MISONIX INC
Form 10-Q/A
September 19, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003

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: 1-10986

MISONIX, INC.
(Exact name of registrant as specified in its charter)

New York	11-2148932
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1938 New Highway, Farmingdale, NY	11735
(Address of principal executive offices)	(Zip Code)

(631) 694-9555
(Registrant's telephone number, including area code)

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ___ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

Class of Common Stock	Outstanding at May 1, 2003
Common Stock, $.01 par value	6,640,865

MISONIX, INC.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements.

MISONIX, INC.

CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2003 (UNAUDITED)	J
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,160,903	$ 1
Accounts receivable, less allowance for doubtful accounts of $344,792 and $223,413, respectively	6,428,598	6
Inventories	9,452,396	7
Prepaid income taxes	306,900	1
Deferred income taxes	467,275	
Prepaid expenses and other current assets	1,060,201	
Total current assets	19,876,273	17
Property, plant and equipment, net	3,369,137	3
Deferred income taxes	571,029	1
Goodwill	4,473,713	4
Other assets	304,115	
Total assets	$28,594,267	$26
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facilities	$ 706,083	$
Accounts payable	3,564,666	3
Accrued expenses and other current liabilities	1,369,478	1
Litigation settlement liabilities	170,000	
Current maturities of long-term debt and capital lease obligations	258,965	
Total current liabilities	6,069,192	5
Long-term debt and capital lease obligations	1,161,527	1
Deferred income	455,335	
Minority interest	235,757	
Stockholders' equity:		
Common stock, $.01 par value-shares authorized 10,000,000; 6,718,665 and 6,180,165 issued and 6,640,865 and 6,105,865 outstanding, respectively	67,186	
Additional paid-in capital	22,701,711	22
Retained deficit	(1,612,426)	(2
Treasury stock, 77,800 and 74,300 shares, respectively	(412,424)	
Accumulated other comprehensive loss	(71,591)	
Total stockholders' equity	20,672,456	19
Total liabilities and stockholders' equity	$28,594,267	$26

See accompanying Notes to Consolidated Financial Statements.

MISONIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE NINE MONTHS ENDED MARCH 31, 2003	2002
Net sales	$23,932,512	$21,697,278
Cost of goods sold	13,731,118	12,138,803
Gross profit	10,201,394	9,558,475
Operating expenses:		
Selling expenses	3,123,225	3,221,775
General and administrative expenses	4,966,700	4,556,949
Research and development expenses	1,599,766	1,611,305
Litigation (recovery) settlement expenses	(201,106)	-
Total operating expenses	9,488,585	9,390,029
Income from operations	712,809	168,446
Other income (expense):		
Interest income	42,722	249,433
Interest expense	(132,706)	(103,469)
Option/license fees	18,234	18,234
Royalty income	386,424	614,551
Foreign exchange gain	4,807	(408)
Loss on impairment of Hearing Innovations, Inc.	(231,982)	(370,451)
Loss on impairment of Focus Surgery, Inc.	(13,725)	(396,975)
Total other income	73,774	10,915
Income before minority interest and income taxes	786,583	179,361
Minority interest in net loss of consolidated subsidiaries	4,208	25,631
Income before income taxes	790,791	204,992
Income tax expense	382,158	198,199
Net income	$ 408,633	$ 6,793
Net income per share-Basic	$ .06	$ -
Net income per share - Diluted	$ .06	$ -

Weighted average common shares outstanding - Basic	6,420,118	6,068,272
Weighted average common shares outstanding - Diluted	6,598,608	6,247,761

See accompanying Notes to Consolidated Financial Statements.

MISONIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31, 2003	2002
Net sales	$8,747,677	$7,371,220
Cost of goods sold	4,908,659	4,323,252
Gross profit	3,839,018	3,047,968
Operating expenses:		
Selling expenses	1,090,662	1,164,287
General and administrative expenses	1,814,569	1,551,239
Research and development expenses	583,878	647,108
Litigation (recovery) settlement expenses	(48,478)	-
Total operating expenses	3,440,631	3,362,634
Income (loss) from operations	398,387	(314,666)
Other income (expense):		
Interest income	1,324	4,510
Interest expense	(45,226)	(31,609)
Option/license fees	6,078	6,078
Royalty income	137,779	173,414
Foreign exchange gain (loss)	2,562	(149)
Loss on impairment of Hearing Innovations, Inc.	(49,075)	(155,811)
Loss on impairment of Focus Surgery, Inc.	-	(70,273)
Total other income (expense)	53,442	(73,840)
Income (loss) before minority interest and income taxes	451,829	(388,506)
Minority interest in net income of consolidated subsidiaries	(29,628)	(5,099)

Income (loss) before income taxes	422,201	(393,605)
Income tax expense (benefit)	177,766	(182,833)
Net income (loss)	$ 244,435	$ (210,772)
Net income (loss) per share-Basic	$ .04	$ (.03)
Net income (loss) per share - Diluted	$ .04	$ (.03)
Weighted average common shares outstanding - Basic	6,643,300	6,096,887
Weighted average common shares outstanding - Diluted	6,686,981	6,096,887

See accompanying Notes to Consolidated Financial Statements.

MISONIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	FOR THE NINE MONT	
	MARCH 31,	
	2003	
OPERATING ACTIVITIES		
Net income	$ 408,633	$
Adjustments to reconcile net income to net cash used in operating activities:		
Bad debt expense	120,560	
Litigation recovery	(201,106)	
Deferred income tax benefit	(68,424)	
Depreciation and amortization	473,387	
Loss on disposal of equipment	90,154	
Deferred income	4,262	(
Foreign currency exchange gain	(4,807)	
Minority interest in net income of subsidiaries	(4,208)	
Loss on impairment of investments	245,707	
Changes in operating assets and liabilities:		
Accounts receivable	310,094	
Inventories	(1,882,911)	
Prepaid income taxes	2,400,894	
Prepaid expenses and other current assets	(448,308)	
Other assets	145,336	(
Accounts payable and accrued expenses	373,460	(1,
Litigation settlement liabilities	(4,332)	(
Income taxes payable	(173,907)	(

Net cash provided by (used in) operating activities	1,784,484	(
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(340,527)	
Purchase of Labcaire stock	(232,394)	
Redemption of investments held to maturity	-	2,
Purchase of convertible debentures - Focus Surgery, Inc.	-	(
Loans to Focus Surgery, Inc.	-	(
Cash paid for acquisition of Fibra Sonics, Inc., net of cash acquired	-	
Loans to Hearing Innovations, Inc.	(208,741)	(
Net cash (used in) provided by investing activities	(781,662)	

(continued on next page)

MISONIX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(UNAUDITED)

	FOR THE NINE MONTHS ENDED MARCH 31, 2003	2002
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	360,815	158,037
Payments of short-term borrowings	(441,719)	-
Principal payments on capital lease obligations	(209,103)	(159,078)
Proceeds from long-term debt	11,410	-
Payments of long-term debt	(22,201)	(44,477)
Proceeds from exercise of stock options	393,104	381,912
Purchase of treasury stock	(10,450)	(43,737)
Net cash provided by financing activities	81,856	292,657
Effect of exchange rate changes on assets and liabilities	10,760	13,824
Net increase in cash and cash equivalents	1,095,438	930,335
Cash and cash equivalents at beginning of period	1,065,465	3,774,573
Cash and cash equivalents at end of period	$ 2,160,903	$4,704,908
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for (received from):		
Interest	$ 132,706	$ 103,469
Income taxes	$(1,688,469)	$ 366,251
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Capital lease additions	$ 237,785	$ 104,316

See accompanying Notes to Consolidated Financial Statements.

MISONIX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information with respect to interim periods is unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ending June 30, 2003.

The balance sheet at June 30, 2002 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2002.

2. Net Income Per Share

Basic income per common share excludes any dilution. It is based upon the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflects the potential dilution that would occur if options to purchase common stock were exercised. The following table sets forth the reconciliation of weighted average shares outstanding and diluted weighted average shares outstanding:

	For the Nine months Ended March 31,		For the Three months Ended March 31,	
	2003	2002	2003	2002
Weighted average common shares outstanding	6,420,118	6,068,272	6,643,300	6,096,887
Dilutive effect of stock options	178,490	179,489	43,681	_ (a)
Diluted weighted average common shares outstanding	6,598,608	6,247,761	6,686,981	6,096,887

(a) Effect of stock options not included as their inclusion would be anti-dilutive.

3. Comprehensive Income

Total comprehensive income was $221,391 and $600,974 for the three and nine months ended March 31, 2003, respectively, and $115,810 and $101,201 for the three and nine months ended March 31, 2002, respectively. Accumulated other comprehensive loss is comprised of foreign currency translation adjustments.

4. Stock-Based Compensation

The Company complies with the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). This statement established financial accounting and reporting standards for stock-based employee compensation plans. The provisions of SFAS 123 encourage entities to adopt a fair value-based method of accounting for stock compensation plans; however, these provisions also permit the Company to continue to measure compensation costs under pre-existing accounting pronouncements. In December 2002, the Financial Accounting Standard Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." ("SFAS No. 148"). SFAS 148 amends SFAS 123 to provide alternative methods of transition for a voluntary change in the fair value-based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require more prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The additional disclosure requirements of SFAS 148 have been incorporated herein. Pursuant to SFAS 123, the Company has elected to continue the accounting set forth in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("ABP No. 125") and to provide the necessary pro forma disclosures.

The following table illustrates the effect on net income (loss) and net income (loss) per share as if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation.

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2003	2002	2003	2002
Net income (loss)- As reported:	$ 244,435	$(210,772)	$ 408,633	$ 6,793
Stock based compensation determined under SFAS 123	(117,817)	(313,694)	(268,441)	(532,796)
Net income (loss)- Pro forma:	$ 126,618	$(524,466)	$ 140,192	$(526,003)

Net income (loss) per share - Basic:				
As reported	$ .04	$ (.03)	$ .06	$ -
Pro forma	$ .02	$ (.09)	$ .02	$ (.09)
Net income (loss) per share - Diluted:				
As reported	$ .04	$ (.03)	$ .06	$ -
Pro forma	$ .02	$ (.09)	$ .02	$ (.08)

5. Acquisition

Labcaire Systems Ltd. ("Labcaire")

In October 2002, under the terms of the revised purchase agreement (the "Labcaire Agreement") with Labcaire (as discussed in the Company's Annual Report on Form 10-K for the year ended June 30, 2002), the Company paid $232,394 for 9,286 shares (2.70%) of the outstanding common stock of Labcaire bringing the acquired interest to 100%. This represents the fiscal 2003 buy-back, as defined in the Labcaire Agreement. The balance of the capital stock of Labcaire was owned by three executives and one retired executive of Labcaire who had the right, under the Labcaire Agreement, to require the Company to repurchase such shares at a price equal to its pro rata share of 8.5 times Labcaire's earnings before interest, taxes and management charges for the preceding fiscal year.

6. Inventories

Inventories are summarized as follows:

	MARCH 31, 2003	June 30, 2002
Raw materials	$ 4,563,225	$ 3,701,925
Work-in-process	1,649,126	824,289
Finished goods	3,240,045	2,644,630
	$ 9,452,396	$ 7,170,844

7. Accrued Expenses and Other Current Liabilities

The following summarizes accrued expenses and other current liabilities:

MARCH 31, 2003 June 30, 2002

Accrued payroll and vacation	$ 165,733	$ 165,350
Accrued sales tax	-	7,262
Accrued commissions and bonuses	83,586	216,343
Customer deposits and deferred contracts	887,304	526,560
Accrued professional fees	155,911	229,750
Warranty	62,583	68,000
Other	14,361	91,559
	$ 1,369,478	$ 1,304,824

8. Loans to Affiliate

Hearing Innovations, Inc.

During fiscal 2003, the Company entered into thirteen loan agreements whereby Hearing Innovations, Inc. ("Hearing Innovations") is required to pay the Company an aggregate amount of $231,982 due November 30, 2003. All notes bear interest at 8% per annum. The notes are secured by a lien on all of Hearing Innovations' right, title and interest in accounts receivable, inventory, property, plant and equipment and processes of specified products whether now existing or arising after the date of these agreements. The loan agreements contain warrants to acquire 207,741 shares of Hearing Innovations common stock, at the option of the Company, at a cost of $.10 to $1.00 per share. These warrants, which are deemed nominal in value, expire in October 2005. The Company recorded an allowance against the entire balance of $208,741 for the above loans as well as accrued interest of $23,241. The related expense has been included in loss on impairment of Hearing Innovations in the accompanying consolidated statements of operations. The Company believes the loans and related interest are impaired since the Company does not anticipate that these loans will be paid in accordance with the contractual terms of the loan agreements. The current ability of companies such as Hearing Innovations to access capital markets or incur third party debt is very limited and is likely to remain so for the foreseeable future. In light of this fact, the Company continues to review strategic options available to it and Hearing Innovations due to Hearing Innovations' continuing need for financial support.

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MISONIX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information with respect to interim periods is unaudited) (CONTINUED)

9. Business Segments

The Company operates in two business segments which are organized by product types: industrial products and medical devices. Industrial products include the Sonicator ultrasonic liquid processor, Aura ductless fume enclosure, the Labcaire Autoscope and Guardian endoscope disinfectant systems and the Mystaire wet scrubber. Medical devices include the Auto Sonix ultrasonic cutting and coagulatory system, refurbishing of high-performance ultrasound systems, replacement transducers for the medical diagnostic ultrasound industry, ultrasonic lithotriptor, ultrasonic neuroaspirator (used for neurosurgery) and soft tissue aspirator (used primarily for the cosmetic surgery market). The Company evaluates the performance of the segments based upon income from operations before general and administrative expenses and litigation (recovery) settlement expenses. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (Note 1) in the Company's Annual Report on Form 10-K for the year ended June 30, 2002. Certain items are maintained at the corporate headquarters (corporate) and are not allocated to the segments. They primarily include general and administrative expenses and litigation (recovery) settlement expenses. The Company does not allocate assets by segment. Summarized financial information for each of the segments are as follows:

For the nine months ended March 31, 2003:

	MEDICAL DEVICES	INDUSTRIAL PRODUCTS	(a) CORPORATE AND UNALLOCATED	TOTAL
Net sales	$11,769,483	$12,163,029	$ -	$23,932,512
Cost of goods sold	6,471,209	7,259,909	-	13,731,118
Gross profit	5,298,274	4,903,120	-	10,201,394
Selling expenses	1,037,082	2,086,143	-	3,123,225
Research and development expenses	1,079,821	519,945	-	1,599,766
Total operating expenses	2,116,903	2,606,088	4,765,594	9,488,585
Income from operations	$ 3,181,371	$ 2,297,032	$(4,765,594)	$ 712,809

(a) Amount represents general and administrative and litigation (recovery) settlement expenses.

For the three months ended March 31, 2003:

	MEDICAL DEVICES	INDUSTRIAL PRODUCTS	(a) CORPORATE AND UNALLOCATED	TOTAL
Net sales	$4,557,903	$4,189,774	$ -	$8,747,677
Cost of goods sold	2,389,023	2,519,636	-	4,908,659
Gross profit	2,168,880	1,670,138	-	3,839,018
Selling expenses	393,402	697,260	-	1,090,662
Research and development expenses	388,968	194,910	-	583,878
Total operating expenses	782,370	892,170	1,766,091	3,440,631
Income from operations	$1,386,510	$ 777,968	$(1,766,091)	$ 398,387

(a) Amount represents general and administrative and litigation (recovery) settlement expenses.

For the nine months ended March 31, 2002:

	MEDICAL DEVICES	INDUSTRIAL PRODUCTS	(a) CORPORATE AND UNALLOCATED	TOTAL
Net sales	$8,139,343	$13,557,935	$ -	$21,697,278
Cost of goods sold	4,591,768	7,547,035	-	12,138,803
Gross profit	3,547,575	6,010,900	-	9,558,475
Selling expenses	812,806	2,408,969	-	3,221,775
Research and development expenses	1,205,684	405,621	-	1,611,305
Total operating expenses	2,018,490	2,814,590	4,556,949	9,390,029
Income from operations	$1,529,085	$ 3,196,310	$(4,556,949)	$ 168,446

(a) Amount represents general and administrative expenses.

For the three months ended March 31, 2002:

	MEDICAL DEVICES	INDUSTRIAL PRODUCTS	(a) CORPORATE AND UNALLOCATED	TOTAL
Net sales	$2,335,242	$5,035,978	$ -	$7,371,220
Cost of goods sold	1,439,075	2,884,177	-	4,323,252
Gross profit	896,167	2,151,801	-	3,047,968
Selling expenses	272,636	891,651	-	1,164,287
Research and development expenses	527,095	120,013	-	647,108
Total operating expenses	799,731	1,011,664	1,551,239	3,362,634
Income (loss) from operations	$ 96,436	$1,140,137	$(1,551,239)	$ (314,666)

(a) Amount represents general and administrative expenses.

The Company's revenues are generated from various geographic regions. The following is an analysis of net sales by geographic region:

For the nine months ended March 31:

	2003	2002
	(IN THOUSANDS)	
United States	$15,717,000	$14,502,000
Canada	310,000	55,000
Mexico	6,000	-
United Kingdom	5,903,000	5,294,000
Europe	1,015,000	806,000
Asia	758,000	638,000
Middle East	48,000	99,000
Other	176,000	303,000
	$23,933,000	$21,697,000

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MISONIX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information with respect to interim periods is unaudited) (CONTINUED)

10. Revolving Credit Facilities

On July 1, 2002, Labcaire replaced its bank overdraft facility with HSBC Bank plc with a debt purchase agreement with Lloyds TSB Commercial Finance. The current facility is more flexible than the prior facility. The prior facility established a sum certain limit whereas the current facility has a credit limit based upon United Kingdom domestic and European receivables outstanding. The Company's needs are better served by the current facility. The amount of this facility is approximately $1,384,000 (950,000 Lbs. Sterling) and bears interest at the bank's base rate plus 1.75% and a service charge of .15% of sales invoice value and fluctuates based upon the outstanding United Kingdom and European receivables. The outstanding balance at March 31, 2003 and June 30, 2002 are $706,083 and $730,092, respectively. The agreement expires on June 28, 2003 and covers all United Kingdom and European sales.

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MISONIX, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Nine Months Ended March 31, 2003 and 2002.

NET SALES: Net sales of the Company's medical devices and industrial products increased $2,235,234 to $23,932,512 for the nine months ended March 31, 2003 from $21,697,278 for the nine months ended March 31, 2002. This difference in net sales is due to an increase in sales of medical devices of $3,630,140 offset by lower industrial products sales of $1,394,906. The increase in sales of medical devices is due to an increase in sales of diagnostic medical devices of $1,794,452 and an increase of $1,835,688 in sales of therapeutic medical devices, both due to increased customer demand for several diagnostic and therapeutic medical products. The increase in sales was not attributable to a single customer, distributor or any other specific factor. The increase was across all products for which there was increased demand. The decrease in industrial products is due to decreased wet scrubber sales of $1,336,553, a decrease in ultrasonic sales of $53,554 and a decrease in ductless fume enclosure sales of $495,419 primarily offset by an increase in Labcaire sales of $490,620. Wet scrubber sales continue to be adversely affected by the downturn of the semi-conductor market. The decrease in fume enclosure and ultrasonic sales is due to lower customer demand for several industrial products and current economic conditions for such products. The increase in Labcaire sales is primarily due to the product demand for the new Guardian product introduced in December 2001, which is currently compliant with the new United Kingdom standards for such products. Approximately 29% of the Company's revenues in the period ending March 31, 2003 were received in English Pounds currency. To the extent that the Company's revenues are generated in English Pounds, its operating results are translated for reporting purposes into U.S. Dollars using rates of 1.57 and 1.46 for the nine months ended March 31, 2003 and 2002, respectively. A strengthening of the English Pound, in relation to the U.S. Dollar, will have the effect of increasing its reported revenues and profits, while a weakening of the English Pound will have the opposite effect. Since the Company's operations in England generally sets prices and bids for contracts in English Pounds, a strengthening of the English Pound, while increasing the value of its UK assets, might place the Company at a pricing disadvantage in bidding for work from manufacturers based overseas. The Company collects its receivables in the currency the subsidiary resides in. The Company has not engaged in foreign currency hedging transactions, which include forward exchange agreements.

The Company's revenues are generated from various geographic regions. The following is an analysis of net sales by geographic region:

For the nine months ended March 31:

	2003	2002
	(IN THOUSANDS)	
United States	$15,717,000	$14,502,000
Canada	310,000	55,000
Mexico	6,000	-
United Kingdom	5,903,000	5,294,000
Europe	1,015,000	806,000
Asia	758,000	638,000
Middle East	48,000	99,000
Other	176,000	303,000
	$23,933,000	$21,697,000

MISONIX, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

The Company does not allocate assets by segment. Summarized financial information for each of the segments are as follows:

For the nine months ended March 31, 2003:

	MEDICAL DEVICES	NDUSTRIAL PRODUCTS	(a) CORPORATE AND UNALLOCATED	TOTAL
Net sales	$11,769,483	$12,163,029	$ -	$23,932,512
Cost of goods sold	6,471,209	7,259,909	-	13,731,118
Gross profit	5,298,274	4,903,120	-	10,201,394
Selling expenses	1,037,082	2,086,143	-	3,123,225
Research and development expenses	1,079,821	519,945	-	1,599,766
Total operating expenses	2,116,903	2,606,088	4,765,594	9,488,585
Income from operations	$ 3,181,371	$ 2,297,032	$(4,765,594)	$ 712,809