

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, 2001

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, 2001
-----	-----

Common stock, \$.01 par value	23,504,000 shares
-------------------------------	-------------------

Repro-Med Systems, Inc.
 Table of Contents

Part I	PAGE
-----	----
Item 1. Financial Statements	
Balance Sheet - November 30, 2001	3
Statements of Income - for the three-months and nine months ending November 30,2001 and November 30, 2000	4
Statements of Cash Flow - November 30,2001 and 2000	5
Notes to Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7

Part II

Item 1. Legal Proceedings	10
---------------------------------	----

Item 2. Changes in Securities and Use of Proceeds	10
Item 3. Defaults Upon Senior Securities	10
Item 4. Submission of Matters to a Vote of Security Holders	10
Item 5. Other Information	10
Item 6. Exhibits and Reports on Form 8-K	10

2
REPRO-MED SYSTEMS, INC
BALANCE SHEETS

ASSETS	11-30-01	

CURRENT ASSETS		
Cash & Cash Equivalents	\$37,141	
Accounts Receivable, net	150,881	
Inventory	650,018	
Prepaid Expenses & Other Receivables	31,836	

TOTAL CURRENT ASSETS		869,876

EQUIPMENT & OTHER ASSETS		
Total Equipment	1,170,197	
Less - Accumulated Depreciation	(688,076)	

Net Book Value of Equipment		482,121
Deposits	40,000	
Other Assets	50,498	

TOTAL EQUIPMENT & OTHER ASSETS		572,619

TOTAL ASSETS	\$1,442,495	
	=====	
LIABILITIES & STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES		
Accounts Payable	\$169,434	
Accrued Expenses	160,699	
Current Portion Capital Gain	22,481	
Current Portion of Leases Payable	21,646	
Bank Line of Credit Payable	200,000	

Total Current Liabilities		574,260

OTHER LIABILITIES		
Customer Deposits	346	
Deferred Capital Gain Income	365,315	
Long-Term Portion of Leases Payable	58,716	

TOTAL LIABILITIES		998,637

STOCKHOLDERS' EQUITY		
Preferred Stock, 8% Cumulative \$.01 Par Value Authorized 2,000,000 Issued & Outstanding 10,000 Shares		100
Common Stock, \$.01 Par Value, Authorized 50,000,000 Shares, Issued & Outstanding 23,504,000 Respectively	235,040	
Additional Paid-in Capital	2,211,631	
Unearned Compensation	(10,250)	
Accumulated Deficit	(1,850,663)	
Treasury Stock at Cost	(142,000)	

TOTAL STOCKHOLDERS' EQUITY		443,858

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		\$1,442,495
	=====	

<TABLE>

REPRO-MED SYSTEMS, INC
STATEMENTS OF INCOME

	FOR THE 3 MONTHS ENDED		FOR THE 6 MONTHS ENDED		
	Nov 30, 2001	Nov 30, 2000	Nov 30, 2001	Nov 30, 2000	
	-----	-----	-----	-----	
SALES					

<S>	<C>	<C>	<C>	<C>	
Net Sales of Products	\$426,393	\$435,978	\$1,301,956	\$1,529,336	
COST AND EXPENSES					

Cost of Goods Sold	323,571	273,096	953,740	954,347	
Selling, General & Administrative Expenses	155,313	151,713	485,119	458,672	
Research and Development	11,660	5,747	34,611	32,886	
Equity Based Compensation	10,250	0	30,750	0	
Depreciation and Amortization	21,387	23,081	63,164	65,911	
	-----	-----	-----	-----	
TOTAL COST AND EXPENSES	522,181	453,638	1,567,384	1,511,816	
	-----	-----	-----	-----	
INCOME (LOSS) FROM OPERATIONS		(95,788)	(17,660)	(265,428)	17,520
Non-Operating Income (Expense)					
Interest (Expense)	(5,400)	(2,451)	(13,465)	(2,503)	
Interest & Other Income	400	2,050	6,122	2,669	
	---	---	---	---	
	(5,000)	(401)	(7,343)	166	
	-----	-----	-----	-----	
INCOME (LOSS) BEFORE INCOME TAXES		(100,788)	(18,061)	(272,770)	17,686
Provision for Income Taxes	(161)	0	(572)	0	
	---	---	---	---	
NET INCOME (LOSS) AFTER TAXES		(100,949)	(18,061)	(273,342)	17,686
	-----	-----	-----	-----	
Preferred Dividends	0	0	8,000	4,000	
NET INCOME (LOSS) AVAILABLE TO		(100,949)	(18,061)	(281,342)	13,686
	=====	=====	=====	=====	
COMMON SHAREHOLDERS					
EARNINGS (LOSS) PER COMMON SHARE					
Primary	(\$0.00)	(\$0.00)	(\$0.01)	\$0.00	
Fully Diluted	(\$0.00)	(\$0.00)	(\$0.01)	\$0.00	

</TABLE>

<TABLE>

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

	NOVEMBER 30, 2001	NOVEMBER 30, 2000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
<S>	<C>	<C>
Net (Loss) Income	(\$273,342)	\$17,686
Adjustments to reconcile net (loss) income to cash provided by (used) in operating activities:		

Equity Based Compensation	30,750	0	
Depreciation and Amortization	63,164	65,911	
Deferred Gross Profit - Building Lease	(16,861)	(16,860)	
Accounts Receivable	56,707	35,342	
Inventory	(63,152)	(85,513)	
Prepaid Expenses and Other Receivables	19,751	(2,743)	
Other Assets	(422)	3,052	
Accounts Payable	67,296	78,585	
Leases Payable	43,332	38,881	
Other Liabilities	25,840	(256,274)	
	-----	-----	
NET CASH PROVIDED IN OPERATIONS		(46,937)	(121,933)
	-----	-----	
CASH FLOWS USED BY INVESTING ACTIVITIES			
Capital Expenditures	(73,388)	(69,883)	
	-----	-----	
NET CASH USED BY INVESTING ACTIVITIES		(73,388)	(69,883)
	-----	-----	
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:			
Proceeds from Line of Credit	130,000	50,000	
Issuance of Common Stock/Exercise of Options		0	27,000
Preferred Stock Dividend	(8,000)	(4,000)	
	-----	-----	
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		122,000	73,000
	-----	-----	
NET INCREASE (DECREASE) IN CASH		1,675	(118,817)
CASH, beginning of period	35,466	167,085	
	-----	-----	
CASH, end of period	\$37,141	\$48,268	
	=====	=====	
SUPPLEMENTAL DISCLOSURES			
CASH PAYMENTS FOR			
Interest	13,465	2,503	
Income Taxes	572	801	

5

</TABLE>

Repro-Med Systems, Inc.
Notes to the Financial Statements

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with instructions to Form 10-QSB. Accordingly, they do not include all of the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended February 28,2001 included in the Form 10-KSB for the year then ended.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of November 30,2001, and the results of operations for the three-month and six month periods ended November 30,2001 and 2000 and cash flows for the periods ended November 30,2001 and 2000 have been included.

The results of operations for the three-month and six-month periods ended November 30,2001, are not necessarily indicative of the results to be expected for the full year. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10-KSB as filed with the Securities and Exchange Commission for the year ended February 28,2001.

Reclassification - certain reclassifications have been made to prior year

amounts to conform to current year presentation.

Debt

As of November 30, 2001, we have borrowed \$200,000 on our bank line of credit. Although the line agreement matured on June 30, 2001, during January 2002, the bank verbally agreed to extend the line term through June 30, 2002.

New Accounting Developments:

In June 2001, the FASB issued SFAS No. 141, "Business Combination", SFAS No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 141 requires the use of the purchase method of accounting and prohibits the use of the pooling-of-interest method of accounting for business combinations initiated after June 30, 2001. It also requires that the Company recognize acquired intangible assets apart from goodwill. SFAS No. 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS No. 142 requires that the Company identify reporting units for the purposes of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. SFAS No. 143 establishes accounting standards for recognition and measurement of a liability for an asset retirement obligation and the associated asset retirement cost, which will be effective for financial statements issued for fiscal years beginning after June 15, 2002.

6

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which basically further clarifies SFAS No. 121 and methods of quantifying potential impairments or disposal of assets as well as the related reporting of such impairments or disposals.

The adoption of SFAS No. 141, SFAS No. 142 and SFAS No. 143 is not expected to have a material effect on the Company's financial position, results of operations and cash flows.

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 within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All Statements, other than statements of historical facts, included or incorporated in this report regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "believes", "anticipates", "estimates", "plans", "expects", "intends", "may", "projects", "will" and "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements contained or incorporated in this report, particularly the matters discussed in the Overview to Management's Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report. In addition, any forward-looking statements represent Repro-Med Systems, Inc. estimates only as of the date this Quarterly Report is first filed with the Securities and Exchange Commission and should not be relied upon as representing Repro-Med Systems, Inc.'s estimates as of any subsequent date. We do not assume any obligation to update forward-looking statements

Three months ended November 30, 2001 vs. 2000

Sales of our key products have significantly increased this quarter. Sales of the Freedom60 Syringe Infusion System increased by 46% over the prior year's

quarter and sales of our Res-Q-Vac Airway Suction System increased by 25% over the prior year's quarter. These sales increases were offset by the elimination of low margin products and recognition of an OEM sale which resulted in overall sales this quarter decreasing slightly by 2% from \$435,978 for the third quarter ended November 30,2000 to \$426,393 for the third quarter ended November 30,2001. Without the OEM sale recognized in the third quarter 2000, current sales quarter over quarter actually increased by 18%.

7

Gross profit decreased to 24% of net sales for the quarter ended November 30, 2001 from 37% for the quarter ended November 30, 2000 primarily as a result of the timing of the recognition of an OEM sale in the third quarter ended November 30,2000 and the inventory reserve in the third quarter ended November 30,2001. When excluding this OEM sale in the third quarter ended November 30,2000 and the inventory reserve, the current gross profit percentage is indicative of our current core business and actually improved by 1% over the previous quarter ended November 30, 2000.

Selling, general and administrative expense increased 2% for the quarter ended November 30,2001 versus the quarter ended November 30,2000 which was the net result of reducing administrative personnel costs and the increase in costs for attending the Medica Trade Show in Germany during November 2001. Sales resulting from the show of \$26,000 will be recognized in December 2001 and January 2002.

Research and development expenses increased over 100% for the quarter ended November 30,2001 versus the quarter ended November 30,2000 as a result of the use of outside R&D/Engineering personnel during November 30,2001.

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

Interest expense increased over 100% as a result of an equipment lease that began at the end of the second quarter of 2000 and three leases that began during the first nine months of 2001 and due to monthly interest payments on the outstanding balance of our bank line of credit during 2001.

Nine Months Ended November 30, 2001 vs. 2000

Sales of our core products increased for the nine-month period ended November 30, 2001 versus the nine-month period ended November 30,2000 with our FREEDOM60 sales increasing by 35% over the prior year nine-month period and RES-Q-VAC sales increasing by 18% over the prior year nine-month period. However net sales decreased 15% overall for the nine-month period ended November 30,2001 from \$1,529,336 for the nine months ended November 30,2000 to \$1,301,956 for the nine months ended November 30,2001 primarily due to a decrease of sales in product lines which we are eliminating due to low margins and for the recognition of revenue in 2000 for one of our OEM customers.

8

Gross profit decreased to 27% of net sales for the nine months ended November 30,2001 from 38 % in the nine-months ended November 30,2000 primarily as a result of a large sale in 2000 of OEM products with a high profit margin. When excluding this sale from 2000 from the prior year income statement, the current gross profit percentage is indicative of our core business and is in line with the prior year.

Selling, general and administrative expense increased 6% for the nine-month period ended November 30,2001 versus the nine-month period ended November 30,2000 as a result of increased sales and marketing efforts during the nine-month period ended November 30,2000.

Research and development expenses increased 5% for the nine-month period ended November 30,2001 versus the nine-month period ended November 30,2000 as a result of the use of outside R&D/Engineering personnel during November 30,2001.

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 and tooling. As of November 30,2001 \$200,000 has been advanced on the line of credit. Although the line

matured on June 30,2001, during January 2002, the bank verbally extended the term of the line through June 30,2002.

Although our cash flow remains constricted, the funds available on November 30, 2001 are expected to meet cash requirements as planned under current operating conditions at least for the next 12 months.

The Company will require additional capital to enable us to significantly increase marketing efforts of our key products, and to develop and market our new technology devices such as the "Full Stop Protector" for our Res-Q-Vac among others. The Company has been discussing with third parties the possibilities of joint ventures. There is no assurance that these discussions will be successful.

Subsequent Events

During August 2001, we began a trial of the FREEDOM60 at one location of a major national home healthcare agency. We received our first order, as a result of the successful trial, in September 2001. A second location completed their trial and placed their first order in December 2001. We have begun trials at two other locations of this agency and will be working diligently to begin trials at the remaining locations within the next six months.

As a direct result of the President's trip to Europe for the Medica Show, during December 2001, the Company authorized an Italian distributor to obtain the CE Mark to market the FREEDOM60 in Europe. We have been advised that the distributor has recently obtained the CE Mark and is expected to market the FREEDOM60 in Europe within the next 90 days.

9

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is neither a party to any material litigation, nor to the knowledge of the officers and directors of the Company, is there any 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 30,2001.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

10

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 15, 2002

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