) expense, net .....	(51,922)	12,120	(3,94
	(34,222)	27,373	2,96
Loss from continuing operations, before minority interest in net loss of consolidated subsidiaries and income taxes .....	(260,169)	(444,036)	(148,39
Minority interest in net losses (profits) of consolidated subsidiaries .....	(17,867)	38,880	(19,87
Loss (income) from continuing operations, before income taxes .....	(278,036)	(405,156)	(168,26
Income Tax Expense .....	1,794	1,600	19
Net (loss) income from continuing operations .....	(279,830)	(406,756)	(168,46

2

	Six Months Ended November 30,		Three No
	2002	2001	2002
Discontinued operations:			
Loss from discontinued operations, net.....	38,531	39,242	14,43
Net loss .....	(318,361)	(445,998)	(182,89

Edgar Filing: BIOMERICA INC - Form 10QSB/A

Other comprehensive loss, net of tax			
Unrealized loss on available-for-sale securities.....	(1,757)	(5,186)	(31,118)
	-----	-----	-----
Comprehensive loss.....	\$ (320,118)	\$ (451,184)	\$ (183,210)
	=====	=====	=====
Basic net loss per common share:			
Net loss from continuing operations.....	\$ (.05)	\$ (.08)	\$ (.08)
Net loss from discontinued operations.....	(.01)	(.01)	(.01)
	-----	-----	-----
Basic net loss per common share.....	\$ (.06)	\$ (.09)	\$ (.09)
	=====	=====	=====
Diluted net loss per common share:			
Net loss from continuing operations.....	\$ (.05)	\$ (.08)	\$ (.08)
Net loss from discontinued operations.....	(.01)	(.01)	(.01)
	-----	-----	-----
Diluted net loss per common share	\$ (.06)	\$ (.09)	\$ (.09)
	=====	=====	=====
Weighted average number of common and common equivalent shares:			
Basic and diluted.....	5,208,818	4,999,466	5,245,670
	=====	=====	=====

The accompanying notes are an integral part of these statements.

3

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	November 30,
	2002
	-----
Assets	
Current Assets	
Cash and cash equivalents .....	\$ 489,963
Available-for-sale securities .....	775
Accounts receivable, less allowance for doubtful accounts of \$195,532 .....	1,285,097
Inventory, net .....	2,695,669
Prepaid expenses and other .....	118,443
	-----
Total Current Assets .....	4,589,947

Edgar Filing: BIOMERICA INC - Form 10QSB/A

Inventory, non-current .....	15,000
Note receivable .....	2,419
Property and Equipment, net of accumulated depreciation and amortization	255,482
Intangible assets, net of accumulated amortization .....	98,786
Other Assets .....	35,546
	-----
	\$4,997,180
	=====

The accompanying notes are an integral part of these statements.

4

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED), CONTINUED

	November 30, 2002
	-----
Liabilities and Shareholders' Equity	
Current Liabilities	
Line of credit .....	\$ -0-
Accounts payable and accrued liabilities .....	860,037
Accrued compensation .....	348,791
Shareholder loan.....	322,950
Net liabilities from discontinued operations .....	362,423
	-----
Total Current Liabilities .....	1,894,201
Minority interest .....	2,113,260
Shareholders' Equity	
Common stock, \$0.08 par value authorized 25,000,000 shares, subscribed or issued and outstanding 5,376,657 .....	462,277
Additional paid-in-capital .....	17,056,374
Accumulated other comprehensive loss .....	(21,994)
Accumulated deficit .....	(16,506,938)
	-----
Total Shareholders' Equity .....	989,719
	-----
Total Liabilities and Shareholders' Equity .....	\$ 4,997,180
	=====

The accompanying notes are an integral part of these statements.

Edgar Filing: BIOMERICA INC - Form 10QSB/A

5

BIOMERICA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

SIX MONTHS ENDED NOVEMBER 30, 2002 AND 2001

	2002	2001
	-----	-----
Cash flows from operating activities:		
Net loss from continuing operations .....	\$ (279,830)	\$ (406,756)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization .....	72,650	107,891
Realized gain on sale of available for-sale securities .....	--	(3,626)
Minority interest in net gain (loss) of consolidated subsidiaries .....	28,368	(38,880)
Common stock issued for services rendered .....	66,767	42,625
Provision for losses on accounts receivable ....	(920)	(361)
Warrants and options issued for services rendered	32,364	35,308
Changes in current assets and liabilities:		
Accounts Receivable .....	220,167	39,424
Insurance claim receivable .....	--	--
Inventories .....	225,343	(87,470)
Prepaid expenses and other current assets ...	4,031	(7,062)
Accounts payable and other accrued liabilities	(46,153)	49,402
Accrued compensation .....	40,809	40,757
	-----	-----
Net cash provided by (used in) operating activities	363,596	(228,748)
	-----	-----
Cash flows from investing activities:		
Sale of available for-sale securities .....	--	26,670
Purchases of property and equipment .....	(60,910)	(9,890)
Other assets .....	--	3,220
Purchases of intangible assets .....	(21,986)	(10,591)
	-----	-----
Net cash (used in) provided by investing activities	(82,896)	9,409
	-----	-----
Cash flows from financing activities:		
Private placement net of offering costs .....	--	10,199
Exercise of stock options .....	--	1,128
Increase (decrease) in line of credit .....	(65,669)	32,845
Increase (decrease) in shareholder loan .....	(52,050)	165,000
	-----	-----

Edgar Filing: BIOMERICA INC - Form 10QSB/A

6

BIOMERICA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(CONTINUED)

SIX MONTHS ENDED NOVEMBER 30, 2002 AND 2001

	2002	2001
	-----	-----
Net cash (used in) provided by financing activities	(117,719)	209,172
Net cash used in discontinued operations.....	(2,295)	(72,204)
Net increase (decrease) in cash and cash equivalents	160,686	(82,371)
Cash at beginning of period.....	329,277	136,299
Cash at end of period.....	\$ 489,963	\$ 53,928
	=====	=====

The accompanying notes are an integral part of these statements.

7

BIOMERICA, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2002

	Common Stock		Additional Paid-in Capital	Common Stock Subscribed		Accumula Other Comprehe Loss
	Number of Shares	Amount		Shares	Amount	
	-----	-----	-----	-----	-----	-----
Balance at May 31, 2002	5,172,364	\$ 413,788	\$ 16,981,982	28,333	\$ 23,750	\$ (20,2

7

Edgar Filing: BIOMERICA INC - Form 10QSB/A

Compensation expense in connection with options and warrants granted			32,364			
Change in unrealized gain on available for sale securities						(1,7
Common stock subscribed for Services				10,000	4,500	
Common stock Issued for services	67,778	5,422	35,245			
Common stock Issued	18,333	1,467	6,783	(18,333)	(8,250)	
Common stock Subscribed for services				98,182	21,600	
Net loss						
Balance at November 30, 2002	5,258,475	\$ 420,677	\$ 17,056,374	118,182	\$ 41,600	(21,9

8

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

November 30, 2002

- (1) Reference is made to Note 2 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 2002, for a summary of significant accounting policies utilized by the Company.
- (2) The information set forth in these statements is unaudited and may be subject to normal year-end adjustments. The information reflects all adjustments which, in the opinion of management, are necessary to present a fair statement of results of operations of Biomerica, Inc., for the periods indicated. It does not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flow in conformity with generally accepted accounting principles.
- (3) Results of operations for the interim periods covered by this Report



## Edgar Filing: BIOMERICA INC - Form 10QSB/A

may not necessarily be indicative of results of operations for the full fiscal year.

- (4) Reference is made to Note 3 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 2002, for a description of the investments in affiliates and consolidated subsidiaries.
- (5) Reference is made to Notes 5 & 10 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 20012 for information on commitments and contingencies.
- (6) Aggregate cost of available-for-sale securities exceeded aggregate market value by approximately \$21,994 at November 30, 2002.
- (7) Earnings Per Share  
-----

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards (SFAS) No. 128, EARNINGS PER SHARE ("EPS"). SFAS No. 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements issued after December 15, 1997 for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities. For all periods presented, no common stock equivalents have been included in the computation of diluted earnings per share as they were determined to be anti-dilutive.

9

The following table illustrates the required disclosure of the reconciliation of the numerators and denominators of the basic and diluted EPS computations.

	For the Six Months Ended November 30, 2002		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations ...	\$ (279,830)		\$ (.05)
Loss from discontinued operations .	(38,531)		(.01)
	(318,361)	5,208,818	(.06)
Diluted EPS -			
Loss from continuing operations -	\$ (279,830)		\$ (.05)
Loss from discontinued operations .	(38,531)		(.01)
	\$ (318,361)	5,208,818	\$ (.06)

Edgar Filing: BIOMERICA INC - Form 10QSB/A

For the Six Months Ended November 30, 2001

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations ...	\$ (406,756)		\$ (.08)
Loss from discontinued operations .	(39,242)		(.01)
	\$ (445,998)	4,994,466	(.09)
Diluted EPS -			
Loss from continuing operations ...	\$ (406,756)		\$ (.08)
Loss from discontinued operations .	(39,242)		(.01)
	\$ (445,998)	4,994,466	\$ (.09)

For the Three Months Ended November 30, 2002

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations ...	\$ (168,461)		\$ (.03)
Loss from discontinued operations .	(14,437)		(.00)
	(182,898)	5,245,673	(.03)
Diluted EPS -			
Loss from continuing operations ...	\$ (168,461)		\$ (.03)
Loss from discontinued operations .	(14,437)		(.00)
	\$ (182,898)	5,245,673	\$ (.03)

For the Three Months Ended November 30, 2001

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Income from continuing operations .	\$ (139,364)		\$ (.03)
Loss from discontinued operations .	(2,636)		(.00)
	\$ (142,000)	5,031,349	(.03)
Diluted EPS -			
Loss from continuing operations ....	\$ (139,364)		\$ (.03)
Loss from discontinued operations .	(2,636)		(.00)
	\$ (142,000)	5,031,349	\$ (.03)

The computation of diluted loss per share excludes the effect of incremental common shares attributable to the exercise of outstanding common stock options and warrants because their effect was antidilutive due to losses incurred by the Company.

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

As of November 30, 2002, there was a total of 2,983,345 potentially dilutive shares of common Stock.

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 will have a material impact on the Company's financial position or results of operations.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill And Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized and will be tested for impairment annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. The adoption of FASB 142 did not have a material impact on the Company's financial position or results of operations.

In August 2001, the FASB issued Statement of Financial Accounting Standards FAS No. 143 ("SFAS 143"), "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to all entities and legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operations of long-lived assets, except for certain obligations of leases. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. Management has not yet determined the impact of the adoption of SFAS No. 143 on the Company's financial position or results of operations.

In October 2001, the FASB issued Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets, " or SFAS No. 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, is to be applied prospectively. The adoption of SFAS 144 did not have a material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145 ("SFAS 145"), "Rescission of FASB Statements No. 4 and 64, Amendment of FASB State- ment No. 13, and Technical Corrections, "to update, clarify and simplify existing accounting pronouncements. FASB Statement No. 4, which required all gains and losses from debt extinguishments to be aggregated and, if material, classified as an extraordinary item, net of related tax effect, was rescinded. Consequently, FASB Statement No. 64, which amended FASB Statement No. 4, was rescinded because it was no longer necessary. The adoption of SFAS 145 did not have a material impact on the Company's financial position or results of operations.

In June 2002, the FASB issued Statement of Financial Accounting Standards

Edgar Filing: BIOMERICA INC - Form 10QSB/A

No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 addresses accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit An Activity (Including Certain Costs Incurred in a Restructuring)". "SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. We do not expect the adoption of this statement to have a material effect on our financial statements.

11

- (8) Financial information about foreign and domestic operations and export sales is as follows:

	For the Six Months Ended	
	11/30/02	11/30/01
	-----	-----
Revenues from sales to unaffiliated customers:		
United States	\$2,362,000	\$1,964,000
Asia	117,000	115,000
Europe	954,000	1,151,000
South America	167,000	285,000
Oceania	208,000	183,000
Other	418,000	440,000
	-----	-----
	\$4,226,000	\$4,138,000
	=====	=====

No other geographic concentrations exist where net sales exceed 10% of total net sales.

12

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

(9) On January 15, 2002, the Company had received a Nasdaq Staff Determination indicating that the Company failed to comply with the net tangible assets or shareholders' equity requirements for continued listing set forth in Marketplace Rule 4310(c)(2)(B), and that its securities were, therefore, subject to delisting from the Nasdaq SmallCap Market effective January 23, 2002. The Company requested a hearing before a Nasdaq Listing Qualifications Panel to review the Staff De-termination. The request for a hearing stayed the delisting of the Company's securities pending the Panel's decision. On February 21, 2002, the hearing took place. In response to the hearing, on March 25, 2002, the Company received a Nasdaq Staff Determination Letter stating their decision with respect to the continued listing of the Company's securities. The Panel determined to continue the listing of the Company's securities on the Nasdaq SmallCap Market via an exception from the net tangible assets requirement. While the Company failed to meet this requirement, the Company was granted a temporary exception from the standard subject to the Company meeting certain conditions by specified deadlines.

The Company was unable to satisfy the conditions within the deadlines established by the Panel. Pursuant to a decision by the Nasdaq Listing Qualifications Panel, the Company's common stock was delisted from the Nasdaq Stock Market effective June 20, 2002, for failure to comply with the net tangible assets or shareholders' equity requirements as set forth in Marketplace Rule 4310(c)(2)(B). The Company's securities were immediately eligible to trade on the OTC Bulletin Board and are traded under the symbol BMRA.OB.

On February 14, 2002, the Company received a Nasdaq Staff Determination letter indicating that the Company failed to comply with the minimum \$1.00 per share requirement for continued inclusion of its common stock under Marketplace Rule 4310(c)(4), and therefore was subject to delisting from the Nasdaq SmallCap Market. In accordance with Marketplace Rule 4310(c)(8)(D), the Company would have been provided 180 calendar days, or until August 13, 2002, to regain compliance. However, prior to that time, the Company was delisted according to the above mentioned reasons.

Shares traded on the OTC Bulletin Board are not as liquid as those traded on Nasdaq National market or the Nasdaq SmallCap market.

The 1-for-3 reverse stock split approved by shareholders at the 2001 shareholders' meeting for the purpose of increasing the price per share of the common stock will not be implemented.

(10) The Company has suffered substantial recurring losses from operations over the last couple of years. The Company has funded its operations through debt and equity financings, and may have to do so in the future. ReadyScript operations were discontinued in May 2001. ReadyScript was a primary contributor to the Company's losses. The Company also plans to reduce operating costs through certain cost reduction efforts and concentrate on its core business in Lancer and Biomerica to increase sales. There can be no assurances that the Company will be able to become profitable, generate positive cash flow from operations or obtain the necessary equity or debt financing to fund operations in the future.

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

As of November 30, 2002, the Company had cash and available-for-sale securities in the amount of \$490,738 and working capital of \$2,695,746. Cash and working capital totaling \$434,312 and \$2,889,348, respectively, relates to the Lancer subsidiary. Lancer's line of credit restricts Biomerica's ability to draw on Lancer's resources and, as such, said cash, working capital and equity are not available to Biomerica. Biomerica, Inc. and its subsidiaries, are expected to fund their operations for at least the next twelve months through their existing available financing, working capital, and its shareholder line of credit.

During the six months ended November 30, 2002, the Company operations provided cash of \$363,596. This compares to cash used in operations of \$228,748 in the same period in the prior fiscal year. Cash used by financing activities was \$117,719, which resulted from the payment on the line of credit at Lancer of \$65,669 and payment of the shareholder loan at Biomerica of \$52,050.

(11) Lancer has a \$400,000 line of credit with GE Capital Healthcare Financial Services, expiring October 24, 2003. Borrowings are made at prime plus 2.0%, in no event less than 8.0%, (8.0% at November 30, 2002) and are limited to 80% of accounts receivable less than 90 days old with a liquidity factor of 94%. The outstanding balance at November 30, 2002 was \$.00 and the unused portion available was approximately \$336,000.

The line of credit is collateralized by substantially all the assets of Lancer, including inventories, receivables and equipment. The lending agreement requires, among other things, that Lancer maintain a tangible net worth of \$2,100,000 and that receivables payments be sent to a controlled lockbox. In addition to interest, a management fee of .0425% on the average monthly unused portion available are required. Lancer is not required to maintain compensating balances in connection with this lending agreement.

Proceeds from this line cannot be used to support the operations of Biomerica.

(12) Biomerica, Inc. entered into a line of credit agreement on September 12, 2000 with Janet Moore, an officer and director, whereby she will loan to the Company, as needed, up to \$500,000 for working capital needs. The line of credit bears interest at 8%, is secured by Biomerica accounts receivable and inventory and expires September 12, 2003. The unused portion of the line of credit at November 30, 2002, was \$187,050. Additionally, the Company received a \$10,000 unsecured loan from a different shareholder. Such amount is included in shareholder loan in the accompanying financial statements.

(13) In July 2002, 67,778 shares of Biomerica restricted common stock (at \$0.60 per share), were approved for issuance in payment of accrued salary for two officers/directors. In connection with this issuance, Biomerica recorded compensation expense of \$40,667, the fair market value of the stock at the time of issuance. During the six months ended November 30, 2002, 10,000 shares of Biomerica's restricted common stock valued at \$4,500 were earned in payment to its Chief Executive Officer for certain management services.

(14) On September 24, 2002, the Company agreed to issue 20,000 options at the then fair market value of \$.30 per share to employees. These options will vest over four years. No compensation expense was recorded for this transaction.

(15) The Company agreed to a bonus plan for employees of 10% to 20% of the profit of the diagnostics' division for the year ending May 31, 2003. The board will determine distribution percentages of profit from diagnostic's continuing operations for any bonuses based on audited financials as of May

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

31, 2003. All permanent employees, including executive officers, will be included in the plan. As of November 30, 2002, there has been no impact on revenues since the plan is based on profits and year-to-date there has not been a profit in the diagnostics' division.

(16) On April 10, 2002, the Company filed a Form S-4 for the proposed registration of between 488,200 and 984,274 shares of Biomerica common stock. The shares were to be issued for the purchase of the assets of the subsidiary Lancer Orthodontics, Inc. Due to market conditions, both boards of directors have agreed not to proceed with the proposed purchase and in July 2002 Biomerica requested that the registration statement be withdrawn.

(17) In June of 2002 the Company signed a distribution agreement with a company in Japan for the distribution of certain kits. The Company received a deposit of \$35,000, which is included in other liabilities, in the month of June 2002 related to this agreement.

(18) On September 24, 2002, the Board of Directors approved the grant of a stock option for 7,000 shares of Biomerica common stock at an exercise price of \$.30 per share to an outside consultant. The Company also entered into a one year consulting agreement with this consultant whereby the consultant will help with business development and other services during that period and upon achievement of certain milestones has the opportunity to be granted two additional 7,000 share options at a fifteen percent discount to market.

14

(19) On November 12, 2002, the Board of Directors approved the issuance of 98,182 shares of restricted common stock at the price of \$.22 per share in lieu of \$21,600 in accrued salary to two officers/directors.

(20) During the six months ended November 30, 2002, \$32,364 was recorded as amortization expense for previously issued warrants and options.

(21) Lancer Orthodontics, Inc. issued non-qualified options granted to the Chief Executive Officer to purchase 113,000 shares of Common Stock at \$.30. These options were granted on December 1, 2001 and are exercisable at the rate of one-third per year and have a term of five years.

(22) For the six months ended November 30, 2002, other income of \$52,655 was realized from the insurance claim settlement of \$134,413 for the theft of inventory at the Lancer Orthodontics, Inc.'s Mexicali facility, less \$81,758 insurance claim receivable valued at cost.

(23) Lancer Orthodontics, Inc. issued non-qualified stock options to three employees totaling 70,000 shares during the quarter ended November 30, 2002. The shares are at \$.28 per share and expire in five years.

(24) In October 2002 the Company signed an agreement with Medical Device Safety Service GmbH ("MDSS") wherein MDSS will act as the Company's Authorized Representative for the purpose of obtaining a CE-Mark in Europe.

(25) Reportable business segments for the six months and quarter ended November 30, 2002 and 2001 are as follows:

Six Months		Three Months	
Ended November 30,		Ended November 30,	
2002	2001	2002	2001

---

Edgar Filing: BIOMERICA INC - Form 10QSB/A

Domestic sales:				
Orthodontic products	\$1,566,000	\$1,476,000	\$ 812,000	\$
Medical diagnostic products	796,000	488,000	\$ 269,000	\$
Foreign sales:				
Orthodontic products	\$1,224,000	\$1,588,000	\$ 693,000	\$
Medical diagnostic products	640,000	586,000	\$ 363,000	\$
Net sales:				
Orthodontic products	\$2,790,000	\$3,064,000	\$1,505,000	\$1,
Medical diagnostic products	1,436,000	1,074,000	632,000	
Total	\$4,226,000	\$4,138,000	\$2,137,000	\$2,
Operating profit (loss):				
Orthodontic products	\$ (20,379)	\$ (27,766)	\$ 25,252	\$
Medical diagnostic products	(274,012)	(388,897)	(170,687)	(
Total	\$ (294,391)	\$ (416,663)	\$ (145,435)	\$
Operating loss from discontinued segment:				
AIT	\$ -0-	\$ 43,946	\$ -0-	\$
ReadyScript	38,531	(4,704)	14,437	
Total	\$ 38,531	\$ 39,242	\$ 14,437	\$
Domestic long-lived assets:				
Orthodontic products	\$ 52,464	\$ 21,038	\$ 52,464	\$
Medical diagnostic products	183,723	218,630	183,723	
Total	\$ 236,187	\$ 239,668	\$ 236,187	\$
Foreign long-lived assets:				
Orthodontic products	\$ 19,295	\$ 26,549	\$ 19,295	\$
Medical diagnostic products	-0-	-0-	-0-	
Total	\$ 19,295	\$ 26,549	\$ 19,295	\$
Total assets:				
Orthodontic products	\$3,532,523	\$3,717,208	\$3,532,523	\$3,
Medical diagnostic products	1,464,657	1,484,151	1,464,657	1,
Total	\$4,997,180	\$5,201,359	\$4,997,180	\$5,



## Edgar Filing: BIOMERICA INC - Form 10QSB/A

Depreciation and amortization expense:				
Orthodontic products	\$ 48,234	\$ 53,712	\$ 24,117	\$
Medical diagnostic products	24,417	54,179	12,647	
<hr style="border-top: 1px dashed black;"/>				
Total	72,650	107,891	\$ 36,764	\$
<hr style="border-top: 3px double black;"/>				
Capital expenditures:				
Orthodontic products	\$ (35,609)	-0-	\$ (33,545)	\$
Medical diagnostic products	(25,302)	(9,890)	(24,400)	
<hr style="border-top: 1px dashed black;"/>				
Total	\$ (60,911)	\$ (9,890)	\$ (57,945)	\$
<hr style="border-top: 3px double black;"/>				

15

The net sales as reflected above consist of sales of unaffiliated customers only as there were no significant intersegment sales during the six months or quarter ended November 30, 2002 and 2001.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND SELECTED FINANCIAL DATA

#### RESULTS OF OPERATIONS

Consolidated net sales for Biomerica were \$4,226,038 for the six months ended November 30, 2002 as compared to \$4,138,255 for the same period in the previous year. This represents an increase of \$87,783, or 2%. For the quarter then ended sales were \$2,136,529 as compared to \$2,211,187 for the same period in the prior fiscal year. This represents a decrease of \$74,658, or 3%. The increases for the six months were attributable to an increase in the diagnostic product's sales of \$361,501 which was offset by lower orthodontics sales of \$273,718. For the quarter sales in the diagnostics' area increased by \$49,771. With respect to orthodontics, sales were lower by \$124,429 due to lower international sales, particularly in Europe and South America.

Cost of sales for the six months increased as a percentage of sales from 68% to 70% (from \$2,826,192 to \$2,952,354, or \$126,162) and for the three months increased from 63% to 71% (from \$1,389,423 to \$1,517,924, or \$128,501). Lancer cost of sales decreased by \$117,203 for the six months and increased by \$36,615 for the three months ended November 30, 2002. Biomerica's cost of sales increased from \$730,808 to \$974,173, or \$243,365, for the six months and from \$371,437 to \$463,323, or \$91,886, for the three months. The increase in cost of sales at Lancer was attributable to higher production costs. For the six months, cost of sales at Biomerica were materially constant as a percentage of sales between the two periods. Increases at Biomerica during the quarter were attributable to a lower margin sales mix and certain costs that remain fixed.

Selling, general and administrative costs decreased by \$182,207, or 11% for the six months and by \$150,243, or 18% for the three months ended November 30, 2001. Lancer had a decrease of \$195,084 for the six months and \$104,183 for the three months due to a decrease in marketing support

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

personnel. At Biomerica these expenses increased by \$12,877 for the six months and decreased by \$46,060 for the three months. This decrease was due to lower wages (\$34,155 as compared to \$48,943), rent (\$11,055 compared to \$17,421), consulting expenses (\$7,107 as compared to \$50,860) and other cost cutting measures.

Research and development increased by \$21,556, or 24% for the six months and \$31,514, or 103% for the three months. The increases were due to increases at Lancer of \$31,182 and \$15,996 for the six and three months, respectively, a result of resumption of product development at Lancer. Biomerica had decreases of \$9,626 for the six months and an increase of \$15,518 (\$11,255 in wage related expenses) for the three months due to the hiring of new employees in the research and development during the second quarter, where earlier in the year there had been cutbacks.

Interest expense increased by \$2,447 for the six months and \$2,140 for the three months compared to the previous year due to borrowings on the line of credit at Biomerica offset by reduction of borrowing on the line of credit at Lancer.

16

At November 30, 2002, the Company retained a direct 31.1% interest in Lancer Orthodontics. The Company maintains a 53.76% indirect voting control over Lancer Orthodontics via agreements with certain shareholders. The Company also retains an 88.9% interest in ReadyScript. Please refer to Note 3 in the Notes to the Consolidated Financial Statements in the report on Form 10-KSB for the year ended May 31, 2002, for a more in-depth discussion of subsidiaries.

Aside from general macroeconomic downturns, the additional material factors that could affect future financial results include, but are not limited to: terrorist attacks and the impact of such events; diminished access to raw materials that directly enter into our manufacturing process; shipping labor disruption or other major degradation of the ability to ship out products to end users; inability to successfully control our margins which are affected by many factors including competition and product mix; protracted shutdown of the U.S. border due to escalation of terrorist or counter terrorist activity; the operating and financial covenants contained in our credit line and Lancer's which could limit our operating flexibility; any changes in our business relationships with international distributors or the economic climate they operate in; any event that has a material adverse impact on our foreign manufacturing operations may adversely affect our operations as a whole; failure to manage the future expansion of our business could have a material adverse affect on our revenues and profitability; possible costs in complying with government regulations and the delays in receiving required regulatory approvals or the enactment of new, adverse regulations or regulatory requirements; numerous competitors, some of which have substantially greater financial and other resources than we do; potential claims and litigation brought by patients or dental or medical professionals alleging harm caused by the use of or exposure to our products; quarterly variations in operating results caused by a number of factors, including business and industry conditions and other factors beyond our control. All these factors make it difficult to predict operating results for any particular period.

LIQUIDITY AND CAPITAL RESOURCES

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

As of November 30, 2002, the Company had cash and available-for-sale securities in the amount of \$490,738 and working capital of \$2,695,746. Cash and working capital totaling \$434,312 and \$2,889,348, respectively, relates to the Lancer subsidiary. Lancer's line of credit restricts Biomerica's ability to draw on Lancer's resources and, as such, said cash, working capital of \$2,889,348 and equity are not available to Biomerica. Biomerica, Inc. and its subsidiaries, are expected to fund their operations for at least the next twelve months through their existing available financing, working capital, and its shareholder line of credit.

The Company has suffered substantial recurring losses from operations over the last couple of years. The Company has funded its operations through debt and equity financings, and may have to do so in the future. ReadyScript operations were discontinued in May 2001. ReadyScript was a primary contributor to the Company's losses. The Company also plans to reduce operating costs through certain cost reduction efforts and concentrate on its core business in Lancer and Biomerica to increase sales. There can be no assurances that the Company will be able to become profitable, generate positive cash flow from operations or obtain the necessary equity or debt financing to fund operations in the future.

During the six months ended November 30, 2002, the Company used net cash in operations of \$363,596. This compares to net cash provided by operations of \$228,748 in the same period in the prior fiscal year. Cash used by financing activities was \$117,719, which resulted from the payment on the line of credit at Lancer of \$65,669. Through November 30, 2002, the Company had made payment on the shareholder loan at Biomerica of \$52,050. The interest due on the loan of 8% per annum is being accrued and has not been paid to date. As of November 30, 2002 there was \$33,039 in accrued interest due.

On January 15, 2002, the Company had received a Nasdaq Staff Determination indicating that the Company failed to comply with the net tangible assets or shareholders' equity requirements for continued listing set forth in Marketplace Rule 4310(c)(2)(B), and that its securities were, therefore, subject to delisting from the Nasdaq SmallCap Market effective January 23, 2002. The Company requested a hearing before a Nasdaq Listing Qualifications Panel to review the Staff Determination. The request for a hearing stayed the delisting of the Company's securities pending the Panel's decision. On February 21, 2002, the hearing took place. In response to the hearing, on March 25, 2002, the Company received a Nasdaq Staff Determination Letter stating their decision with respect to the continued listing of the Company's securities. The Panel determined to continue the listing of the Company's securities on the Nasdaq SmallCap Market via an exception from the net tangible assets requirement. While the Company failed to meet this requirement, the Company was granted a temporary exception from the standard subject to the Company meeting certain conditions by specified deadlines.

The Company was unable to satisfy the conditions within the deadlines established by the Panel. Pursuant to a decision by the Nasdaq Listing Qualifications Panel, the Company's common stock was delisted from the Nasdaq Stock Market effective June 20, 2002, for failure to comply with the net tangible assets or shareholders' equity requirements as set forth in Marketplace Rule 4310(c)(2)(B). The Company's securities were immediately eligible to trade on the OTC Bulletin Board and are traded under the symbol BMRA.OB.

On February 14, 2002, the Company received a Nasdaq Staff Determination letter indicating that the Company failed to comply with the minimum \$1.00 per share requirement for continued inclusion of its common stock under Marketplace Rule 4310(c)(4), and therefore was subject to delisting from the

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

Nasdaq SmallCap Market. In accordance with Marketplace Rule 4310(c)(8)(D), the Company would have been provided 180 calendar days, or until August 13, 2002, to regain compliance. However, prior to that time, the Company was delisted according to the above mentioned reasons.

Shares traded on the OTC Bulletin Board are not as liquid as those traded on Nasdaq National market or the Nasdaq SmallCap market.

17

Lancer has a \$400,000 line of credit with GE Capital Healthcare Financial Services, expiring October 24, 2003. Borrowings are made at prime plus 2.0%, in no event less than 8.0%, (8.0% at November 30, 2002) and are limited to 80% of accounts receivable less than 90 days old with a liquidity factor of 94%. The outstanding balance at November 30, 2002 was \$.00 and the unused portion available was approximately \$336,000.

The line of credit is collateralized by substantially all the assets of Lancer, including inventories, receivables and equipment. The lending agreement requires that receivables payments be sent to a controlled lockbox. In addition to interest, a management fee of .0425% on the average monthly unused portion available are required. Lancer is not required to maintain compensating balances in connection with this lending agreement. Proceeds from this line cannot be used to support the operations of Biomerica.

Biomerica, Inc. entered into a line of credit agreement on September 12, 2001 with Janet Moore, an officer and director, whereby she will loan to the Company, as needed, up to \$500,000 for working capital needs. The line of credit bears interest at 8%, is secured by Biomerica accounts receivable and inventory and expires September 12, 2003. The unused portion of the line of credit at November 30, 2002, was \$187,050. Additionally, the Company received a \$10,000 unsecured loan from a different shareholder. Such amount is included in shareholder loan in the accompanying financial statements. The Company has no other line of credit available to it.

### WE MAY FACE INTERRUPTION OF PRODUCTION AND SERVICES DUE TO INCREASED SECURITIES MEASURES IN RESPONSE TO TERRORISM:

Our business depends on the free flow of products and services through the channels of commerce. Recently, in response to terrorists' activities and threats aimed at the United States, transportation, mail, financial and other services have been slowed or stopped altogether. Further delays or stoppages in transportation, mail, financial or other services could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we may experience an increase in operating costs, such as costs for transportation, insurance and security as a result of the activities and potential activities. We may also experience delays in receiving payments from payers that have been affected by the terrorist activities and potential activities. The U.S. economy in general is being adversely affected by the terrorist activities and potential activities and any economic downturn could adversely impact our results of operations, impair our ability to raise capital or otherwise adversely affect our ability to grow our business.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

A discussion of the Company's exposure to, and management of, market risk appears in Item 2 of this Form 10-QSB under the heading "Management's Discussion and Analysis of Financial Condition and Selected Financial Data."

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

Item 4. PROCEDURES AND CONTROLS. Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls to the date of their evaluation.

18

### POTENTIAL CONSEQUENCES OF ALLERGY IMMUNO TECHNOLOGY, INC.'S FAILURE TO CONDUCT A FORMAL STOCKHOLDER VOTE IN CONNECTION WITH OUR PURCHASE OF ASSETS FROM IT AND ASSUMPTION OF ITS LIABILITIES

During not less than the preceding three years, AIT, a former majority-owned subsidiary of ours, had been unprofitable and, for financial statement reporting purposes, its losses were consolidated into our financial statements. In March of 2002, AIT ceased its clinical testing services. Thereafter, in late April of 2002, we entered into a transaction, pursuant to which, at the end of May of 2002, AIT transferred its remaining assets to us (valued on its financial statements at approximately \$8,000), issued to us approximately 808,500 shares of its restricted common stock (valued as of the date of the transaction at approximately \$19,000), and we assumed its remaining liabilities (recorded on its financial statements at approximately \$27,000) (the "Asset/Liability Transaction"). The Asset/Liability Transaction was approved by our board on April 22, 2002. Approval by our stockholders was not required under Delaware corporate law. We understand that AIT's board approved the Asset/Liability Transaction in April of 2002 and that, rather than calling a formal meeting of AIT's stockholders, our consent to that transaction was deemed to constitute the approval of the holders of a majority of AIT's capital stock, as permitted by Delaware corporate law.

The Company's substantial recurring losses from operations during the preceding years and its lack of readily available capital, other than a line of credit from a stockholder and officer, to help fund operations were the major factors in its decision to stop lending funds to AIT. Both ReadyScript and AIT contributed to the Company's losses. Accordingly, the Company discontinued operations of ReadyScript in May of 2001 and ceased funding of AIT one year later. (See Notes 2 and 13 to the Company's Audited Financial Statements for the year ended May 31, 2002).

At the time of the approval of the Asset/Liability Transaction, our seven directors were Allen Barbieri, David Barrows, Carlos Beharie, M.D., Francis R. Cano, Ph.D., Zackary S. Irani, Janet Moore, and Robert A. Orlando, M.D., Ph.D., three of whom (Mr. Irani, Ms. Moore, and Dr. Orlando) were also directors of AIT. AIT's fourth director at such time was Susan Irani, whom AIT deemed to be an affiliate of ours. Further, at such time, Mr. Irani served as the Chief Executive Officer and Ms. Moore served as the Chief Financial Officer and Secretary of both AIT and us. The Asset/Liability Transaction was negotiated by management common to AIT and us and was approved by all of our directors (including the directors constituting a majority of our board, who did not serve in common with AIT). We were

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

advised that the Asset/Liability Transaction was approved by all of the AIT directors (each of whom also served as one of our directors or was deemed to be an affiliate of ours).

Notwithstanding the approval of the Asset/Liability Transaction by AIT's board and its majority stockholder, AIT may not have provided prompt notice of that approval to all of its stockholders in a manner fully consistent with Delaware corporate law. That failure could have certain potential consequences. Although AIT did not solicit proxies from its stockholders, it also did not file a Schedule 14C with the Securities and Exchange Commission in connection with the approval of the Asset/Liability Transaction by its majority stockholder. Further, the potential exists that one of AIT's stockholders could bring a legal action under Delaware state law against AIT either to rescind the Asset/Liability Transaction, or to seek damages against AIT. Because of our status as an affiliate of AIT at the time of the Asset/Liability Transaction, such failure to file a Schedule 14C or a potential action could also name us, our directors, and our officers. As of the date of this amended filing, no action has been filed, and no proceeding has been commenced, against us or any of our directors or officers, and no person or agency has contacted us or our directors or officers announcing an intention to bring any action or to commence any proceeding.

We have been advised by counsel to AIT that, as of the date of this amended filing, no action has been filed, and no proceeding has been commenced, against AIT or any of its directors or officers, and no person or agency has contacted AIT or its directors or officers announcing an intention to bring any action or to commence any proceeding. AIT has informed us that its present attorney has advised it that the likelihood of such an action or proceeding is minimal, the possibility of its success on the merits is remote, and the scope of any potential damages award is nominal for a variety of reasons. For example,

No AIT stockholder or other person with potential standing to sue has announced dissatisfaction with the Asset/Liability Transaction, although it was announced publicly in June of 2002.

The assets that were the subject of the Asset/Liability Transaction had historically yielded only unprofitable operations, which operations had ceased prior to the approval of the Asset/Liability Transaction, as well as the closing of that transaction.

The value of the assets that were the subject of the Asset/Liability Transaction was small and less than the amount of liabilities that we concurrently assumed; thus, any award the compensation due to any potential plaintiffs upon a successful claim would be correspondingly small.

Any potential liability under such a claim would be incapable of precise determination because the measure of damages under such a claim would depend upon a subjective valuation of the assets and liabilities that were the subject of the Asset/Liability Transaction.

We do not believe that such an action is probable, nor that a liability for such an action, if any, could be estimated. Accordingly, we have not accrued a liability in the accompanying consolidated financial statements related to the aforementioned matter.

## Edgar Filing: BIOMERICA INC - Form 10QSB/A

Item 1. LEGAL PROCEEDINGS. Inapplicable.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS. The following shares of restricted common stock were issued during the quarter ended November 30, 2002:

Date	Title	Class or Persons		Price	
		Amount	Sold to	Per Share	Total
9/02	common	87,778	insiders & qualified investors	\$0.45	\$39,500

The exemption relied upon for the issuance of the unregistered shares was that the shares were issued to accredited investors within the meaning of Securities and Exchange Commission Rule 501, Regulation D.

Item 3. DEFAULTS UPON SENIOR SECURITIES. Inapplicable.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. Inapplicable.

Item 5. OTHER INFORMATION. Inapplicable.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K. A report on Form 8-K was filed with the Securities and Exchange Commission on June 6, 2002.

(a) Exhibits

99.1 Certifications of Chief Executive Officer and Chief Financial Officer pursuant To 18 U.S.C., Section 1350, as adopted pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

19

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: June 5, 2003

BIOMERICA, INC.

By: /S/ Zackary S. Irani

-----  
Zackary Irani  
Chief Executive Officer

Edgar Filing: BIOMERICA INC - Form 10QSB/A

20

STATEMENT PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 BY  
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS  
AND CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Janet Moore, certify that:

1. I have reviewed this amended quarterly report on Form 10-QSB/A of Biomerica, Inc.
2. Based on my knowledge, this amended quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amended quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this amended quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this amended quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and Maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14 for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this amended quarterly report (the "Evaluation Date"); and;
  - c) presented in this amended quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this amended quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect



Edgar Filing: BIOMERICA INC - Form 10QSB/A

internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 5, 2003

/s/ Janet Moore

-----  
Chief Financial Officer

21

STATEMENT PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 BY  
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS  
AND CIRCUMSTANCES RELATING TO EXCHANGE ACT FILINGS

I, Zackary Irani, certify that:

1. I have reviewed this amended quarterly report on Form 10-QSB/A of Biomerica, Inc.
2. Based on my knowledge, this amended quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this amended quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this amended quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this amended quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this amended quarterly report is being
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this amended quarterly report (the "Evaluation Date"); and;
  - c) presented in this amended quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the

Edgar Filing: BIOMERICA INC - Form 10QSB/A

equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this amended quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 5, 2003

/s/ Zackary S. Irani

-----  
Chief Executive Officer

22

EXHIBIT 99.1

Date: 6/05/03

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amended Quarterly Report on Form 10-QSB/A of Biomerica Inc. for the quarterly period ended August 31, 2002 (the Report) as filed with the Securities and Exchange Commission on the date hereof, I, Janet Moore, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. #1350, as adopted pursuant to #906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Janet Moore  
Janet Moore  
Chief Financial Officer

June 5, 2003

Edgar Filing: BIOMERICA INC - Form 10QSB/A

6/05/03

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amended Quarterly Report on Form 10-QSB/A of Biomerica Inc. for the quarterly period ended August 31, 2002 (the Report) as filed with the Securities and Exchange Commission on the date hereof, I, Zackary Irani, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. #1350, as adopted pursuant to #906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Zackary S. Irani  
Zackary S. Irani  
Chief Executive Officer

June 5, 2003