BIOMERICA INC
Form 10QSB
January 22, 2002

FORM 10-QSB
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, 2001 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 [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 5,121,295 shares of common stock as of January 21, 2002.

BIOMERICA, INC.

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

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

	Six Months Ended November 30,		Three No
	2001	2000	2001
Net sales	$ 4,167,026	$ 4,264,478	$ 2,224,44
Cost of sales	2,864,686	2,578,530	1,408,42
Gross profit	1,302,340	1,685,948	816,02

Operating Expenses:			
Selling, general and administrative	1,674,303	1,680,384	868,18
Research and development	88,650	180,646	30,81
	1,762,953	1,861,030	899,00
Operating loss from continuing operations	(460,613)	(175,082)	(82,98
Other Expense (income):			
Interest expense	15,253	9,860	9,04
Other (income) expense, net	12,116	(14,311)	17,75
	27,369	(4,451)	26,80
Loss from continuing operations, before minority interest in net loss of consolidated subsidiaries and income taxes	(487,982)	(170,631)	(109,78
Minority interest in net losses (profits) of consolidated subsidiaries	38,880	118,716	(49,95
Loss (income) from continuing operations, before income taxes	(449,102)	(51,915)	(159,73
Income Tax Expense	1,600	1,600	1,60
Net (loss) income from continuing operations	(450,702)	(53,515)	(161,33

	Six Months Ended November 30, 2001	2000	Three No 2001
Discontinued operations:			
(Gain) loss from discontinued operations,net.......	4,704	(1,465,596)	19,33
Net loss	(445,998)	(1,519,111)	(142,00
Other comprehensive gain (loss), net of tax Unrealized gain (loss) on available-for-sale securities.................................	(5,186)	608	(1,48
Comprehensive loss................................	$ (451,184)	$(1,518,503)	$ (143,48
Basic net loss per common share:			
Net income (loss) from continuing operations.......	$ (.09)	$ (.01)	$ (.0

Net gain (loss) from discontinued operations	(.00)	(.31)	.0
Basic net loss per common share	$ (.09)	$ (.32)	$ (.0
Diluted net loss per common share:			
Net gain (loss) from continuing operations	$ (.09)	$ (.01)	$ (.0
Net gain (loss) from discontinued operations	(.00)	(.31)	.0
Diluted net loss per common share	$ (.09)	$ (.32)	$ (.0
Weighted average number of common and common equivalent shares:			
Basic and diluted	4,999,466	4,694,734	5,031,34

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	November 30, 2001
Assets	
Current Assets	
Cash and cash equivalents	$ 53,928
Available-for-sale securities	13,340
Accounts receivable, less allowance for doubtful accounts of $192,198	1,486,192
Inventory, net	2,953,426
Notes receivable	18,394
Prepaid expenses and other	96,484
Total Current Assets	4,621,764
Inventory, non-current	15,000
Property and Equipment, net of accumulated depreciation and amortization	266,217
Intangible assets, net of accumulated amortization	262,060
Other Assets	36,318
	$5,201,359

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED), CONTINUED

	November 30, 2001
Liabilities and Shareholders' Equity	
Current Liabilities	
Line of credit	$ 172,845
Accounts payable and accrued liabilities	980,367
Accrued compensation	304,034
Net liabilities from discontinued operations	365,095
Total Current Liabilities	1,822,341
Shareholder loan	260,000
Minority interest	2,008,077
Shareholders' Equity	
Common stock, $0.08 par value authorized 25,000,000 shares, subscribed or issued and outstanding 5,121,295	409,703
Additional paid-in-capital	16,930,553
Accumulated other comprehensive loss	(15,475)
Accumulated deficit	(16,213,840)
Total Shareholders' Equity	1,110,941
Total Liabilities and Shareholders' Equity	$ 5,201,359

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

SIX MONTHS ENDED NOVEMBER 30, 2001 AND 2000

	2001	2000
Cash flows from operating activities:		
Net loss from continuing operations	$(450,702)	$ (53,515)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	107,891	97,960
Realized gain on sale of available for-sale securities	(3,626)	(6,412)
Minority interest in net gain (loss) of consolidated subsidiaries	(38,880)	(118,716)
Common stock issued for services rendered	42,625	248,489
Provision for losses on accounts receivable	(361)	(16,829)
Warrants and options issued for services rendered	35,308	58,378
Changes in current assets and liabilities:		
Accounts Receivable	39,424	88,025
Inventories	(87,470)	(90,113)
Prepaid expenses and other current assets	(7,062)	(4,319)
Accounts payable and other accrued liabilities	49,402	29,055
Accrued compensation	40,757	(57,545)
Net cash provided by (used in) operating activities	(253,876)	174,458
Cash flows from investing activities:		
Sale of available for-sale securities	26,670	22,180
Increase in notes receivable	-	(9,385)
Purchases of property and equipment	(9,890)	(26,230)
Other assets	3,220	11,261
Purchases of intangible assets	(10,591)	(16,038)
Net cash used in investing activities	9,409	(18,212)
Cash flows from financing activities:		
Private placement net of offering costs	10,199	153,922
Exercise of stock options	1,128	6,018
Increase in line of credit	32,845	60,000
Increase in shareholder loan	165,000	-

BIOMERICA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(CONTINUED)

SIX MONTHS ENDED NOVEMBER 30, 2001 AND 2000

	2001	2000

Net cash provided by financing activities.................	209,172	219,940
Net cash provided by (used in) discontinued operations.....	(47,076)	(777,185)
Net decrease in cash and cash equivalents.................	(82,371)	(400,999)
Cash at beginning of period...............................	136,299	615,057
Cash at end of period.....................................	$ 53,928	$ 214,058

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDI
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2001

	Common Stock			Common Stock Subscribed		
	Number of Shares	Amount	Additional Paid-in Capital	Shares	Amount	Accumula Other Comprehe Loss
Balance at May 31, 2001	4,890,679	$ 391,254	$ 16,748,968	146,075	$ 110,774	$ (10,2
Compensation expense in connection with options and warrants granted			35,308			
Change in unrealized gain on available for sale securities						(5,1
Exercise of stock options	1,625	130	998			
Common stock issued for private placement	140,241	11,219	89,754	(126,075)	(90,774)	

Common stock Issued for consulting services	68,750	5,500	37,125			
Net loss						
Balance at November 30, 2001	5,101,295	$ 408,103	$ 16,912,153	20,000	$ 20,000	$ (15,4

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

November 30, 2001

(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, 2001, 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 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, 2001, 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, 2001, for information on commitments and contingencies.

(6) Aggregate cost of available-for-sale securities exceeded aggregate market value by approximately $15,475 at November 30, 2001.

(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.

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, 2001		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations ...	$ (450,702)		$ (.09)
Gain from discontinued operations .	4,704		.00
	(445,998)	4,994,466	(.09)
Diluted EPS -			
Loss attributable to common share - holders plus assumed conversions .	$ (445,998)	4,994,466	$ (.09)

	For the Six Months Ended November 30, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations ...	$ (53,515)		$ (.01)
Loss from discontinued operations .	(1,465,596)		(.31)
	$(1,519,111)	4,694,734	(.32)
Diluted EPS -			
Loss attributable to common share - holders plus assumed conversions .	$(1,519,111)	4,694,734	$ (.32)

	For the Three Months Ended November 30, 2001		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			

Loss from continuing operations ...	$ (161,337)		$ (.03)
Gain from discontinued operations .	19,337		.00
	(142,000)	5,031,349	(.03)
Diluted EPS -			
Loss attributable to common share - holders plus assumed conversions .	$ (142,000)	5,031,349	$ (.03)

	For the Three Months Ended November 30, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Income from continuing operations .	$ 40,613		$ .01
Loss from discontinued operations .	(632,640)		(.13)
	$ (592,027)	4,814,213	(.12)
Diluted EPS -			
Loss attributable to common share - holders plus assumed conversions .	$ (592,027)	4,814,213	$ (.12)

(8) In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". The statement will require recognition of all derivatives as either assets or liabilities on the balance sheet at fair value. The statement is effective for the company's fiscal year 2002, as deferred by SFAS No. 137, but early adoption is permitted. Management has completed an evaluation of the effects of this statement and does not believe that it will have a material effect on the company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." The effective date of the bulletin was delayed according to SAB No. 101A and SAB No. 101B and was effective for the company's fourth quarter of fiscal year 2001. Management believes that its current revenue recognition policies comply with SAB No. 101.

In March 2000, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 44 ("FIN 44"),"Accounting for Certain Transactions Involving Stock Compensation." The adoption of this Interpretation did not have a material impact on the consolidated results of operations or financial position of the Company.

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 Company does not expect that SFAS 142 will have a material impact on the Company's financial position or results of operations as a result of the future adoption of SFAS 142.

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

	For the Six Months Ended 11/30/01	11/30/00
Revenues from sales to unaffiliated customers:		
United States	$1,993,000	$2,356,000
Asia	115,000	109,000
Europe	1,151,000	1,026,000
South America	285,000	214,000
Oceania	183,000	152,000
Other	440,000	407,000
	$4,167,000	$4,264,000

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

Operating profit (loss):		
United States	$(296,000)	$ (93,000)
Asia	(22,000)	(14,000)
Europe	(28,000)	(26,000)
South America	(26,000)	(8,000)
Other	(50,000)	(12,000)
Oceania	(39,000)	(22,000)
	$(461,000)	$(175,000)

(10) Biomerica received a NASDAQ Staff determination letter on January 15, 2002 indicating that the Company failed to comply with Market Place rule 4310(c)(2)(b) requirements regarding net tangible assets or stockholder equity. As a result NASDAQ notified the Company that its common shares are subject to delisting. The Company has filed for an appeal of this decision with the NASDAQ Listing Qualification Panel and has requested a hearing. A hearing request will stay the delisting of the Company's securities pending the Panel's decision. There can be no

assurances that the Panel will grant the Company's request for continued listing.

(11) 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.

(12) At November 30, 2001, Lancer had a $400,000 revolving line of credit with a financial institution. Borrowings are made at prime plus 2.00% (7.0% at November 30, 2001) and are limited to specified percentages of eligible accounts receivable. The unused portion available under the line of credit at November 30, 2001 was $42,588. The line of credit expires October 24, 2003.

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.

Biomerica, Inc. entered into a line of credit agreement on September 12, 2001 with a shareholder whereby the shareholder 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, 2002. The unused portion of the line of credit at November 30, 2001, was $250,000. 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.

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

THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES A "SAFE HARBOR" FOR FORWARD-LOOKING STATEMENTS. CERTAIN INFORMATION CONTAINED HEREIN (AS WELL AS INFORMATION INCLUDED IN ORAL STATEMENTS OR OTHER WRITTEN STATEMENTS MADE OR TO BE MADE BY BIOMERICA) CONTAINS STATEMENTS THAT ARE FORWARD-LOOKING, SUCH AS STATEMENTS RELATING TO ANTICIPATED FUTURE REVENUES OF THE COMPANY AND SUCCESS OR CURRENT PRODUCT OFFERINGS. SUCH FORWARD-LOOKING INFORMATION INVOLVES

IMPORTANT RISKS AND UNCERTAINTIES THAT COULD SIGNIFICANTLY AFFECT ANTICIPATED RESULTS IN THE FUTURE, AND ACCORDINGLY, SUCH RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS MADE BY OR ON BEHALF OF BIOMERICA. THE POTENTIAL RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, FLUCTUATIONS IN THE COMPANY'S OPERATING RESULTS DUE TO ITS NEW BUSINESS MODEL AND EXPANSION PLANS AND THE COMPETITIVE ENVIRONMENT IN WHICH THE COMPANY WILL BE COMPETING. THESE RISKS AND UNCERTAINTIES ALSO INCLUDE THE SUCCESS OF THE COMPANY IN RAISING NEEDED CAPITAL, THE CONTINUAL DEMAND FOR THE COMPANY'S PRODUCTS, COMPETITIVE AND ECONOMIC FACTORS OF THE MARKETPLACE, AVAILABILITY OF RAW MATERIALS, THE EFFECTS OF TERRORISM, HEALTH CARE REGULATIONS AND THE STATE OF THE ECONOMY. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE THESE FORWARD-LOOKING STATEMENTS.

RESULTS OF OPERATIONS

Consolidated net sales for Biomerica were $4,167,026 for the six months ended November 30, 2001 as compared to $4,264,478 for the same period in the previous year. This represents a decrease of $97,452, or 2%. For the quarter then ended sales were $2,224,444 as compared to $2,284,592 for the same period in the prior fiscal year. This represents a decrease of $60,148, or 3%. The decreases for the six and three months were primarily attributable to a decrease in the diagnostic product sales.

Cost of sales for the six months increased as a percentage of sales from 60% to 69% and for the three months increased from 55% to 63%. Most of the increase for the six months was due to lower sales in relation to some fixed costs and lower sales of higher margin diagnostic products.

Selling, general and administrative costs decreased by $6,081, or 0% for the six months and by $79,035, or 8% for the three months ended November 30, 2001. The decrease was primarily due to a decrease in commissions at Biomerica. Lancer had increased selling, general and administrative costs of $16,703 for the six months and $763 for the three months due to an increase in labor costs and commissions.

Research and development decreased by $91,996, or 51% for the six months and $48,848, or 61% for the three months. The decreases were primarily due to overall decreases of $69,724 and $33,484 for the six and three months, respectively at Lancer, as well as some decreases in wages and related costs at Biomerica.

Interest expense increased by $5,393 for the six months and $4,390 for the three months compared to the previous year due to borrowings on the line of credit at Biomerica.

At November 30, 2001, the Company retained a 30.78% interest in Lancer Orthodontics. The Company maintains a 51.19% indirect voting control over Lancer Orthodontics via agreements with certain shareholders. The Company also retains a 74.6% interest in Allergy Immuno Technologies and 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, 2001, for a more in-depth discussion of subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2001, the Company had cash and available-for-sale securities in the amount of $53,928 and working capital of $2,799,423. Cash and working capital totaling $91,931 and $2,679,471, 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.

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, 2001, the Company used net cash in operations of $253,876. This compares to net cash provided by operations of $174,458 in the same period in the prior fiscal year.

Biomerica received a NASDAQ Staff determination letter on January 15, 2002 indicating that the Company failed to comply with Market Place rule 4310(c)(2)(b) requirements regarding net tangible assets or stockholder equity. As a result NASDAQ notified the Company that its common shares are subject to delisting. The Company has filed for an appeal of this decision with the NASDAQ Listing Qualification Panel and has requested a hearing. A hearing request will stay the delisting of the Company's securities pending the Panel's decision. There can be no assurances that the Panel will grant the Company's request for continued listing.

At November 30, 2001, Lancer had a $400,000 revolving line of credit with a financial institution. Borrowings are made at prime plus 2.00% (7.0% at November 30, 2001) and are limited to specified percentages of eligible accounts receivable. The unused portion available under the line of credit at November 30, 2001 was $42,588. The line of credit expires October 24, 2003.

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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.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS. Inapplicable.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS. Inapplicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES. Inapplicable.

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

The Annual Meeting of the Company's stockholders was held on November 13, 2001. The only matters voted on were the election of directors and an amendment to the certificate of incorporation which would effect a reverse split of the outstanding common stock at an exchange ratio of one-to-three, as set forth in the proxy statement dated September 28, 2001, as filed with the Securities and Exchange Commission pursuant to Rule 14 under the Securities Exchange Act of 1934. All directors were elected and Proposal #2 was approved by the shareholders. The following summarizes the voting:

Proposal #1, Election of Directors:

Name	For	Vote Withheld
Allen Barbieri	4,020,677	110,764
Dr. Carlos St. Aubyn Beharie	4,021,590	109,851
David Burrows	4,020,675	110,766
Dr. Francis Cano	4,021,702	109,739
Zackary Irani	4,016,802	114,639
Janet Moore	4,019,721	111,720
Dr. Robert Orlando	4,021,040	110,401

Proposal #2, Amendment to certificate of incorporation to effect a reverse stock split in the ratio of one-to-three:

For 3,855,452	Against 283,072	Abstain 16,977

Item 5. OTHER INFORMATION. Inapplicable.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K. None.

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: January 21, 2002

BIOMERICA, INC.

By: /S/ Zackary S. Irani

Zackary Irani
Chief Executive Officer