

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

BIO-LIFE LABS INC.
Form 10QSB
June 03, 2005

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

Form 10-QSB

Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission file number 000-30546

BIO-LIFE LABS, INC.
(Exact name of small business issuer as specified in its charter)

Nevada 33-0714007

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

16 Concord Road
El Paso, Texas 79909

(Address of Principal Executive Offices) (Zip Code)

(915) 843-2044

(Registrant's telephone number, including area code)

9911 West Pico Boulevard, Suite 1410, Los Angeles, California 90035

(Former name, former address and former fiscal year, if changed
since last report.)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the last 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

The number of shares of Common Stock, \$0.001 par value, outstanding on June 2, 2005, was 64,065,983 shares, held by approximately 901 shareholders.

Transitional Small Business Disclosure Format (check one): Yes No

BIO-LIFE LABS, INC

Quarterly Report on Form 10-QSB for the
Quarterly Period Ending March 31, 2005

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets:
March 31, 2005 (Unaudited) and June 30, 2004

Condensed Consolidated Statements of Operations:
Three and Nine Months Ended March 31, 2005 and 2004
(Unaudited) and the period from July 11, 2003 to March 31, 2005

Condensed Consolidated Statements of Cash Flows:
Nine Months Ended March 31, 2005 and 2004 (Unaudited) and the
period from July 11, 2003 to March 31, 2005

Notes to Unaudited Condensed Consolidated Financial Information:
March 31, 2005

Item 2. Management Discussion and Analysis

Item 3. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits

Signatures

2

PART I

Item 1. Financial Statements

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
BALANCE SHEETS

(Unaudited)	
March 31,	June 30,
2005	2004

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

ASSETS:

Current Assets		
Cash	\$ 4,601	\$ 125,03
Other receivable	-	5,80
	-----	-----
Total Current Assets	4,601	130,83
	-----	-----
Fixed Assets		
Furniture and Fixtures	10,663	10,41
Computer Equipment	3,015	3,01
Lab Equipment	75,000	
Less Accumulated Depreciation	(5,026)	(23
	-----	-----
Net Fixed Assets	83,652	13,19
	-----	-----
Intangible Assets		
Product Rights	279,610	279,61
Less Accumulated Amortization	(16,310)	(5,82
	-----	-----
Net Intangible Assets	263,300	273,78
	-----	-----
Other Assets		
Deposits	-	10,77
	-----	-----
Total Assets	\$ 351,553	\$ 428,58
	=====	=====

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

3

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
BALANCE SHEETS
(continued)

	(Unaudited) March 31, 2005	June 30, 2004
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 80,029	\$ 79,43
Related party loans	300,000	
	-----	-----

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Total Current Liabilities	380,029	79,43
<hr/>		
Stockholders' equity		
Series A convertible preferred stock (par value \$.01), 5,000,000 shares authorized, no shares issued or Outstanding at March 31, 2005 and June 30, 2004	-	
Common Stock (par value \$.001), 100,000,000 shares Authorized, 47,091,805 shares issued and outstanding at March 31, 2005 and June 30, 2004	47,092	47,09
Paid in capital in excess of par value	746,731	746,63
Deficit accumulated during development stage	(822,299)	(444,57
<hr/>		
Total Stockholders' Equity (Deficit)	(28,476)	349,14
<hr/>		
Total Liabilities and Stockholders' Equity	\$ 351,553	\$ 428,58
<hr/> <hr/>		

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

4

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,
	2005	2004	2005
	<hr/>		
Revenue:	\$ -	\$ -	\$ -
<hr/>			
Operating Expenses			
Professional Fees	11,728	2,306	123,506
General and Administrative	159,835	-	254,219
<hr/>			
Total Operating Expenses	171,563	2,306	377,725
<hr/>			
Net Operating Income (Loss)	(171,563)	(2,306)	(377,725)
<hr/>			
Other Income (Expense)			
Interest Income	1	-	1
<hr/>			
Net Income (Loss)	\$ (171,562)	\$ (2,306)	\$ (377,724)
<hr/>			

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Income (Loss) Per Common Share	\$	-	\$	-	\$	(0.01)
Weighted Average Shares Outstanding		47,091,805		21,267,460		47,091,805

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

5

BIO-LIFE LABS, INC.

(Formerly TecScan International, Inc.)

STATEMENTS OF CASH FLOW

(Unaudited)

	For the Nine Months Ended March 31, 2005	For the Nine Months Ended March 31, 2004
Cash Flows From Operating Activities:		
Net income (loss)	\$ (377,724)	\$ (377,724)
Adjustments to reconcile net income (loss) to net cash provided by (Used in) operating activities:		
Depreciation and amortization	15,272	15,272
Stock issued for services	-	-
Change in operating assets and liabilities:		
(Increase) Decrease in other receivable	5,800	5,800
(Increase) Decrease in deposits	10,778	10,778
Increase (Decrease) in accounts payable	590	590
Net cash used in operating activities	(345,284)	(345,284)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(75,246)	(75,246)
Purchase of product rights	-	-
Net cash used in investing activities	(75,246)	(75,246)
Cash Flows From Financing Activities:		
Proceeds from related party loans	300,000	300,000
Capital contributed by shareholder	101	101
Proceeds from sale of stock	-	-

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Net cash provided by (used in) financing activities	300,101	
Net increase (decrease) in cash and cash equivalents	(120,429)	
Cash and cash equivalents at beginning of period	125,030	
Cash and cash equivalents at end of period	\$ 4,601	\$
Supplemental Disclosure of Cash Flow Information:		
Interest	\$	- \$
Income taxes	\$	- \$

Supplemental Schedule of Non-Cash Investing and Financing Activities: None

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

6

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

This summary of accounting policies of Bio-Life Labs, Inc. (formerly TecScan International, Inc.) (a development stage company) is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Interim Reporting

The unaudited financial statements as of March 31, 2005, and for the three and nine month periods then ended reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and results of operations for the three and nine months. Operating results for interim periods are not necessarily indicative of the results which can be expected for full years.

Organization and Basis of Presentation

The Company was organized under the laws of the State of Utah on December 5, 1985 as Bullseye Corp. On June 22, 1992 the name of the Company was changed to Natural Solutions, Ltd. and the corporate domicile was changed to the State of Nevada. On March 25, 1994, the Company name was changed to Phoenix Media Group, Ltd. On June 10, 2003, the Company discontinued its then-current operations, and transitioned to a development stage company. The Company did not proceed with its planned principal operations. On June 10, 2003, the Company name was changed to TecScan International, Inc.

On February 18, 2004, the Company acquired 100% of the outstanding common stock of Very Basic Media, Inc., a company that was incorporated under the laws of the State of Nevada on October 28, 2003, in a reverse acquisition. On April

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

5, 2004, the acquisition of Very Basic Media, Inc. was rescinded. The Company returned 5,000,000 shares of Very Basic Media, Inc. common stock to Very Basic Media, Inc. in exchange for 35,000,000 shares of the Company's common stock; the Company then cancelled the 35,000,000 shares.

On April 5, 2004, the Company acquired 100% of the outstanding common stock of Bio-Life Laboratories Corporation in a reverse acquisition. Bio-Life Laboratories Corporation was incorporated under the laws of the State of Nevada on July 11, 2003 as Crystal Labs Corporation. On February 2, 2004, Crystal Labs Corporation changed its name to Bio-Life Laboratories Corporation. When the reverse acquisition took place, a new reporting entity was created. Bio-Life Laboratories Corporation is considered the reporting entity for financial reporting purposes. On May 18, 2004, the Company changed its name to Bio-Life Labs, Inc.

7

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (continued)

Nature of Business

Bio-Life Laboratories Corporation acquired exclusive worldwide rights to Carcinoderm, a topical ointment that in the estimation of the Company's management destroys skin cancer cells in patients who have been diagnosed with basal cell carcinoma, squamous cell carcinoma, and malignant melanoma in a one-time application that does not harm surrounding healthy tissue. Dr. David Karam, who has been appointed as one of the Registrant's directors, developed the product and is conducting what the Company believes are FDA-conforming clinical trials in the El Paso laboratory facility, where he is currently investigating other possible uses of and delivery systems for Carcinoderm in the treatment of other types of cancer, including tumors of the pancreas and brain.

Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No.109 requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets and liabilities.

Earnings (Loss) Per Share

Basic net loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted net loss per common share ("Diluted EPS") reflects the potential dilution that could occur if stock options or other common stock equivalents were exercised or converted into common stock. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an antidilutive effect on

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

net loss per common share.

There are no outstanding common stock equivalents at March 31, 2005 and 2004.

8

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with one financial institution, in the form of demand deposits.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Depreciation and Amortization

Fixed assets are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Fixed assets consisted of the following at March 31, 2005 and June 30, 2004, respectively:

	(Unaudited)	
	March 31, 2005	June 30, 2004
	-----	-----
Furniture and Fixtures	\$ 10,663	\$ 10,417
Computer Equipment	3,015	3,015
Lab Equipment	75,000	-
Less accumulated depreciation	(5,026)	(239)
	-----	-----
Total	\$ 83,652	\$ 13,193
	=====	=====

Maintenance and repairs are charged to operations; betterments are

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any resulting gain or loss is credited or charged to income.

Total depreciation expense for the nine months ended March 31, 2005 was \$4,787.

9

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

The Company has adopted the Financial Accounting Standards Board SFAS No., 142, "Goodwill and Other Intangible Assets." SFAS 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS 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. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142.

Intangible Assets consisted of the following at March 31, 2005:

Intangible Asset	Amortization	Amortization P
Product Rights	\$ 279,610	20 Year
Less accumulated amortization	(16,310)	
Total	\$ 263,300	
	=====	

Total amortization expense for the nine months ended March 31, 2005 was \$10,485.

The estimated amortization for the next five years is as follows:

2005	\$ 13,980
2006	13,980
2007	13,980
2008	13,980
2009	13,980
Total	\$ 69,900
	=====

NOTE 2 - CAPITAL TRANSACTIONS

Preferred Stock

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

The Board of Directors of the Company has the authority to fix by resolution for each particular series of preferred stock the number of shares to be issued; the rate and terms on which cumulative or non-cumulative dividends shall be paid; conversion features of the preferred stock; redemption rights and prices, if any; terms of the sinking fund, if any to be provided for the shares; voting powers of preferred shareholders; and any other special rights, qualifications, limitations, or restrictions.

10

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 2 - CAPITAL TRANSACTIONS (Continued)

Common Stock

In February 2004, the Company issued 29,609,660 shares of common stock to acquire product rights. The shares were valued at \$29,610.

In February and March 2004, the Company issued 2,720,121 shares of common stock for cash of \$477,875.

In February and March 2004, the Company issued 2,670,219 shares of common stock for services valued at \$333,777.

On April 5, 2004, the Company acquired Bio-Life Laboratories Corporation ("Bio-Life") in a reverse acquisition. In the acquisition, the Company issued 35,000,000 shares of common stock, par value \$.001, in exchange for all of the outstanding shares of Bio-Life (35,000,000 shares, par value \$.0001).

Also on April 5, 2004, an additional 12,091,786 shares of common stock were issued to the previous owners of TecScan International, Inc. This entry was recorded by a credit to common stock of \$12,092 and a debit to paid-in capital of \$32,025.

During November and December 2004, the Company received \$50,000 in proceeds for the purchase of 1,554,030 shares of common stock. The Company borrowed the common stock from a director. The shares were issued in December 2004.

During January and February 2005, the Company received \$250,000 in proceeds for the purchase of 7,770,148 shares of common stock. The Company borrowed the common stock from a director. These shares were issued during the quarter ended March 31, 2005.

During the quarter ended March 31, 2005, the Company increased the total number of authorized common shares from 50,000,000 shares to 100,000,000 shares.

11

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

NOTE 3 - DEVELOPMENT STAGE COMPANY AND GOING CONCERN

The Company has not begun principal operations and as is common with a development stage company, the Company has had recurring losses during its development stage.

Since inception, the Company has incurred recurring losses from operations and has an accumulated deficit of \$822,299 since the inception of the development stage on July 11, 2003. For the nine months ended March 31, 2005, the Company incurred losses of \$377,724. This condition raises substantial doubt about the Company's ability to continue as a going concern.

Continuation of the Company as a going concern is dependent upon obtaining additional working capital and management has developed a strategy, which it believes will accomplish this objective through additional equity funding which will enable the Company to operate in the future. However, there can be no assurance that the Company will be successful with its efforts to raise additional capital. The inability of the Company to secure additional financing in the near term could adversely impact the Company's business, financial position and prospects.

NOTE 4 - LEASE COMMITMENT

The Company currently leases approximately 824 square feet of office space at 9911 West Pico Boulevard, Suite 1410, Los Angeles, California, from Arden Realty Limited Partnership. The lease commenced on May 15, 2004 and has a lease term of four years. The lease payments for the first year are \$1,648 per month, with the exception of the second and third months of the lease, in which the payments will be one-half of the monthly lease rate. The lease payments for the second year are \$1,697 per month. The lease payments for the third year are \$1,747 per month. The lease payments for the fourth year are \$1,796 per month. As of March 2005, the Company began subleasing this office space and is no longer occupying the space.

In August 2004, the Company began leasing approximately 32,000 square feet of a building at 16 Concord Road, El Paso, Texas that will be used for research and development. The lease is for ten years and the monthly payment is approximately \$10,000.

12

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 4 - LEASE COMMITMENT (Continued)

The minimum future lease payments under these leases for the next five years are:

Year Ended June 30, -----		
2005	\$	128,614
2006		140,440
2007		141,038
2008		138,858
2009		120,000

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Total minimum future lease payments

\$668,950
=====

NOTE 5 - PRODUCT RIGHTS

On February 27, 2004, the Company entered into an agreement David Wade Karam, M.D./Ph.D., an individual, and Jules Verne, Inc., a Nevada corporation ("the licensor"), whereby the licensor has granted to the Company the exclusive right to manufacture, market, sell, distribute and use a skin cancer treatment that has been used to successfully treat skin cancer patients with basal cell carcinoma, squamous cell carcinoma, and melanoma in clinical trials. The agreement is for a period of twenty years. The Company paid the licensor \$250,000 in cash, and issued the licensor 29,609,660 shares of the Company's common stock, valued at \$29,610. The Company has booked an intangible asset of \$279,610, and is amortizing the intangible asset over a period of twenty years.

NOTE 6 - INCOME TAXES

As of June 30, 2004, the Company had a net operating loss carry-forward for income tax reporting purposes of approximately \$445,000 that may be offset against future taxable income through 2024. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

13

BIO-LIFE LABS, INC.
(Formerly TecScan International, Inc.)
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
(continued)

NOTE 7 - PAYABLES

The Company (formerly known as Phoenix Media Group, Ltd.) was delinquent in payment of condominium association dues on a property previously owned by the Company. The property was distributed to the former President of the Phoenix Media Group, Ltd. in June of 2003. The condominium association filed a lawsuit to collect the past due fees. The former President paid approximately \$11,000 to settle the lawsuit during the year ended June 30, 2004. Legal fees associated with this lawsuit was approximately \$15,000. These amounts have been included in accounts payable at March 31, 2005. These amounts are in dispute.

NOTE 8 - ACQUISITION

On April 5, 2004, the Company acquired 100% of the outstanding common stock of Bio-Life Laboratories Corporation in a reverse acquisition. The Company issued 35,000,000 shares of common stock to acquire all of the outstanding common stock of Bio-Life Laboratories Corporation. When the reverse acquisition took place, a new reporting entity was created. Bio-Life Laboratories Corporation is considered the reporting entity for financial reporting purposes.

NOTE 9 - RELATED PARTY PAYABLES

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

During November and December 2004, the Company received \$50,000 in proceeds for the purchase of 1,554,030 shares of common stock. The Company borrowed the common stock from a director and will repay the loan on a share for share basis at a future date. The shares were issued during December 2004. The \$50,000 has been recorded as a related party loan.

During January and February 2005, the Company received \$250,000 in proceeds for the purchase of 7,770,148 shares of common stock. The Company borrowed the common stock from a director and will repay the loan on a share for share basis at a future date. The shares were issued during the quarter ended March 31, 2005. The \$250,000 has been recorded as a related party loan.

NOTE 10 - AGREEMENTS

On February 14, 2005, Vertical Capital Partners, Inc. ("Vertical") filed a Form 13D with the Securities and Exchange Commission claiming that the Company had entered into an agreement whereby Vertical was to purchase 14,000,000 shares of the Company's common stock at less than par value. This agreement has not yet been approved by the Company's Board of Directors.

14

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations.

The following discussion contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the caption "Business - Risk Factors". This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Form 10-KSB.

Overview

We are a research-driven biotechnology company focused on discovery, development, and commercialization of treatments for cancer, diabetes mellitus, hepatitis C, and other diseases for which current treatments have limited efficacy, severe toxicity, and other negative results. Our signature product candidate Carcinoderm(TM) is a topical ointment that destroys skin cancer cells in patients who have been diagnosed with basal cell carcinoma, squamous cell carcinoma, and malignant melanoma, using a single application that does not harm surrounding healthy tissue. Carcinoderm is currently being studied in what we believe are FDA-conforming clinical trials in our laboratory facilities in El Paso, Texas. We are also investigating additional possible uses of and delivery systems for Carcinoderm that target various solid tumor cancers.

In addition to Carcinoderm we have other product candidates in research and pre-clinical development, including a treatment for diabetes mellitus that in our estimation slows the destruction of pancreatic cells, and a product candidate for hepatitis C that we believe has implication in blocking the enzymes responsible for the destruction of tissue. We are not funding this research, however, we have the first right of refusal on any results that we choose to acquire.

The information discussed herein is for Bio-Life-Labs' operations for the three and nine months ended March 31, 2005. As of March 31, 2005, our accumulated deficit was approximately \$822,299. We may incur losses for the next several years as we continue development and prepare for the commercialization of our skin cancer product candidate Carcinoderm; expand the applications and delivery systems for Carcinoderm; expand in-house manufacturing capability to

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

support the commercialization of Carcinoderm, as well as other product candidates; and expand our research and development programs.

We have a limited history of operations as a biotechnology company. To date, we have funded our operations primarily through sales of equity securities in an exempt private placement.

We have worldwide manufacturing and commercialization rights to Carcinoderm and any derivative products, and plan to market these products through our own sales force or through strategic alliances both in the United States and abroad. Agreements with potential collaborators may include joint marketing or promotion arrangements. Alternatively, we may grant exclusive marketing rights to potential collaborators in exchange for up-front fees, milestones and royalties on future sales, if any. We intend to manufacture Carcinoderm at our manufacturing facility in El Paso, Texas. We believe that our manufacturing facility will have the capacity to satisfy commercial demand for Carcinoderm for several years after the initial product launch.

15

Our business is subject to significant risks, including the risks inherent in our ongoing clinical trial and the regulatory approval process; the results of our research and development efforts; and competition from other products and uncertainties associated with obtaining and enforcing patent rights.

Clinical development timelines, achievement of success, and development costs vary widely. If we are successful in securing additional funding, we intend to apply for FDA (U. S. Food and Drug Administration) approval for Carcinoderm(TM) in 2005, and will focus our efforts on developing a clinical program that is fully responsive to the U.S. Food and Drug Administration's (FDA) guidance on moving a product through the regulatory process. Although Carcinoderm is not by definition a pharmaceutical, and thus does not require FDA approval, we believe that we have followed FDA guidelines, rules, and regulations applicable to a clinical research project in order to prepare for application for FDA approval for the product (a product need not be classified as a pharmaceutical to receive FDA approval), as well as to document its efficacy.

Product candidate completion dates and completion costs vary significantly and are difficult to estimate. The expenditure of substantial resources will be required for the lengthy process of clinical development and obtaining regulatory approval as well as to comply with applicable regulations. Any failure by us to obtain, or any delay in obtaining, regulatory approval could cause our research and development expenditures to increase and, in turn, have a material adverse effect on our results of operations. We cannot be certain when any net cash inflows from Carcinoderm or any of our other development projects will commence.

Results of Operations - We are in the development stage. For the three and nine months ended March 31, 2005, we had net losses of \$171,562 and \$377,724, respectively. The losses are primarily due to start-up expenses of a new company, and costs associated with the reverse merger. For the three and nine months ended March 31, 2005, general and administrative expenses included \$11,728 and \$123,506 paid for attorneys, accountants, and regulatory expenses.

Liquidity and Capital Resources - Our future capital uses and requirements depend on numerous forward-looking factors. These factors include, but are not limited to the following:

- o the progress of our research activities;
- o the number and scope of our research programs;

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

- o the progress of our pre-clinical development activities;
- o our ability to establish and maintain strategic collaborations;
- o the costs involved in enforcing or defending patent claims and other intellectual property rights;
- o the costs and timing of regulatory approvals;
- o the costs of establishing or expanding manufacturing, sales and distribution capabilities;
- o the success of the commercialization of Carcinoderm; and
- o the extent to which we acquire or invest in other products, technologies and business.

16

To date, we have funded our operations primarily through the sale of equity securities in an exempt private placements. Through March 31, 2005, we received aggregate net proceeds of approximately \$777,875 from the sale of exempt private placement equity securities.

Until we can generate significant cash from our operations, we expect to continue to fund our operations with existing cash resources that are primarily generated from the proceeds of exempt private offerings of our equity securities. We may finance future cash needs through the sale of additional equity securities, strategic collaboration agreements, and debt financing. However, we may not be successful in obtaining collaboration agreements, or in receiving milestone or royalty payments under those agreements. In addition, we cannot be sure that our existing cash resources will be adequate or that additional financing will be available when needed or that, if available, financing will be obtained on terms favorable to us or our stockholders. Having insufficient funds may require us to delay, scale back or eliminate some or all of our research or development programs or to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. Failure to obtain adequate financing also may adversely affect our ability to operate as a going concern. If we raise additional funds by issuing equity securities, substantial dilution to existing stockholders would likely result. If we raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

Off-Balance Sheet Arrangements

Through March 31, 2005, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in these relationships. We do not have relationships or transactions with persons or entities that derive benefits from their non-independent relationship with us, or our related parties.

Factors That May Affect Future Results - Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involved a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially from the forward-looking statements. The foregoing statements are based upon management's current assumptions.

17

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Item 3. Controls and Procedures

- a) Evaluation of Disclosure Controls and Procedures. As of March 31, 2005, the Company's management carried out an evaluation, under the supervision of the Company's Principal Executive Officer and the Principal Financial Officer of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to the Securities and Exchange Act, Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the date of their evaluation, for the purposes of recording, processing, summarizing and timely reporting material information required to be disclosed in reports filed by the Company under the Securities Exchange Act of 1934.
- b) Changes in internal controls. There were no changes in internal controls over financial reporting, known to the Principal Executive Officer or Principal Financial Officer that occurred during the period covered by this report that has materially affected, or is likely to materially effect, the Company's internal control over financial reporting.

18

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Except as described below, we are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

A lawsuit was filed in the District Court of El Paso County, 34th Judicial District. Zack Thomas is seeking to enforce an alleged oral agreement in which Dr. David Karam allegedly agreed to issue Plaintiff Thomas 25% of the equity received by the principal shareholder (Dr. Karam) for developing his invention in a predecessor company, ZDS Labs, Inc., for which the Plaintiff Thomas worked. Counsel to the Company has advised that the Company is only a nominal party necessary to resolve all issues between the Plaintiff Thomas and other Defendants in the case. The Company is not responsible for any sum of money or stock. However, should the Plaintiff Thomas prevail in his claims and receive the relief that he is requesting, the principle shareholder's percentage interest would be reduced from approximately 63% to 48%; no change of control would occur. By an Amendment filed in this proceeding on November 14, 2004, Plaintiff's joined Nancy LeMay, President, Secretary and a Director, as a defendant alleging her to have entered into a conspiracy with Dr. David Karam to deprive the Plaintiff Thomas of his corporate opportunity. Both Dr. Karam and Nancy LeMay deny the claims entirely.

On March 23, 2005, the Company entered into a Settlement Agreement that settles and releases all claims against the Company; Nancy LeMay; and David Karam, M.D., Ph.D. by Plaintiff Zach Thomas who was seeking to enforce an alleged oral agreement with Dr. Karam. Plaintiff Thomas alleged that Dr. Karam agreed to issue Plaintiff Thomas 25% of his personal equity in Bio-Life Labs, Inc. Under the terms of the Settlement, Dr. Karam agreed to issue 20% (5,921,932) of his personally-owned shares of common stock to the Plaintiffs.

Edgar Filing: BIO-LIFE LABS INC. - Form 10QSB

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended March 31, 2005, the Company sold 7,770,148 shares of common stock in exchange for \$250,000. The Company borrowed the common stock from a director.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None

19

Item 5. Other Information

In April 2005, Joseph McGhie resigned as the Company's Treasurer and Director.

In April 2005, Nancy LeMay resigned as the Company's President, Secretary, Director and Chief Executive Officer.

In April 2005, David Karam was appointed to the offices of President, Secretary, and Treasurer, and to the positions of Chief Executive Officer and Chief Financial Officer. Mr. Karam is also the Company's sole director.

Item 6. Exhibits

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)

32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)

20

SIGNATURES

Pursuant to the requirements 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.

BIO-LIFE LABS, INC.

Date: June 3, 2005 By: /s/ DAVID KARAM

David Karam
President (Principal Executive Officer), Principal
Financial Officer and Principal Accounting Officer

