

PRESSURE BIOSCIENCES INC
Form 10QSB/A
June 20, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-QSB/A

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2005 or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ **to** _____

Commission file number 0-21615

PRESSURE BIOSCIENCES, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

Massachusetts
(State or Other Jurisdiction of
Incorporation or Organization)

04-2652826
(I.R.S. Employer
Identification No.)

321 Manley St.
West Bridgewater, Massachusetts
(Address of Principal Executive Offices)

02379-1040
(Zip Code)

(508) 580-1818

(Issuer's telephone number, including area code)

Check whether the Issuer: (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 by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes No

The number of shares outstanding of the Issuer's common stock as of November 8, 2005 was 2,424,189 .

Transitional Small Business Disclosure Format (check one):

Yes No

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INTRODUCTORY NOTE

In connection with the preparation of our Quarterly Report on Form 10-QSB for the quarter ended March 31, 2006, we completed an internal review of the tax liability associated with the 2004 sale of assets and certain liabilities of our former core businesses, referred to herein as the BBI Core Businesses, to SeraCare Life Sciences, Inc. As a result of this review, we concluded that the tax liability related to discontinued operations recorded in the third quarter of 2005 was understated by approximately \$220,000. We also determined that the deferred tax liability related to our investment in Panacos Pharmaceuticals (“Panacos”) was overstated by approximately \$123,000 as of September 30, 2005.

As a result of the tax review, on May 17, 2006 our senior management and the Audit Committee of the Board of Directors concluded that our consolidated financial statements for the year ended December 31, 2005 and for the quarter ended September 30, 2005 should no longer be relied upon, and decided to restate our financial statements for the year ended December 31, 2005 and to restate our financial statements for the quarter ended September 30, 2005. Our management and Audit Committee discussed this with Weinberg & Company, P.A., our independent registered public accounting firm. On May 22, 2006, we filed our Form 10-QSB for the quarter ended March 31, 2006 and our Form 10-KSB/A for the year ended December 31, 2006. This Form 10-QSB/A for the nine months ended September 30, 2005 should be read in conjunction with those documents.

As a result of the restatement, we have amended the following items of this Quarterly Report on Form 10-QSB for the nine months ended September 30, 2005:

- Part I, Item 1, Financial Statements, has been amended to reflect the adjustment of our accounting for income taxes. Adjustments made impact the Consolidated Statements of Operations, Consolidated Balance Sheet, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flows and Note 1 “Basis of Presentation and Summary of Significant Accounting Policies”, and Note 2 “Recent Accounting Standards”.
- Part I, Item 2, Management’s Discussion and Analysis or Plan of Operation, has been amended to:
 - o reflect our explanation of the reduction of “Gain on Sale of Net Assets Related to Discontinued Operations”, relative to the establishment of a deferred tax liability for the future taxable income under the installment sale treatment for federal income tax purposes, for the three months and nine months ended September 30, 2005;
 - o reflect our explanation of the reduction of “Net Income”, relative to the establishment of a deferred tax liability for the future taxable income under the installment sale treatment for federal income tax purposes, for the three months and nine months ended September 30, 2005;
 - o reflect our explanation of the decrease in working capital within the section “Liquidity and Financial Condition”, to account for the current nature of the deferred tax liability related to the installment sale treatment on the sale of BBI Core Businesses;
 - o revise our disclosure of “Recent Accounting Pronouncements”, to explain our adoption of SFAS 154, relative to the correction of the errors we found in our accounting for income taxes.

We have also revised Part I, Item 3, Controls and Procedures, to reflect the conclusion of our Chief Executive Officer and our Chief Financial Officer that our disclosure controls and procedures were not effective as of September 30, 2005. Mr. Richard T. Schumacher, our President and Chief Executive Officer, and our Vice President of Finance and Chief Financial Officer, Edward H. Myles, who was appointed on April 3, 2006, have included new certifications

under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, which are filed with this Form 10-QSB/A as Exhibits 31.1, 31.2, 32.1 and 32.2.

Part I. Financial Information**Item 1. Financial Statements**

PRESSURE BIOSCIENCES, INC., AND SUBSIDIARIES
(FORMERLY BOSTON BIOMEDICA, INC. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS

<u>ASSETS</u>	September 30, 2005 (restated)	December 31, 2004 (audited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,090,097	\$ 21,201,790
Restricted cash	163,296	29,816
Accounts receivable, less allowance of \$115,908 and \$205,000	9,666	213,532
Inventories, net	343,948	157,817
Investments in marketable securities	1,766	3,553
Escrow deposit related to sale of assets to SeraCare	1,108,486	-
Prepaid income taxes	189,253	-
Income tax receivable	122,666	-
Prepaid expenses, deposits, and other current assets	83,387	161,028
Total current assets	8,112,565	21,767,536
Property and equipment, net	60,019	19,793
OTHER ASSETS:		
Intangible assets, net	437,712	474,188
Assets transferred under contractual arrangements	1,387,531	1,319,997
Escrow deposit related to sale of assets to SeraCare	-	1,096,756
Investments in marketable securities	6,661,517	9,178
Total other assets	8,486,760	2,900,119
TOTAL ASSETS	\$ 16,659,344	\$ 24,687,448
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 77,430	\$ 41,272
Accrued employee compensation	71,633	86,525
Other accrued expenses	139,069	305,038
Income taxes payable	-	175,011
Current deferred tax liability	219,949	-
Accrued SeraCare liabilities	251,669	46,259
Liabilities from discontinued operations	54,888	108,049
Total current liabilities	814,638	762,154
LONG TERM LIABILITIES		
Liabilities from discontinued operations	34,000	34,000
Deferred tax liability	2,452,590	-
Liabilities transferred under contractual arrangements	1,057,437	499,148

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Total long term liabilities	3,544,027	533,148
Total Liabilities	4,358,665	1,295,302

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY:

Common stock, \$.01 par value; 20,000,000 shares authorized, 2,424,189 issued and outstanding	24,242	68,729
Additional paid-in capital	6,027,020	22,286,395
Loan receivable from Director / CEO	(1,000,000)	(1,134,262)
Accumulated other comprehensive income, net of tax	4,202,772	-
Retained earnings	3,046,645	2,171,284
Total stockholders' equity	12,300,679	23,392,146
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 16,659,344	\$ 24,687,448

The accompanying notes are an integral part of these consolidated financial statements

PRESSURE BIOSCIENCES, INC., AND SUBSIDIARIES
(FORMERLY BOSTON BIOMEDICA, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005 (restated)	2004	2005 (restated)	2004
REVENUE:				
PCT Products, services, other	\$ 11,742	\$ 2,383	\$ 21,984	\$ 12,939
Grant Revenues	-	66,518	-	292,054
Total revenue	11,742	68,901	21,984	304,993
COSTS AND EXPENSES:				
Cost of PCT products & services	33,966	20,654	61,653	55,673
Research and development	156,529	239,315	374,147	672,087
Selling and marketing	39,954	12,278	93,590	138,158
General and administrative	320,195	140,597	1,361,157	762,597
Stock based compensation	-	281,737	-	281,737
Total operating costs and expenses	550,644	694,581	1,890,547	1,910,252
Operating loss from continuing operations	(538,902)	(625,680)	(1,868,563)	(1,605,259)
OTHER INCOME (EXPENSE):				
Realized gain on securities held for sale	2,838,491	-	2,838,491	-
Other operating (charges), net	(140,648)	(30,612)	(528,285)	(333,607)
Interest income	62,699	11,705	187,559	15,243
Interest expense	-	(18,483)	-	(69,453)
Total other income (expense)	2,760,542	(37,390)	2,497,765	(387,817)
Income (loss) from continuing operations before income taxes	2,221,640	(663,070)	629,202	(1,993,076)
Income tax (provision) benefit from continuing operations	(912,671)	-	(457,535)	244,036
Income (loss) from continuing operations	1,308,969	(663,070)	171,667	(1,749,040)
Discontinued operations:				
(Loss) / income from discontinued operations (net of income tax benefit of \$1,720 and provision of \$913 for the three and nine months ended September 30, 2005, and benefit of \$79,281 and provision of \$165,851	(3,340)	(440,212)	1,995	140,946

for the three and nine months ended
September 30, 2004)

Gain on sale of net assets related to discontinued operations (includes effect of income taxes of \$701,699 in 2005, and net of income taxes accrued of \$3,925,200 in 2004)	701,699	15,868,025	701,699	15,868,025
Net income from discontinued operations	698,359	15,427,813	703,694	16,008,971
Net income	\$ 2,007,328	\$ 14,764,743	\$ 875,361	\$ 14,259,931
Income / (loss) per share from continuing operations - basic	\$ 0.54	\$ (0.10)	\$ 0.05	\$ (0.26)
Income per share from discontinued - basic	\$ 0.29	\$ 2.25	\$ 0.23	\$ 2.34
Net income per share, basic	\$ 0.83	\$ 2.15	\$ 0.28	\$ 2.08
Income / (loss) per share from continuing operations - diluted	\$ 0.52	\$ (0.10)	\$ 0.05	\$ (0.26)
Income per share from discontinued - diluted	\$ 0.27	\$ 2.25	\$ 0.22	\$ 2.34
Net income per share, diluted	\$ 0.79	\$ 2.15	\$ 0.27	\$ 2.08
Weighted average number of shares used to calculate basic per share (loss) / income	2,424,189	6,824,075	3,157,495	6,843,329
Weighted average number of shares used to calculate diluted per share (loss) / income	2,537,987	6,824,075	3,202,101	6,843,329

The accompanying notes are an integral part of these consolidated financial statements

**PRESSURE BIOSCIENCES, INC., AND SUBSIDIARIES
(FORMERLY BOSTON BIOMEDICA, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
Other Comprehensive Income:	2005 (restated)	2004	2005 (restated)	2004
Net income	\$ 2,007,328	\$ 14,764,743	\$ 875,361	\$ 14,259,931
Unrealized gain on marketable securities	1,194,772	-	6,655,362	-
Less: Income tax related to items of other comprehensive income	(488,842)	-	(2,452,590)	-
Total other comprehensive income, net of taxes	705,930	-	4,202,772	-
Comprehensive income	\$ 2,713,258	\$ 14,764,743	\$ 5,078,133	\$ 14,259,931

The accompanying notes are an integral part of these consolidated financial statements

PRESSURE BIOSCIENCES, INC., AND SUBSIDIARIES
(FORMERLY BOSTON BIOMEDICA INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	2005 (restated)	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 875,361	\$ 14,259,931
Less income from discontinued operations	703,694	16,008,971
Income (loss) from continuing operations	171,667	(1,749,040)
Adjustments to reconcile income (loss) from continuing operations to net cash used in operating activities :		
Depreciation and amortization	61,248	115,202
Stock based compensation	-	281,737
Provision for doubtful accounts	-	250
Realized gain on sale of marketable securities	(2,838,491)	-
Interest received (accrued) on loan outstanding from Director / CEO	134,263	-
Changes in operating assets and liabilities:		
Accounts receivable	203,866	(8,629)
Inventories	(186,131)	35,783
Investments in marketable securities	1,787	3,243
Income tax receivable	(122,666)	-
Prepaid income taxes	(189,253)	-
Escrow deposits and deferred costs	(11,729)	-
Prepaid expenses and other current assets	77,642	34,869
Assets and liabilities transferred under contractual obligations, (net)	490,755	(8,095)
Other accrued expenses	(165,969)	306,364
Income tax payable	(175,011)	-
Accounts payable	36,158	(113,568)
Accrued employee compensation	(14,892)	21,505
Accrued expenses due to SeraCare	205,410	-
Deferred tax liability	-	(100,364)
Net cash used in operating activities	(2,321,346)	(1,180,743)
CASH FLOWS FROM INVESTING ACTIVITIES:		