

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 August 31, 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 incorporation or organization)	(IRS Employer 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 Aug. 31, 2001
-----	-----
Common stock, \$.01 par value	23,504,000 shares

Repro-Med Systems, Inc.
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REPRO-MED SYSTEMS, INC
BALANCE SHEETS

ASSETS	8-31-01	
CURRENT ASSETS	-----	
<S>	<C>	
Cash & Cash Equivalents	\$62,546	
Accounts Receivable, net	179,519	
Inventory	643,513	
Prepaid Expenses & Other Receivables	29,590	

TOTAL CURRENT ASSETS		915,168
	=====	
EQUIPMENT & OTHER ASSETS		
Total Equipment	1,143,089	
Less - Accumulated Depreciation	(668,120)	

Net Book Value of Equipment	474,969	
Deposits	40,000	
Other Assets	51,404	

TOTAL EQUIPMENT & OTHER ASSETS		566,373

TOTAL ASSETS		\$1,481,541
	=====	
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$131,738	
Accrued Expenses	154,918	
Current Portion Capital Gain	22,481	
Current Portion of Leases Payable	16,831	
Bank Line of Credit Payable	200,000	

Total Current Liabilities		525,968

OTHER LIABILITIES		
Customer Deposits	3,916	
Deferred Capital Gain Income	370,935	
Long-Term Portion of Leases Payable	46,165	

TOTAL LIABILITIES		946,984

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	(20,500)
Accumulated Deficit	(1,749,714)
Treasury Stock at Cost	(142,000)

TOTAL STOCKHOLDERS' EQUITY	534,557

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$1,481,541
	=====

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REPRO-MED SYSTEMS, INC
STATEMENTS OF INCOME

	FOR THE 3 MONTHS ENDED		FOR THE 6 MONTHS ENDED	
	Aug 31, 2001	Aug 31, 2000	Aug 31,2001	Aug 31, 2000
	-----	-----	-----	-----
SALES				
<S>	<C>	<C>	<C>	<C>
Net Sales of Products	\$448,150	\$536,744	\$875,563	\$1,093,358
COST AND EXPENSES				
Cost of Goods Sold	311,009	302,435	630,169	594,889
Selling, General & Administrative Expenses	11,518	14,022	22,951	26,968
Research and Development	10,250	0	20,500	0
Equity Based Compensation	21,489	21,415	41,778	42,830
Depreciation and Amortization	-----	-----	-----	-----
TOTAL COST AND EXPENSES		510,477	511,566	1,045,203
	-----	-----	-----	-----
INCOME (LOSS) FROM OPERATIONS		(62,327)	25,178	(169,640)
Non-Operating Income (Expense)				
Interest (Expense)	(4,323)	(51)	(8,065)	(51)
Interest & Other Income	2,726	418	5,722	618
	-----	-----	-----	-----
	(1,597)	367	(2,342)	567
	-----	-----	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES		(63,924)	25,545	(171,983)
Provision for Income Taxes	0	0	(411)	0
	-----	-----	-----	-----
NET INCOME (LOSS) AFTER TAXES		(63,924)	25,545	(172,394)
Preferred Dividends	4,000	4,000	8,000	4,000
	-----	-----	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS		(67,924)	21,545	(180,394)
	=====	=====	=====	=====
EARNINGS (LOSS) PER COMMON SHARE				

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

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

AUGUST 31, 2001 AUGUST 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES

<S>	<C>	<C>
Net (Loss) Income	(\$172,394)	\$35,747
Adjustments to reconcile net (loss) income to cash provided by (used) in operating activities:		
Equity Based Compensation	20,500	0
Depreciation and Amortization	41,778	42,830
Deferred Gross Profit - Building Lease	(11,241)	(11,240)
Accounts Receivable	28,069	58,959
Inventory	(56,647)	(90,424)
Prepaid Expenses and Other Receivables	21,997	(1,858)
Other Assets	(1,328)	1,613
Accounts Payable	29,601	39,268
Leases Payable	25,967	0
Other Liabilities	23,629	(130,099)

NET CASH PROVIDED IN OPERATIONS (50,070) (55,204)

CASH FLOWS USED BY INVESTING ACTIVITIES

Capital Expenditures	(44,850)	(17,213)
NET CASH USED BY INVESTING ACTIVITIES	(44,850)	(17,213)

CASH FLOW PROVIDED BY FINANCING ACTIVITIES:

Proceeds from Line of Credit	130,000	0
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 23,000

NET INCREASE (DECREASE) IN CASH 27,081 (49,417)

CASH, beginning of period 35,466 167,085

CASH, end of period \$62,546 \$117,668

SUPPLEMENTAL DISCLOSURES

CASH PAYMENTS FOR

Interest	8,065	51
Income Taxes	411	801

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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 August 31,2001, and the results of operations for the three-month and six month periods ended August 31,2001 and 2000 and cash flows for the periods ended August 31,2001 and 2000 have been included.

The results of operations for the three-month and six-month periods ended August 31,2001, 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 August 31,2001, we have borrowed \$200,000 on our bank line of credit. Although the line agreement matured on June 30,2001, the bank has not demanded payment while we are in the process of applying for a loan that would satisfy the line of credit and supply us with additional capital necessary to support expansion. The note remains a demand note during the loan process.

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.

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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. 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 August 31, 2001 vs. 2000

Sales of our core products increased for the quarter ended August 31, 2001 versus the quarter ended August 31, 2000 with our FREEDOM60 sales increasing by 47% and RES-Q-VAC sales increasing by 18%.

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However net sales decreased 17% overall for the quarter ended August 31, 2001 from \$536,744 for the quarter ended August 31, 2000 to \$448,150 for the quarter ended August 31, 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.

Gross profit decreased to 31% of net sales for the quarter ended August 31, 2001 from 44 % for the quarter ended August 31, 2000 primarily resulting from the timing of revenue from a large one-time sale in 2000 of OEM products with a high profit margin. The current gross profit percentage is indicative of our core business.

Selling, general and administrative expense decreased 10% for the quarter period ended August 31, 2001 versus the quarter ended August 31, 2000 as a result of reducing administrative personnel costs.

Research and development expenses decreased 18% for the quarter ended August 31, 2001 versus the quarter ended August 31, 2000 as a result of the resignation of our R&D engineer during the second quarter 2000 and a reduction in the development of new products.

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

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

Six Months Ended August 31, 2001 vs. 2000

Sales of our core products increased for the six-month period ended August 31, 2001 versus the six month period ended August 31, 2000 with our FREEDOM60 sales increasing by 30% and RES-Q-VAC sales increasing by 15%. However net sales decreased 20% overall for the six-month period ended August 31, 2001 from \$1,093,358 for the six months ended August 31, 2000 to \$875,563 for the six months ended August 31, 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.

Gross profit decreased to 28% of net sales for the six months ended August 31, 2001 from 46 % in the six months ended August 31, 2000 primarily resulting from a large one-time sale in 2000 of OEM products with a high profit margin. The current gross profit percentage is indicative of our core business.

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Selling, general and administrative expense decreased 16% for the six month period ended August 31, 2001 versus the six month period ended August 31, 2000 as a result of reducing administrative personnel costs.

Research and development expenses decreased 15% for the six month period ended

August 31, 2001 versus the six month period ended August 31, 2000 as a result of the resignation of our R&D engineer during the second quarter 2000 and a reduction in the development of new products.

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 August 31, 2001, \$200,000 has been advanced on the line of credit. We are currently working with the bank to secure financing to repay the line of credit and cover inventory and tooling costs associated with future growth.

During the third quarter we experienced improved cash flow due to increased sales in July and August and from strong sales to international customers that pay at the time of product shipment. The funds available on August 31, 2001 are expected to meet cash requirements as planned under current operating conditions at least for the next 12 months.

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, we are trying to refinance and increase our bank line as well as discussing financing with various financial people who have offered to assist the Company to raise capital. There is no assurance that the bank will extend or increase our line of credit or that these financial people will be successful in their efforts or that the cost of the capital will be favorable to the company.

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. We have begun a trial at another location of this agency and will be working diligently to begin trials at the other locations within the next six months.

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 August 31, 2001.

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

October 11, 2001

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

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