

FORM 10-QSB
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES ACT OF 1934

For the quarterly period ended NOVEMBER 30, 2000

Commission File Number 0-12305

REPRO-MED SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

NEW YORK 13-3044880

(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

24 CARPENTER ROAD, CHESTER, NY 10918

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (845) 469-2042

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 during the past 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 (X) No ()

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at Nov. 30, 2000
----	-----
Common stock, \$.01 par value	23,504,000 shares

REPRO-MED SYSTEMS, INC.
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REPRO-MED SYSTEMS, INC.

BALANCE SHEETS

<TABLE>

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ASSETS	11-30-00	2-29-00	
	-----	-----	
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CURRENT ASSETS			
Cash & Cash Equivalents	\$48,268	\$167,085	
Accounts Receivable, net	192,529	227,871	
Inventory	641,395	555,882	
Prepaid Expenses & Other Receivables	48,260	45,517	
	-----	-----	
TOTAL CURRENT ASSETS	930,453	996,355	
EQUIPMENT & OTHER ASSETS			
Total Equipment	1,099,281	1,033,718	
Less - Accumulated Depreciation	(611,503)	(549,912)	
	-----	-----	
Net Book Value of Equipment	487,778	483,806	
Deposits	40,000	40,000	
Other Assets	51,360	54,412	
	-----	-----	
TOTAL EQUIPMENT & OTHER ASSETS	579,137	578,218	
	-----	-----	
TOTAL ASSETS	\$1,509,591	\$1,574,573	
	=====	=====	

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$137,948	\$59,363	
Accrued Expenses	123,291	184,936	
Bank Line of Credit Payable	50,000	0	
Current Portion of Leases Payable	11,109	0	
Current Portion Capital Gain	22,481	22,481	
	-----	-----	
TOTAL CURRENT LIABILITIES	344,829	266,780	
	-----	-----	

OTHER LIABILITIES

Customer Deposits	50,600	245,230	
Long-Term Portion of Leases Payable	27,772		

Deferred Capital Gain Income	387,795	404,655
TOTAL LIABILITIES	810,997	916,665
STOCKHOLDERS' EQUITY		
Preferred Stock, 8% Cumulative \$.01 Par Value Authorized 2,000,000 Issued & Outstanding 10,000 Shares	100	100
Common Stock, \$.01 Par Value, Authorized 50,000,000 Shares, Issued & Outstanding 23,504,000 & 22,904,000 Respectively	235,040	229,040
Additional Paid-in Capital	2,052,631	2,031,631
Accumulated Deficit	(1,447,178)	(1,460,863)
Treasury Stock at Cost	(142,000)	(142,000)
TOTAL STOCKHOLDERS' EQUITY	698,594	657,908
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$1,509,591	\$1,574,573

</TABLE>

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REPRO-MED SYSTEMS, INC.
STATEMENTS OF INCOME

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	FOR THE 3 MONTHS ENDED		FOR THE 9 MONTHS ENDED	
	NOV 30,2000	NOV 30,1999	NOV 30,2000	NOV 30,1999
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SALES				
Net Sales of Products	\$435,978	\$524,445	\$1,529,336	\$1,449,384
COST AND EXPENSES				
Cost of Goods Sold	229,244	303,920	824,132	900,132
Selling, General & Administrative Expenses	195,333	203,408	588,617	744,718
Research and Development	5,525	25,248	32,700	83,932
Depreciation and Amortization	23,081	22,545	65,911	76,148
TOTAL COST AND EXPENSES	453,183	555,121	1,511,361	1,804,930
INCOME (LOSS) FROM OPERATIONS	(17,205)	(30,676)	17,975	(355,546)
Non-Operating Income (Expense)				
Interest (Expense)	(2,451)	(9,858)	(2,503)	(31,083)
Interest & Other Income	1,595	5,021	2,213	10,016
Gain on Sale of Investment	0	221,800	0	221,800
	(856)	216,963	(290)	200,733
INCOME (LOSS) BEFORE MINORITY INTEREST SHARE OF OPERATIONS	(18,061)	186,287	17,686	(154,813)
Minority Interest In Loss of Subsidiary	0	0	0	54,542
Extraordinary Item	0	71,480	0	71,480
Income (Loss) Before Income Taxes	(18,061)	257,767	17,686	(28,791)
Provision for Income Taxes	0	760	0	2,280

NET INCOME (LOSS) AFTER TAXES	(18,061)	257,007	17,686	(31,071)
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EARNINGS (LOSS) PER COMMON SHARE

Primary	(\$0.00)	\$0.01	\$0.00	(\$0.00)
Fully Diluted	(\$0.00)	\$0.01	\$0.00	(\$0.00)

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REPRO-MED SYSTEMS, INC.
STATEMENTS OF CASH FLOW
FOR THE NINE MONTHS ENDED

<TABLE>
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	NOV 30,2000	NOV 30,1999
	-----	-----
<S>	<C>	<C>
OPERATING ACTIVITIES		\$17,686 (31,071)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	65,911	76,148
Income (Loss) of Minority Interests	0	(54,542)
Deferred Gross Profit - Building Lease	(16,860)	(16,860)
Gain on Sale of Investment	0	(221,800)
Gain on Forgiveness of Debt	0	(71,480)
Changes In Assets and Liabilities		
Accounts Receivable	35,342	(157,708)
Inventory	(85,513)	79,816
Prepaid Expenses and Other Receivables	(2,743)	34,124
Accounts Payable	78,585	69,611
Leases Payable	38,881	0
Short Term Investments	0	81,352
Other Liabilities	(256,274)	228,200
	-----	-----
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(124,986)	15,810
INVESTING ACTIVITIES		
Proceeds from Sale of Investment	0	263,579
Cost of Investment	0	(41,779)
Minority Interest	0	(234,340)
Purchase of Property and Equipment	(69,883)	(48,828)
Other Assets	3,052	6,837
	-----	-----
	(66,831)	(54,531)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Repayment of Term Loan	0	(458,398)
Proceeds from Credit Line	50,000	0
Decrease in Warrants	0	(40)
Issuance of Common Stock	27,000	0
Preferred Stock Dividend	(4,000)	(4,000)
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	73,000	(462,438)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(118,817)	(501,159)
Cash and Cash Equivalents, beginning of period	167,085	683,321
	-----	-----

Cash and Cash Equivalents, end of period	\$48,268	\$182,162
<hr/>		
SUPPLEMENTAL DISCLOSURES		
CASH PAYMENTS FOR		
Interest	2,503	29,766
Income Taxes	801	0

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REPRO-MED SYSTEMS, INC.
NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PRESENTATION

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-KSB dated February 29, 2000.

PART I ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-QSB contains certain "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to Repro-Med Systems, Inc. that are based on the beliefs of the management of Repro-Med Systems, Inc. as well as assumptions made by and information currently available to the management of Repro-Med Systems, Inc. The Company's actual results may vary materially from the forward-looking statements made in this report due to important factors such as: recent operating losses, uncertainties associated with future operating results; unpredictability related to Food and Drug Administration regulations, introduction of competitive products, limited liquidity; reimbursement related risks; government regulation of the home health care industry; success of the research and development effort, market acceptance of FREEDOM60, availability of sufficient capital to continue operations and dependence on key personnel. When used in this report, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views of Repro-Med Systems, Inc. with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Repro-Med does not undertake any obligation to release publicly any revision to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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THREE MONTHS ENDED NOVEMBER 30, 2000 VS. 1999

Sales decreased 17% from \$524,445 (1999) to \$435,978 (2000) for the quarter ended November 30 primarily due to a sales promotion which occurred during the previous quarter 2000, a back order situation created by an outside company that provides sterilization to us creating unanticipated delays in shipments, a decrease in a low margin product line which we acquired for resale and which we are discontinuing, and two of our significant customers delayed purchases until the next quarter.

Cost of goods decreased 25% as a result of the sales decrease.

Selling, general and administrative expense experienced a minor decrease of 4% for the three months period versus 1999.

Research and development expenses decreased 78% period to period reflecting payroll reductions made in the second quarter of fiscal 2000 and the deferral in the development of our new products.

There was no material change in depreciation and amortization expense during this period.

Interest expense was reduced 75% as the result of a full payoff of all bank indebtedness in October 1999.

On August 3, 2000, we signed a national distribution agreement with Medical Specialties, a large national distributor for the Freedom60 Syringe Infusion System. Medical Specialties has experienced a change in their sales management and has not pursued marketing our products. Management is negotiating a revised agreement, which will modify the current arrangement towards that of a standard distributor agreement.

On August 28, 2000, we were notified of an Indefinite Delivery, Indefinite Quantity (IDIQ) Contract #RFP-797-FDF3-00-0089 awarded on August 25, 2000 by the AFMLO/VA Services Division. This material contract covers three of the Company's patented products, Res-Q-Vac Manual Suction System, Freedom60 Syringe Infusion System and Masterson Endometrial Biopsy System which are now available to all government agencies. We continue in the process of contacting the various branches of the government that have continued to express interest in these products.

On September 29, 2000, we were notified that the U. S. Defense Logistics Information Service in Battle Creek, MI had assigned National Stock Numbers to our Freedom60 and Res-Q-Vac products and accessories. This now facilitates orders from any U. S. military agency to be able to acquire our products from a national military catalog listing.

NINE MONTHS ENDED NOVEMBER 30, 2000 VS. 1999

Sales increased 6% year-to-date November 2000 versus 1999 primarily because of increases in Res-Q-Vac sales and assembly of a product booked against a customer deposit under an OEM contract.

Cost of goods sold was reduced from 62% in 1999 to 53% in 2000. The higher margins reflect the improved efficiencies in production and purchasing.

Selling, general and administrative expenses were 21% lower for the comparable period as a result of management's continued emphasis on expense and payroll reductions, which began, in the third quarter of 1999. Research and Development expenses were 61% lower for the same reasons as well as a deferral of certain research and development projects due to cash restraints.

Income from operations increased from a loss of \$355,546 in 1999 to a profit of \$17,975 in 2000, as a result of both higher sales and profit margins, and lower expenses.

LIQUIDITY AND CAPITAL RESOURCES

During June 2000, we negotiated a \$200,000 line of credit with Premier Bank that is guaranteed by the President and one of the directors. The line of credit is intended for material purchases for new orders. As of November 30, 2000, \$50,000 has been advanced on the line of credit.

During July 2000, we entered into a capital lease agreement with Plasticweld for a catheter machine and tooling. The lease payments are \$1,232 per month for 48 months. The value of the equipment is \$44,435.

For the nine months ended 11/30/00, we have operated at neutral cash flow and have sufficient capital for our ongoing needs based on the anticipated continued sales growth and maintaining careful control of expenses. We have demonstrated our ability to control costs and believe we would be able to offset any unanticipated decreases in revenues with additional reductions in overhead, materials, and labor. The funds available on November 30, 2000 are expected to meet cash requirements as planned under current operating conditions at least for the next 12 months.

SUBSEQUENT EVENTS

On November 5th, 2000, the Health Care Financing Administration (HCFA) had advised us that after the ninety day review process of our application, the SADMERC and the four Durable Medical Equipment Regional Carriers DMERCs) completed the HCPCS coding re-review and advised us that the

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correct billing code for the Res-Q-Vac was E1399, a durable equipment miscellaneous reimbursement code. Subsequently, three weeks later HCFA advised us that it was rescinding the previous correspondence because we didn't prove the use of Res-Q-Vac in a home setting. We are collecting home care user testimonials and actively pursuing other actions to have our product become reimbursable by HCFA.

During the month of November, a consultant to the company improperly forged checks to himself totaling approximately \$6600. Our bank has decided not to reimburse us for these forgeries. Although we are continuing to attempt to recover the funds, we have taken it as a charge in the third quarter. We have reported the theft to the State Police and are considering legal action against the bank for honoring these checks.

On January 3, we hired a Vice President of Sales and Marketing, Robert Leichtman. Mr. Leichtman is an experienced salesman, trained by Johnson and Johnson, has military background, and has spent the last 15 years in home care. On January 9, Mr. Leichtman signed a Sales Representation Agreement with Martin Porter who represents 37 product representatives experienced in home care and hospital sales. He has also introduced our products to Russia and the colonies of the former Soviet Union.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We have been advised by an attorney for a large competitor that his client has commenced an action against us seeking declaratory relief and claiming unfair competition against us. Although the complaint has not yet been served upon us, we believe the complaint is a defensive measure brought by the competitor who we previously had advised was engaging in unfair competition against us by selling a product which copies one of our products.

The Company is neither a party to any other material litigation, nor to the knowledge of the officers and directors of the Company, is there any other material litigation threatened against the Company.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders of the Company during the quarter ended November 30,2000.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized.

REPRO-MED SYSTEMS, INC.

/s/ Andrew I. Sealfon

January 18, 2001

Andrew I. Sealfon, President, Treasurer,
Chairman of the Board, Director, and
Chief Executive Officer

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