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BIOGENTECH CORP
Form 10QSB
February 23, 2004

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

FORM 10-QSB

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2003

() 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: 000-49620

Biogentech Corp.

(Exact name of small business issuer as specified in its charter)

Nevada 91-1868007

(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

2445 McCabe Way, Suite 150, Irvine, California 92614

(Address of principal executive offices)

(949) 757-0001

(Issuer's Telephone Number)

APPLICABLE ONLY TO CORPORATE ISSUERS

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 twelve 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 ()

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date: As of February 13, 2004 there were 23,864,708 shares of the issuer's \$0.001 par value common stock issued and 20,864,708 outstanding*.

Also as of February 13, 2004 there were 1,000 shares of the issuer's \$0.001 par

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value preferred stock issued and outstanding.

*Represents stock issued and outstanding in BioGentech Corp., the reporting issuer. The attached financial statements reflect a total of 23,864,708 shares issued and outstanding as of December 31, 2003. That will be the number of shares issued and outstanding when the BioGentech Corp. (the reporting issuer) stock is issued to the BioGentec Incorporated (the wholly-owned subsidiary of reporting issuer) shareholders in exchange for their BioGentec Incorporated stock. Included therein are 3,000,000 shares of BioGentech's common stock that have been issued as collateral for a transaction that did not occur, and these shares are expected to be cancelled and are not shown as outstanding.

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ITEM 1. FINANCIAL STATEMENTS

BIOGENTECH CORP. AND SUBSIDIARY
 (A DEVELOPMENT STAGE COMPANY)
 CONSOLIDATED BALANCE SHEET (UNAUDITED)

ASSETS

	December 31 2003

CURRENT ASSETS:	
Cash and cash equivalents	\$ 2
Prepaid expenses and other current assets	
Inventory	

Total current assets	3
DEBT ISSUE COSTS, net	7
ACQUISITION DEPOSIT (see Note 10)	2,22
PROPERTY AND EQUIPMENT, net	6
WEBSITE DEVELOPMENT COSTS, net	
PATENTS, net	3,85
DEPOSIT	4

	\$ 6,29
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

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CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$	63
Due to related parties		1,02
Warrant liability		35
Convertible preferred stock		88
Demand Loans payable		1,06
Preferred dividend payable		1

Total current liabilities	3,98
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CONVERTIBLE NOTE PAYABLE, net of discount of \$386,302	21
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Total Liabilities	4,19
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COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY:

Common stock, \$0.001 par value; 50,000,000 shares authorized; 23,864,708 shares issued and 20,864,708 outstanding	2
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Additional paid-in capital	8,05
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Deficit accumulated during the development stage	(5,97)
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Total stockholders' equity	2,10
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\$	6,29
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The accompanying notes form an integral part of these consolidated financial statements.

BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Three months ended December 31,	
	2003	2002
Net sales	\$ 181	\$ -

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Cost of sales	-	-
	-----	-----
Gross loss	181	-
	-----	-----
Operating expenses:		
Depreciation and amortization	5,248	5,338
General and administrative expenses	486,625	410,361
	-----	-----
Total operating expenses	491,873	415,699
	-----	-----
Loss from operations	(491,692)	(415,699)
Interest expense	(176,356)	(31,029)
	-----	-----
Loss before provision for income taxes	(668,048)	(446,728)
Provision for income taxes	-	-
	-----	-----
Net loss	(668,048)	(446,728)
Preferred dividend	(18,750)	-
	-----	-----
Net loss attributable to common shareholders	\$ (686,798)	\$ (446,728)
	=====	=====
Loss per common share attributable to common shareholders basic and diluted	\$ (0.03)	\$ (0.03)
	=====	=====
Number of weighted average shares - basic and diluted	20,811,708	17,383,164
	=====	=====

The accompanying notes form an integral part of these consolidated financial statements.

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	Nine months ended December 31,		Cumulative November (including December)
	2003	2002	
Net sales	\$ 3,344	\$ -	\$
Cost of sales	478	7,323	
Gross profit (loss)	2,866	(7,323)	
Operating expenses:			
Depreciation and amortization	15,746	15,632	
General and administrative expenses	1,513,709	1,393,330	
Total operating expenses	1,529,455	1,408,962	
Loss from operations	(1,526,589)	(1,416,285)	
Interest expense	(231,874)	(93,089)	
Loss before provision for income taxes	(1,758,463)	(1,509,374)	
Provision for income taxes	-	-	
Net loss	(1,758,463)	(1,509,374)	
Preferred dividend	(903,750)	-	
Net loss attributable to common shareholders	\$ (2,662,213)	\$ (1,509,374)	\$
Loss per common share - basic and diluted	\$ (0.13)	\$ (0.09)	\$
Number of weighted average shares - basic and diluted	20,453,977	17,128,920	

The accompanying notes form an integral part of these consolidated financial statements.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common stock		Additional paid-in Capital	Deferred compensation	Defici Accumula during developm stage
	Shares	Amount			
Balance at inception (November 21, 2000)	-	\$ -	\$ -	\$ -	-
Issuance of founder's shares in exchange for property and equipment	16,300,000	16,300	-	-	-
Issuance of common stock for cash - November 2000 @ \$1.00	30,000	30	29,970	-	-
Issuance of common stock for cash - December 2000 @ \$1.00	15,000	15	14,985	-	-
Issuance of common stock for cash - February 2001 @ \$1.00	12,000	12	11,988	-	-
Issuance of common stock for cash - March 2001 @ \$1.00	125,000	125	124,875	-	-
Issuance of common stock for services - March 2001 @ \$1.00	10,000	10	9,990	-	-
Contributed capital	-	-	62,681	-	-
Net loss for the period from inception (November 21, 2000) to March 31, 2001	-	-	-	-	(194)
Balance at March 31, 2001	16,492,000	16,492	254,489	-	(194)
Issuance of common stock for cash - April 2001 @ \$1.00	10,000	10	9,990	-	-
Issuance of common stock for telephone equipment - April 2001 @ \$1.00	6,750	7	6,743	-	-
Issuance of common stock for cash - May 2001 @ \$1.00	11,000	11	10,989	-	-
Issuance of common stock for website development - May 2001 @ \$1.00	17,000	17	16,983	-	-
Issuance of common stock for legal services - May 2001 @ \$1.00	1,000	1	999	-	-
Issuance of common stock for cash - June 2001 @ \$1.00	23,500	24	23,476	-	-
Issuance of common stock for cash - July 2001 @ \$1.00	20,000	20	19,980	-	-
Issuance of common stock for cash - August 2001 @ \$1.00	25,000	25	24,975	-	-
Issuance of common stock for services, related party - September 2001 @ \$1.00	65,858	66	65,792	-	-

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

	Common stock		Additional paid-in Capital	Deferred compensation	Defici Accumula during t developm stage
	Shares	Amount			
Issuance of common stock for cash - September 2001 @ \$1.00	15,000	15	14,985	-	
Issuance of common stock for services - September 2001 @ \$1.00	11,000	11	10,989	-	
Issuance of stock options for services - September 2001	-	-	32,000	-	
Issuance of common stock for cash - October 2001 @ \$1.00	5,000	5	4,995	-	
Issuance of common stock for cash - December 2001 @ \$1.00	30,000	30	29,970	-	
Issuance of common stock for services - December 31, 2001 @ \$1.00	33,000	33	32,967	-	
Issuance of common stock for services, related party - December 2001 @ \$1.00	117,500	118	117,382	-	
Issuance of common stock for prepaid advertising - December 2001 @ \$1.00	15,600	15	15,585	-	
Issuance of common stock for property and equipment - January 2002 @ \$3.00	1,000	1	2,999	-	
Issuance of common stock for services, related party - January 2002 @ \$1.00	33,000	33	32,967	-	
Issuance of common stock for cash - February 2002 @ \$2.00	20,000	20	39,980	-	
Issuance of common stock for cash - March 2002 @ \$2.00	12,500	12	24,988	-	
Contributed capital	-	-	211,269	-	
Deferred compensation	-	-	-	(60,108)	
Net loss	-	-	-	-	(1,028)
Balance at March 31, 2002	16,965,708	16,966	1,005,492	(60,108)	(1,223)
Issuance of common stock for services - April 2002 @ \$2.00	3,000	3	5,997	-	
Issuance of common stock for cash - April 2002 @ \$1.00	10,000	10	9,990	-	
Issuance of common stock for cash - April 2002 @ \$2.00	17,500	17	34,983	-	
Issuance of common stock for cash - May 2002 @ \$1.00	10,000	10	9,990	-	
Issuance of common stock for cash - May 2002 @ \$2.00	16,000	16	31,984	-	
Issuance of stock options for services -					

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May 2002	-	-	350,000	-
Contributed capital - bonus expense	-	-	50,000	-
Issuance of common stock for cash - June 2002 @ \$1.00	5,000	5	4,995	-
Issuance of common stock for cash - June 2002 @ \$2.00	5,000	5	9,995	-
Issuance of common stock for cash - July 2002 @ \$1.00	5,000	5	4,995	-
Issuance of common stock for cash - August 2002 @ \$2.00	10,000	10	19,990	-
Issuance of common stock for cash - September 2002 @ \$2.00	10,000	10	19,990	-
Issuance of stock options below fair market value - November 2002	-	-	250,000	(250,000)
Issuance of common stock for conversion of note - December 2002 @ 2.00	50,000	50	99,950	-
Issuance of common stock for cash - December 2002 @ \$2.00	20,000	20	39,980	-
Issuance of common stock for services - December 2002 @ \$2.00	15,000	15	29,985	-
Issuance of common stock for patents - December 2002 @ \$2.00	2,000,000	2,000	3,998,000	-
Contributed capital	-	-	292,718	-
Issuance of common stock for exercise of options - December 2002	574,000	574	574,028	-
Deferred compensation	-	-	-	60,108
Contributed capital	-	-	5,000	-

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)

	Common stock		Additional	Deferred	Defici
	Shares	Amount	paid-in Capital	compensation	Accumula during t developm stage
Issuance of options for services - January 2003	-	-	25,000	-	-
Issuance of common stock for cash February 2003 @ \$2.00	11,500	12	22,988	-	-
Issuance of common stock for cash March 2003 @ \$2.00	5,000	5	9,995	-	-
Deferred compensation	-	-	-	54,000	-
Net loss	-	-	-	-	(2,087)

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Balance at March 31, 2003	19,732,708	19,733	6,906,045	(196,000)	(3,310)
Issuance of common stock for cash					
April 2003 @ \$2.00 (unaudited)	70,000	70	139,930	-	
Issuance of common stock for cash					
May 2003 @ \$2.00 (unaudited)	30,000	30	59,970	-	
Acquisition of BioGentec Inc. by					
Togs for Tykes (unaudited)	1,032,000	1,032	(101,032)	-	
Deferred compensation	-	-	-	196,000	
Fair value allocation of warrant liability					
of Preferred Stock (audited)	-	-	(181,849)	-	
Value of beneficial conversion feature					
of convertible debenture issued in					
September 2003 (unaudited)	-	-	346,870	-	
Amortization on discount of					
Preferred Stock treated as dividend					
(unaudited)	-	-	885,000	-	(885)
Preferred stock dividend (unaudited)	-	-	-	-	(18)
Net loss (unaudited)	-	-	-	-	(1,758)
Balance at December 31, 2003 (unaudited)	20,864,708	\$ 20,865	\$ 8,054,934	\$ -	\$ (5,973)

The accompanying notes form an integral part of these consolidated financial statements.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended December 31, 2003	Nine months ended December 31, 2002
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (1,758,463)	\$ (1,509,374)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	15,277	15,632
Common stock issued for services	-	36,000
Change in value of warrant liability	(452)	-
Amortization of debt issue costs	9,278	-
Exercise of stock options for services	-	26,961

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Amortization of discount on notes	130,198	93,089
Issuance of stock options for services	-	350,000
Capital contribution - bonus (related party)	-	50,000
Amortization of prepaid advertising	-	11,700
Amortization of Deferred compensation	196,000	60,108
Discount on common stock issued for settlement of debt	-	50,000
Impairment expense	-	55,832
Changes in assets and liabilities:		
Decrease(increase) prepaid express and other assets	1,697	16,200
Increase in accounts payable and accrued expenses	-	-
	362,704	8,795
(Increase) decrease in inventory	97	(5,750)
Increase in amount due to related parties	204,907	310,030
	-----	-----
Net cash (used for) operating activities	(838,757)	(430,777)
	-----	-----
Cash flows used for investing activities:		
Purchase of property and equipment	(19,550)	(3,500)
Increase in patent costs	-	(1,450)
Increase in Restricted cash	-	(100,000)
Merger fees and costs	-	-
Increase in acquisition deposits	(2,220,000)	-
Increase in other deposits	-	-
Increase in capitalized website	(450)	-
	-----	-----
Net cash used for investing activities	(2,240,000)	(104,950)
	-----	-----
Cash flows provided by (used for) financing activities:		
Increase in Bank Overdraft	-	9,912
Payment on contract	-	(11,000)
Proceeds from advances - related party	525,400	-
Proceeds from issuance of notes payable	1,576,500	50,000
Proceeds from sale of common stock	200,000	187,000
Proceeds from sale of preferred stock	885,000	-
Contributed capital	-	292,718
Payments on advances - related party	(82,300)	-
	-----	-----
Net cash provided by financing activities	3,104,600	528,630
	-----	-----
Net increase (decrease) in cash and and cash equivalents	25,843	(7,097)
Cash and cash equivalents, beginning of period	2,290	7,097
	-----	-----
Cash and cash equivalents, end of period	\$ 28,133	\$ -
	=====	=====
Cash paid during the period for:		
Interest expense	\$ -	\$ -
	=====	=====
Income taxes	\$ -	\$ -
	=====	=====

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

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
NON-CASH INVESTING AND FINANCING ACTIVITIES:

Nine months ended December 31, 2002:

During the nine months ended December 31, 2002, the Company issued 18,000 shares of its common stock valued at \$36,000 for consulting services provided, which represented the fair market value on the date of issuance.

During the nine months ended December 31, 2002, R&R advanced the Company cash and also paid certain expenses directly on behalf of the Company totaling \$292,718. The Company has recorded these transactions as a contribution to capital as of December 31, 2002.

On May 5, 2002, a related party transferred 25,000 shares of the Company's common stock valued at \$50,000 to an employee of the Company as a bonus. The fair market value on the date of the issuance was \$2.00 per share. The Company has recorded this transaction as a contribution to capital and salary expense as of December 31, 2002.

In September 2002, a shareholder loaned the Company \$50,000, which was convertible into 50,000 shares of the Company's common stock. The fair market value of the common stock was \$2.00 per share, therefore, the Company recorded a \$50,000 expense relating to this note. Subsequently, on December 31, 2002, the note holder converted the \$50,000 promissory note into 50,000 shares of the Company's common stock.

During the year ended March 31, 2002, the Company issued 216,358 shares of its common stock valued at \$1.00 per share or \$216,358 as consideration for past and future consulting services provided by a related party. The Company recognized \$60,108 of deferred compensation expense relating to these services during the nine months ended December 31, 2002.

During the year ended March 31, 2001, the Company issued 15,600 shares of its common stock valued at \$15,600 for prepaid advertising expense. The Company recognized \$11,700 of advertising expense relating to the issuance during the nine months ended December 31, 2002.

The Company recorded interest expense totaling \$93,089 relating to the discount on a note payable.

For the nine months ended December 31, 2003:

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In September 2003, the Company sold a convertible debenture with detachable warrants. The Company calculated the value of the warrants and the convertible feature of the debenture utilizing the Black-Scholes model. The \$169,630 value of the warrants is included in the warrant liability due to registration rights in accordance with EITF 00-19. The \$346,870 value of the beneficial conversion debenture was charged to additional paid-in capital.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The unaudited consolidated financial statements have been prepared by BioGentech Corp. (the "Company"), pursuant to Regulation S-B of the Securities and Exchange Commission. (See Reverse Acquisition section below.) The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) that are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally presented in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These unaudited consolidated financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal years ended March 31, 2003 and 2002 included on Form 8K/A as filed with the Securities and Exchange Commission on July 18, 2003.

The unaudited results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

Reverse acquisition

BioGentec Incorporated ("BG"), a private Nevada corporation, was incorporated on November 21, 2000 according to the laws of Nevada, under the name St Petka, Inc. On May 4, 2001, BG formally changed its name to BioGentec Incorporated. On July 2, 2003, BG was merged into Togs for Tykes Acquisition Corp. ("TTAC"), a wholly owned subsidiary formed for the purpose of acquiring BG. TTAC is the wholly owned subsidiary of the registrant, BioGentech Corp. ("BGTH") (formerly Togs for Tykes, Inc.). As allowed under SFAS 141, the Company designated a date of convenience of the closing for accounting purposes as June 30, 2003. Under the terms of the merger agreement, all of BG's outstanding common stock (19,732,705 shares of \$0.0001 par value stock) will be exchanged for 19,732,705 shares newly issued shares of \$0.001 par value stock of BioGentech Corp. common stock. At the date of the transaction, BGTH had 5,532,000 shares of common stock outstanding of which 4,500,000 will be cancelled as part of the transaction leaving 23,864,708 shares outstanding. As of the date of this filing, the share exchange is in progress, and not all of BG's shares have been exchanged for BGTH's common stock and the 4,500,000 shares have been cancelled. An internal review of BG's shareholder register and related supporting documents was undertaken

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concurrently with the merger and prior to passing such records to the transfer agent for the issuance of the exchanged shares. The review project is complete and the stock register will be forwarded to the transfer agent for processing.

This transaction was consummated with the filing of the Articles of Merger with the State of Nevada on July 2, 2003 BG shareholders then effectively controlled approximately 95% of the issued and outstanding common stock of BGTH. Since the shareholders of BG obtained control of BGTH, according to FASB Statement No. 141 - "BUSINESS COMBINATIONS," this acquisition has been treated as a recapitalization for accounting purposes, in a manner similar to reverse acquisition accounting. In accounting for this transaction:

- i) BG is deemed to be the purchaser and surviving company for accounting purposes. Accordingly, its assets and liabilities are included in the balance sheet at their historical book values and the results of operations of BG have been presented for the comparative prior period; and
- ii) Control of the net assets and business of BGTH was acquired for accounting purposes effective June 30, 2003. This transaction has been accounted for as a purchase of the assets and liabilities of BGTH by BG during the three months ended June 30 2003. The historical cost of the net assets acquired was \$0 and \$100,000 cash was paid for costs and fees associated with the merger.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Going concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Through December 31, 2003, the Company is still in the development stage and has not been able to generate sufficient revenue from its operations to cover its costs and operating expenses. The Company has been able to raise a limited amount of funds via the sale of its common and convertible preferred stock, and through the issuance of its notes payable and convertible debenture, in order to fund its operations; however, it is not known whether the Company will be able to continue this practice, be able to obtain other types of financing, or if its revenue will increase significantly to be able to meet its cash operating expenses. This, in turn, raises substantial doubt about the Company's ability to continue as a going concern. Management anticipates revenue to grow depending on the outcome of the negotiation with InnoFood, Inc. (see Note 3 for further discussion) Because the InnoFood agreement was terminated as of January 8, 2004, the Company may not have any substantial revenue and will not have any means of generating cash flows from its operations without making other arrangements. However, management believes that the private equity financing, public equity financing and new product offerings will enable the Company to generate positive cash flows and continue its operations. However, no assurances can be given as to the success of these plans. The consolidated financial statements do not include any

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adjustments that might result from the outcome of these uncertainties.

During April 2003, a definitive agreement was signed between BioGentec Incorporated and BGTH to merge BioGentec into BGTH's wholly owned subsidiary, Togs for Tykes Acquisition Corp. The merger was consummated with the filing of the merger agreement with the State of Nevada in July 2003. As a result of the merger, the Company hopes to gain access to public equity markets and additional financing.

On July 28 2003, the Company signed a definitive agreement to acquire InnoFood, Inc. The Company currently has disputes with the sellers of InnoFood and the purchase agreement may be terminated subject to the outcome of the negotiations or may be restructured with the parent company Modofood. On January 8, 2004, the agreement was terminated and the Company believes it is entitled to receive the refund of deposits of \$2,220,000. (see Notes 3 and 10 for further discussion)

Stock Options

The Company did not grant any new options and no options were cancelled or exercised during the nine months ended December 31, 2003. As of December 31, 2003, 1,150,000 options were outstanding, all of which are fully vested. Accordingly, no additional disclosure is required under SFAS 148.

Earnings (loss) per share

The Company has adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings Per Share." Under SFAS 128, basic earnings (loss) per share is computed by dividing income available to common stockholders (net income less preferred dividends) by the weighted-average number of common shares assumed to be outstanding during the period of computation. Diluted earnings per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Because the Company has incurred net losses, basic and diluted loss per share are the same. Additional potential common shares would be anti-dilutive. As of December 31, 2003 the Company has approximately 2,060,834 common stock equivalents.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Recent Accounting Pronouncements:

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). FIN 46 changes the criteria by which one company includes another entity in its consolidated financial statements. Previously, the criteria were based on control through voting interest. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A company that consolidates a variable interest entity is

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called the primary beneficiary of that entity. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established.

During October 2003, the FASB issued Staff Position No. FIN 46, deferring the effective date for applying the provisions of FIN 46 until the end of the first interim or annual period ending after December 31, 2003 if the variable interest was created prior to February 1, 2003 and the public entity has not issued financial statements reporting that variable interest entity in accordance with FIN 46.

On December 24, 2003, the FASB issued FASB Interpretation No. 46 (Revised December 2003), "Consolidation of Variable Interest Entities," (FIN-46R) primarily to clarify the required accounting for interests in variable interest entities. FIN-46R replaces FIN-46 that was issued in January 2003. FIN-46R exempts certain entities from its requirements and provides for special effective dates for entities that have fully or partially applied FIN-46 as of December 24, 2003. In certain situations, entities have the option of applying or continuing to apply FIN-46 for a short period of time before applying FIN-46R. While FIN-46R modifies or clarifies various provisions of FIN-46, it also incorporates many FASB Staff Positions previously issued by the FASB. The Company has deferred the adoption of FIN 46 with respect to VIEs created prior to February 1, 2003. Management is currently assessing the impact, if any, FIN 46 may have on the Company; however, management does not believe there will be any material impact to the Company's financial position, results of operations or liquidity resulting from the adoption of this interpretation.

In December 2003, the FASB issued Statement of Financial Accounting Standards (FAS) No. 132 (Revised 2003) "Employers' Disclosures about Pensions and Other Postretirement Benefits." This standard replaces FAS-132 of the same title, which was previously issued in February 1998. The revised FAS-132 was issued in response to concerns expressed by financial statement users about their need for more transparency of pension information. The revised standard increases the existing GAAP disclosures for defined benefit pension plans and other defined benefit postretirement plans. However, it does not change the measurement or recognition of those plans as required under: FAS-87, "Employers' Accounting for Pensions"; FAS-88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits"; and FAS-106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." Specifically, the revised standard requires companies to provide additional disclosures about pension plan assets, benefit obligations, cash flows, and benefit costs of defined benefit pension plans and other defined benefit postretirement plans. Also, for the first time, companies are required to provide a breakdown of plan assets by category, such as debt, equity and real estate, and to provide certain expected rates of return and target allocation percentages for these asset categories. The revised FAS-132 is effective for financial statements with fiscal years ending after December 15, 2003 and for interim periods beginning after December 15, 2003. The adoption of this Statement is not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

2. RELATED PARTY TRANSACTIONS:

Consulting Contract

BioGentec has a consulting contract with R&R Holdings, Inc ("R&R") whereby R&R would provide managerial consulting services to the Company at the rate of \$125,000 per year. As stated in the agreement, the rate increased to \$135,000 per year upon BioGentec's public company merger with BGTH. R&R is also a shareholder of BioGentec. For the three months and nine months ended December 31, 2003, the Company expensed \$33,750 and \$98,750, respectively under this contract. For the three months and nine months ended December 31, 2002, the Company expensed \$31,250 and \$93,750, respectively. As of December 31, 2003, the Company has a payable to R&R under the contact totaling \$174,892 which is included in due to related parties.

Advances

During the period from April 1, 2003 to December 31, 2003, R&R advanced BioGentec additional cash totaling \$287,100. During the three months and nine months ended December 31, 2003, the Company repaid R&R in the amount of \$59,500. As of December 31, 2003, R&R has outstanding advances totaling \$474,107. The advances, excluding the transactions being classified as contributions to capital, have been recorded as demand loans payable. The Company has imputed interest on the note at a rate of 10% per annum. Interest expense totaled \$12,596 and \$33,235 during the three months and nine months ended December 31, 2003, respectively and is included in Due to Related Parties. As of December 31, 2003, the Company has outstanding accrued interest payable of \$36,398 on these advances from R&R, which is included in due to related parties.

In September 2003, R&R advanced the Company an additional amount of \$170,000 at the rate of 10% per annum. These funds were specifically to provide the Company with additional financing with regard to the InnoFood transaction. (See Note 3 and Note 10) Interest expense in the amount of \$4,250 and \$9,397 was accrued for the three months and nine months ended December 31, 2003 relating to this advance. As of December 31, 2003, the Company has outstanding accrued interest payable of \$9,397 on these advances which is included in due to related parties.

Employment Contracts

The President (previously the Executive Vice President) entered into an employment agreement dated November 22, 2000, amended on December 31, 2001, which pays an annual salary of up to \$125,000 and certain bonuses. The Company expensed \$31,250 for each of the three-month period ended December 31, 2003 and 2002 and \$93,750 for each of the nine-month period ended December 31, 2003 and 2002. As of December 31, 2003, the Company has a payable to the President totaling \$123,250 which is included in due to related parties.

BioGentec has entered into an employment agreement with the Chief Operating Officer ("COO") that pays an annual salary of \$120,000 per year. The agreement provides that the COO's base salary shall increase by increments of \$50,000 per year upon the achievements of certain milestones, including the Company's obtaining financing and achieving certain levels of revenues. In addition, the agreement provides that the COO shall be eligible to receive bonuses tied to the Company's revenues. The Company expensed \$46,875 and \$96,875 for the three months and nine months ended December 31, 2003, respectively, and expensed \$20,000 for the three months and nine months ended December 31, 2002. During the three months ended December 31, 2003, the Company paid \$88,750 under this employment agreement. As of December 31, 2003, the Company owed the COO approximately \$38,125 pursuant to this agreement. This amount is included in due

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to related parties in the accompanying consolidated financial statements.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

3. ACQUISITION DEPOSIT:

InnoFood, Inc. Agreement

On July 28, 2003, the Company entered into a definitive agreement (the "InnoFood Agreement") to acquire InnoFood, Inc. ("InnoFood"), owner of certain rights to a proprietary food processing technology developed by Modofood S.P.A. of Brescia, Italy. The agreement provided BioGentech exclusive distribution rights (through the acquisition of InnoFood) of Modofood's proprietary food sterilization and preservation technology for North America, Central America, South America and Japan, as well as the exclusive rights to negotiate on behalf of Modofood for Southeast Asia, including Taiwan, China and Indonesia.

Under the terms of the agreement, InnoFood shareholders would receive one BioGentech common share and one BioGentech warrant for every twelve (12) shares of InnoFood common stock. InnoFood shareholders were also to receive one InnoFood preferred share for every 1,200 InnoFood common shares. The agreement called for BioGentech to infuse \$5 million of working capital prior to December 31, 2003.

During the three months and nine months ended December 31, 2003, the Company has advanced InnoFood the sum of \$250,000 and \$2,220,000, respectively.

On October 17, 2003 the Company entered into a Letter of Understanding ("LOU") with InnoFood to restructure the relationship between the Company and InnoFood. The Company believes that InnoFood may have misled the Company's management regarding certain material matters. As a result, the definitive agreements were never prepared and parties did not finalize the matters referenced in the LOU.

On January 8, 2004, InnoFood sent the Company a letter explaining that InnoFood was terminating the original InnoFood agreement and the October 17, 2003 LOU. InnoFood claimed that the Company breached both the original Agreement and the LOU by failing to provide the funding provided for under those agreements. With the letter of termination, InnoFood delivered a signed Promissory Note agreeing to pay back the \$2,160,000 (net of interest of \$60,000 InnoFood charged to the Company for non-payments). The Promissory Note accrues interest at 10% and is due and payable on or before January 15, 2009. As of February 16, 2004, the Company has not yet accepted the terms of this promissory note and is still in negotiation with InnoFood regarding the purchase.

The Company believes that InnoFood breached not only the original InnoFood Agreement but also the LOU. The Company intends to vigorously pursue InnoFood and all other responsible parties, but has not determined whether it will file suit against InnoFood and any other parties. The Company may also consider pursuing legal action against Modofood S.P.A.; if it is unable to resolve these matters informally through negotiations now taking place. In the meantime, the Company is attempting to resolve this dispute without court intervention.

4. WARRANT LIABILITY:

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Pursuant to EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", the Company has recorded the relative fair value of warrants issued with registration rights on the Convertible Debenture (See Note 7) and the Convertible Preferred Stock (See Note 8) in the amount of \$351,479 as a short-term liability until the Company has obtained an effective registration statement for these shares.

Additionally, the Company is required to report a value of the warrant as a fair market value and record the fluctuation to the fair value of the warrant liability to current operations. The fair value increased by \$47,751 during the three months ended December 31, 2003 and decreased by \$452 for the nine months ended December 31, 2003.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

5. PREFERRED STOCK LIABILITY:

Pursuant to EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", the Company has recorded the value of the net proceeds of Convertible Preferred Stock, which is immediately convertible into shares of common stock with registration rights (See Note 8) as a short-term liability until the Company has obtained an effective registration statement for these shares. Upon the completion of an effective registration statement, the net value of the shares shall be recorded as permanent equity in additional paid-in capital.

6. DEMAND LOANS PAYABLE:

In July and August 2003, the Company was loaned \$500,000 from an investor. The Loans are payable on demand, and accrue interest at the rate of 10% per annum. During the three months ended December 31, 2003, the Company received additional loans of \$560,000 from this investor. As of December 31, 2003, the Company has outstanding accrued interest of \$34,833 related to these loans payable.

7. CONVERTIBLE NOTE PAYABLE:

In September 2003, the Company sold a \$600,000, three-year, 8% convertible debenture (the "Convertible Debenture"), which is convertible into shares of the Company's common stock at the initial conversion price of \$2.00 per share. This price is subject to adjustment should the Company issue shares of its common stock at a price less than \$1.75 per share. The Convertible Debenture was sold with detachable three-year warrants (the "Debenture Warrants") to purchase 90,000 shares of the Company's common stock at \$2.88 per share. The warrant exercise price is also subject to adjustment based on sales of the Company's common stock below the current fair market value on the contract date.

The Company capitalized \$83,500 of debt issues costs that are being amortized over the life of the Convertible Debenture. During the three months and nine months ended December 31, 2003, the Company amortized \$2,320 and \$9,278, respectively, relating to debt issue costs.

The discount attributable to the relative fair value of the warrants, as

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calculated using the Black-Scholes pricing model, and the value of the beneficial equity conversion feature exceeded the face value of the convertible note. As a result, the Company has recorded a discount to additional paid in capital of \$169,630 related to the relative fair value of the warrants and \$346,870 of discount related to the beneficial conversion feature of the Convertible Debenture. The discount will be amortized using the effective interest rate method over the term of the debt. For the three and nine-month periods ended December 31, 2003, the Company recorded the amortization of discount in the amounts of \$130,198 and \$115,851, respectively, as interest expense. The Company accrued \$12,000 and \$14,933 of interest expense (8% per annum of the face value of the note) for the three months and nine months ended December 31, 2003, respectively. Upon conversion of the debt, any unamortized debt issue costs will be charged to expense.

The Company also entered into a registration rights agreement whereby the Company agreed to file a valid registration statement with the Securities and Exchange Commission to register the shares of common stock underlying the Convertible Debentures and Debenture Warrants. Pursuant to EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", approximately \$169,630, the relative fair value of the warrants, has been recorded as a short-term liability until the Company has obtained an effective registration statement for these shares (See Note 4). If the Company does not file such an effective registration statement within 30 days of the closing date, or October 8, 2003, the Company is subject to penalties as follows: 1% of the principal amount of the funding for the first 30 day period in which the Company fails to file such registration statement, and 2% for each 30 day period thereafter. At December 31, 2003, the Company had not filed such a registration statement and accordingly is currently subject to a penalty of \$16,258.

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BIOGENTECH CORP. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

8. STOCKHOLDERS' EQUITY

Convertible preferred stock / preferred dividend

In September 2003, the Company sold 1,000 shares of its 7.5% convertible preferred stock (the "Convertible Preferred Stock") for \$1,000,000, less direct issuance costs of \$115,000, which were netted against the proceeds of the offering. The Convertible Preferred Stock carries voting rights equivalent to the number of shares of common stock into which it can be converted, and has liquidation preference of \$1,000 per share. The Convertible Preferred Stock is convertible into shares of the Company's common stock at the initial conversion price of \$2.40 per share. This price is subject to change should the Company issue shares of its common stock at a price less than \$1.75 per share. Included with the Convertible Preferred Stock were detachable three-year warrants to purchase 104,167 shares of the Company's common stock at the price of \$2.88 per share (the "Preferred Warrants"). The warrant exercise price is also subject to adjustment based on sales of the Company's common stock below the current fair market value on the contract date.

The discount attributable to the value of the warrants, as calculated using the Black-Scholes pricing model, and the value of the beneficial conversion feature

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exceeded the net proceeds received from the sale the shares. As a result, the Company has recorded a discount to additional paid in capital of \$181,849 related to the relative fair value of the relative fair value of the warrants and \$703,151 related to the beneficial conversion feature of the Convertible Preferred Stock. The shares are convertible at the option of the holder and, pursuant to EITF 98-5, "Accounting for Convertible Securities with Beneficial Conversation Features or Contingently Adjustable Conversion Ratios", the discount attributable to the beneficial conversation feature of was recorded as a preferred stock dividend at the date of issuance. The Company recognized \$885,000 of preferred dividends related to the discount.

Pursuant to EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", approximately \$181,849, the relative fair value of the warrants, has been recorded as a short-term liability until the Company has obtained an effective registration statement for these shares. (See Note 4)

Further, the preferred shares are convertible into registered shares of the Company's common stock. Pursuant to EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", approximately \$885,000 (the net proceeds attributable to the preferred stock) has been recorded as a current liability until the Company has obtained an effective registration statement relating to these shares. (See Note 5)

The Company accrued \$18,750 for the preferred dividend for the three months and nine months ended December 31, 2003, which is classified as preferred dividend payable as of December 31, 2003.

If the Company does not file such an effective registration statement within 30 days of the closing date, or October 25, 2003, the Company is subject to penalties as follows: 1% of the value of the shares and the warrants paid by the purchaser for the first 30 day period in which the Company fails to file such registration statement, and 2% for each 30 day period thereafter. At December 31, 2003, the Company had not filed such a registration statement and accordingly is currently subject to a penalty of \$38,193.

Sale of Common Stock

During the nine months ended December 31, 2003, the Company sold 100,000 restricted common shares in a private placement at \$2.00 per share, which represented the fair market value of the common stock.

Common stock issued pursuant to the InnoFood transaction - cancelled

In August 2003, the Company issued 2,000,000 shares of its common stock pursuant to its contemplated transaction with InnoFood (see Note 3). Subsequently, the InnoFood transaction was re-negotiated, and in November 2003 the certificates representing these 2,000,000 shares were cancelled.

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Common stock issued as collateral on loan

During July 2003, the Company was negotiating with a lender in Germany for a loan in the amount of approximately \$2,400,000. On July 31 2003, the Company issued 3,000,000 shares of its restricted common stock as collateral for this loan. This transaction was never completed, there was no consideration to serve as basis for a transaction, and the Company is in the process of attempting to cancel the share certificate. These shares are shown as issued as of December 31, 2003, but not outstanding. The share certificates have not yet been returned by the prospective lender.

9. COMMITMENT AND CONTINGENCIES:

Lease Agreement

As of March 31, 2003, BioGentec Incorporated, which is as of the date of this report, the Company's wholly owned subsidiary, vacated previously occupied office space and is in a dispute with the prior landlord. The landlord has filed suit against us in the County of Orange, Superior Court of California, Case #03CC02904. The Company accrued liability of approximately \$60,000 related to this lawsuit.

See also Notes 3 and 10 relating to InnoFood Agreement and Note 8 relating to common stock issued as collateral on loans.

10. SUBSEQUENT EVENTS:

On January 8, 2004, InnoFood sent the Company a letter explaining that InnoFood was terminating the original InnoFood agreement and the October 17, 2003 LOU. InnoFood claimed that the Company breached both the original agreement and the LOU by failing to provide the funding provided for under those agreements. With the letter of termination, InnoFood delivered a signed Promissory Note agreeing to pay back the \$2,160,000 (net of interest of \$60,000 InnoFood charged to the Company for non-payments). The Promissory Note accrues interest at 10% and is due and payable on or before January 15, 2009. As of February 16, 2004, the Company has not yet accepted the terms of this promissory note and is still in negotiation with InnoFood regarding the purchase.

The Company believes that InnoFood breached not only the InnoFood Agreement but also the LOU. The Company intends to vigorously pursue InnoFood and all other responsible parties, but has not yet determined whether it will file suit against InnoFood or any other parties. The Company may also consider pursuing legal action against Modofood if it is unable to resolve these matters informally. In the meantime, the Company is attempting to resolve this dispute without court intervention.

ITEM 2. PLAN OF OPERATION

THIS FOLLOWING INFORMATION SPECIFIES CERTAIN FORWARD-LOOKING STATEMENTS OF MANAGEMENT OF THE COMPANY. FORWARD-LOOKING STATEMENTS ARE STATEMENTS THAT ESTIMATE THE HAPPENING OF FUTURE EVENTS AND ARE NOT BASED ON HISTORICAL FACT. FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, SUCH AS "MAY," "SHALL," "COULD," "EXPECT," "ESTIMATE," "ANTICIPATE," "PREDICT," "PROBABLE," "POSSIBLE," "SHOULD," "CONTINUE," OR

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SIMILAR TERMS, VARIATIONS OF THOSE TERMS OR THE NEGATIVE OF THOSE TERMS. THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION HAVE BEEN COMPILED BY OUR MANAGEMENT ON THE BASIS OF ASSUMPTIONS MADE BY MANAGEMENT AND CONSIDERED BY MANAGEMENT TO BE REASONABLE. OUR FUTURE OPERATING RESULTS, HOWEVER, ARE IMPOSSIBLE TO PREDICT AND NO REPRESENTATION, GUARANTY, OR WARRANTY IS TO BE INFERRED FROM THOSE FORWARD-LOOKING STATEMENTS.

THE ASSUMPTIONS USED FOR PURPOSES OF THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION REPRESENT ESTIMATES OF FUTURE EVENTS AND ARE SUBJECT TO UNCERTAINTY AS TO POSSIBLE CHANGES IN ECONOMIC, LEGISLATIVE, INDUSTRY, AND OTHER CIRCUMSTANCES. AS A RESULT, THE IDENTIFICATION AND INTERPRETATION OF DATA AND OTHER INFORMATION AND THEIR USE IN DEVELOPING AND SELECTING ASSUMPTIONS FROM AND AMONG REASONABLE ALTERNATIVES REQUIRE THE EXERCISE OF JUDGMENT. TO THE EXTENT THAT THE ASSUMED EVENTS DO NOT OCCUR, THE OUTCOME MAY VARY SUBSTANTIALLY FROM ANTICIPATED OR PROJECTED RESULTS, AND, ACCORDINGLY, NO OPINION IS EXPRESSED ON THE ACHIEVABILITY OF THOSE FORWARD-LOOKING STATEMENTS. WE CANNOT GUARANTY THAT ANY OF THE ASSUMPTIONS RELATING TO THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION ARE ACCURATE, AND WE ASSUME NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS.

CRITICAL ACCOUNTING POLICY AND ESTIMATES. Our Management's Discussion and Analysis of Financial Condition and Results of Operations section discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, stock based compensation, fair value of financial instruments, impairment of long lived assets and commitments and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include revenue recognition, stock based compensation, fair value of financial instruments, impairment of long lived assets and commitments and contingencies. These accounting policies are further discussed in the notes to the consolidated financial statements included in the first amendment to Form 8-K filed on July 18, 2003 for the years ended March 31, 2003 and 2002 and the period from November 21, 2000 (inception) to March 31, 2003.

OUR BACKGROUND. We were incorporated in Nevada on September 26, 1997, as Aztec Ventures, Inc. Our original business was the sale of pay phone services. In June 2001, our management and business changed. On September 5, 2001, we amended our Articles of Incorporation to change our name to Togs for Tykes, Inc. due to the shift of our business to designing and marketing children's apparel. Since we were not successful in implementing that business plan due to lack of funds, in March 2003, we entered into negotiations regarding an acquisition of BioGentec Incorporated, a Nevada corporation ("BG"), in order to merge it with and into our wholly owned subsidiary, Togs for Tykes Acquisition Corporation, a Nevada corporation. By means of a shareholder vote in March 2003, we changed our name to BioGentech Corp.

We entered into an Agreement and Plan of Merger with BG that provided that BG

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would become our subsidiary by merging with our acquisition subsidiary. That agreement is attached as an exhibit to our report on Form 8-K filed on July 3, 2003. On July 2, 2003, our subsidiary filed Articles of Merger with the Secretary of State of Nevada to complete that acquisition for accounting purposes, the company has deemed the transaction closed as of June 30, 2003. We anticipate that the acquisition will increase the total value of the corporation to our investors. Also in July 2003, we changed our fiscal year end from December 31 to March 31.

BIOGENTEC INCORPORATED. BioGentec Incorporated ("BG") was incorporated in Nevada on November 21, 2000. BG is dedicated to the development and commercialization of consumer medical products and life style - health improvement products. BG's first product focus is in the fields of immunomodulation, menopause, pinpoint detoxification and cholesterol reduction. BG anticipates that its initial patented product, Prehistin, (formerly Allertin, will create a unique niche within the allergy relief category. In November 2000, BG acquired Allergy Limited, LLC ("Allergy Limited"). Allergy Limited sponsored the clinical research for Prehistin's formula from 1989 through 2000 and secured the first patent, in 1992 and BG secured the second in 2001.

On July 28, 2003, the Company entered into a definitive agreement (the "InnoFood Agreement") to acquire InnoFood, Inc. ("InnoFood"), owner of certain rights to a proprietary food processing technology developed by Modofood S.P.A. of Brescia, Italy. The agreement would have provided BioGentech with exclusive distribution rights (through the acquisition of InnoFood) of Modofood's proprietary food sterilization and preservation technology for North America, Central America, South America and Japan, as well as the exclusive rights to negotiate on behalf of Modofood for Southeast Asia, including Taiwan, China and Indonesia.

Under the terms of the agreement, InnoFood shareholders would receive one BioGentech common share and one BioGentech warrant for every twelve (12) shares of InnoFood common stock. InnoFood shareholders were also to receive one InnoFood preferred share for every 1,200 InnoFood common shares. The agreement called for BioGentech to infuse \$5 million of working capital prior to December 31, 2003.

During the three months and nine months ended December 31, 2003, the Company advanced InnoFood the sum of \$250,000 and \$2,220,000, respectively.

On October 17, 2003 the Company entered into a Letter of Understanding ("LOU") with InnoFood to restructure the relationship between the Company and InnoFood. The Company believes that InnoFood may have misled the Company's management regarding certain material matters. As a result, the definitive agreements were never prepared and parties did not finalize the matters referenced in the LOU.

On January 8, 2004, InnoFood sent the Company a letter explaining that InnoFood was terminating the original InnoFood agreement and the October 17, 2003 LOU. InnoFood claimed that the Company breached both the original Agreement and the LOU by failing to provide the funding provided for under those agreements. With the letter of termination, InnoFood delivered a signed Promissory Note agreeing to pay back the \$2,160,000 (net of interest of \$60,000 InnoFood charged to the Company for non-payments). The Promissory Note accrues interest at 10% and is due and payable on or before January 15, 2009. As of February 16, 2004, the Company has not yet accepted the terms of this promissory note and is still in negotiation with InnoFood regarding the purchase.

The Company believes that InnoFood breached not only the original InnoFood Agreement but also the LOU. The Company intends to vigorously pursue InnoFood and all other responsible parties, but has not determined whether it will file suit against InnoFood. The Company may also consider pursuing legal action against Modofood if it is unable to resolve these matters informally through negotiations now taking place. In the meantime, the Company is attempting to

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resolve this dispute without court intervention.

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LIQUIDITY AND CAPITAL RESOURCES

We had cash of \$28,133 at December 31, 2003. We also had \$1,789 in prepaid and other current assets and \$5,903 in inventory making our total current assets as at December 31, 2003 equal to \$35,825. We also had the following long term assets: \$74,222 in debt issue costs; \$68,223 in property and equipment, net, \$8,825 in net website development costs, \$3,850,000 represented by net value of our patents, \$40,000 in deposits, and \$2,220,000 represented by an acquisition deposit. Therefore, our total assets as of December 31, 2003 were \$6,297,095. Our total current liabilities were \$3,980,724 at December 31, 2003, which was represented by accounts payable and accrued expenses of \$639,778, \$1,026,169 due to related parties, warrant liability of \$351,027, convertible preferred stock of \$885,000, demand loans payable for \$1,060,000, and \$18,750 represented by a preferred dividend payable. We also had long term net amount represented by convertible note payable of \$213,698, after a discount of \$386,203. Therefore our total liabilities as of December 31, 2003 were \$4,134,422. Our assets exceeded our liabilities by \$2,102,673 as of December 31, 2003.

We have financed our operations primarily through cash generated from related party debt financing and from the private placement sales of equity securities. During the nine months ended December 31, 2003, BG sold 100,000 common shares of its common stock for \$2.00 per share and received \$200,000. We also sold Preferred Stock in the amount of \$1,000,000, as well as issuing a Convertible Debenture in the amount of \$600,000 less \$83,500. Additionally related parties loaned an additional \$525,400 to us. Also during the nine months ended December 31, 2003, we had \$1,060,000 in demand loans payable.

As of December 31, 2003, we had cash of \$28,133. Our net cash used by operating activities was \$838,757 for the nine months ended December 31, 2003 as compared to net cash used by operating activities of \$430,777 for the nine months ended December 31, 2002, an increase of \$407,980, primarily due to an increase in accounts payable and accrued expenses and amounts payable to related parties.

Our cash used in investing activities was \$2,240,000 for the nine-month period ended December 31, 2003, as compared to \$104,950 for the nine month an increase of \$2,135,050, which was due to the InnoFood acquisition deposit.

Our net cash provided by financing activities was \$3,104,600 for the nine months ended December 31, 2003 compared to \$528,630 for the same period a year earlier, an increase of \$2,575,970 or 487%. The increase is primarily due to the sale of Preferred Stock, Convertible Debentures, and increases in the sale of common stock and loan proceeds from related parties.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2003 AS COMPARED TO THE THREE MONTH PERIOD ENDED DECEMBER 31, 2002

Revenue and Cost of Sales

We had no significant revenues for the three months and nine months ended December 31, 2003 and 2002 as we are undertaking a Phase III clinical trial in order to obtain FDA approval of Prehistin as an over the counter drug. Our net sales were \$181 for the three months ended December 31, 2003 as compared to zero for the same period ended December 31, 2002.

Operating Expenses

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Operating expenses for the three months ended December 31, 2003 were \$491,873 compared to \$415,699 for the quarter ended December 31, 2002. For both periods, expenses incurred were for two major purposes: i) ongoing development of our Prehistin product and related product management and ii) general management and fund raising efforts. Our operating expenses increased due primarily to increased compensation and consulting expenses.

During the three months ended December 31, 2003, our net loss attributable to common shareholders for three months ended December 31, 2003, after preferred dividends was \$626,798 or loss per share of \$0.03 per share compared to \$446,728 or loss per share of \$0.03 per share for the three months ended December 31, 2002.

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RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2003 AS COMPARED TO THE NINE MONTH PERIOD ENDED DECEMBER 31, 2002

Revenues and Cost of Sales

We had no significant revenues for the nine months ended December 31, 2003 and 2002 as we are undertaking a Phase III clinical trial in order to obtain FDA approval of Prehistin as an over the counter drug. Our net sales were \$3,344 less \$478 for cost of sales for a gross profit of \$2,866 for the nine months ended December 31, 2003 as compared to a cost of sales and gross loss of \$7,323 for the nine months ended December 31, 2002.

Operating Expenses

Operating expenses for the nine months ended December 31, 2003 were \$1,529,455 compared to \$1,408,962 for the nine months ended December 31, 2002. For both periods, expenses incurred were for two major purposes: i) ongoing development of our Prehistin product and related product management and ii) general management and fund raising efforts. For the nine months ended December 31, 2003, this amount was represented by \$15,746 in depreciation and amortization and \$1,513,709 in general and administrative expenses, as compared to the nine months ended December 31, 2002, where we had \$15,632 in administrative expenses and \$1,393,330 in general and administrative expenses. Our operating expenses increased due primarily to increased compensation and consulting expenses.

During the nine months ended December 31, 2003, we recognized \$903,750 of a preferred stock dividend relating to the issuance of convertible preferred stock. (See Notes 5 and 8). Our net loss attributable to common shareholders for nine months ended December 31, 2003, after preferred dividends was \$2,662,213 or loss per share of \$0.13 compared to \$1,509,374 or loss per share of \$0.09 for the nine months ended December 31, 2002.

OUR PLAN OF OPERATION FOR THE NEXT TWELVE MONTHS.

Over the next 12 months, we plan to continue moving forward with the Phase III clinical trials of our allergy prevention product, Prehistin, followed immediately by submission of an application to the FDA for marketing approval of Prehistin as an over the counter ("OTC") allergy medication. We hope to receive approval from the FDA in early 2005, enabling our US marketing launch of the product for the spring 2005 allergy season.

While continuing with the US FDA approval process, we are working to finalize the international launch strategy in the primary global markets. Discussions are progressing with potential joint venture partners for marketing, manufacturing,

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regulatory approval and distribution throughout the world, the most advanced of which are with companies in Japan and Canada.

In addition to seeking approval from the FDA for the primary indication of seasonal allergic rhinitis (hay fever) for Prehistin, we plan to conduct additional studies to validate the viability of approval for supplemental indications and alternative delivery mechanisms. The tests will be a combination of clinical trials and laboratory analyses.

We are also actively pursuing the acquisition and development of products that we hope will enable us to leverage our resources. Areas of focus are OTC pharmaceutical products and nutritional supplements.

As of December 31, 2003, we had cash of \$28,133. To fully execute our business plan for the next 12 months, we will need to raise additional funds in order to complete the Phase III clinical trials, submit the Prehistin application to the United States FDA and to execute a marketing launch of the Prehistin product. We will also need to raise funds to execute studies for the further development of the Prehistin product line and to complete the acquisition of additional products. Along with our investment bankers, we plan to raise these funds through private and institution or other equity offerings. We may attempt to secure other loans from lending institutions or other sources. There is no guarantee that we will be able to raise additional funds through offerings or other sources. If we are unable to raise funds, our ability to continue with product development will be hindered. Other than the research and development related to our Prehistin product, we do not plan to engage in any other research and development unless we are able to raise additional funds. We do anticipate the purchase of significant equipment within the next 12 months for either our Prehistin product or for marketing the InnoFood product line. We do not anticipate any significant hiring over the next 12 months.

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ITEM 3. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed as of December 31, 2003, our chief executive officer and the principal financial officer concluded that our disclosure controls and procedures were adequate. (b) Changes in internal controls. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the chief executive officer and principal financial officer.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Former premises---The Company is a defendant in a suit brought by its former landlord for breach of agreement and unpaid rent. The landlord recently obtained a writ of attachment in the amount of \$58,840, which the Company is seeking to overturn. The Company believes that its security deposit and other collateral will be sufficient to cover this claim should an adverse ruling result, even though the Company anticipates a favorable outcome to this suit. However, to

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reflect this contingency, the Company has accrued \$60,000 for potential judgment of this case.

InnoFood---On July 28, 2003, the Company entered into a Stock Exchange Agreement ("Agreement") with InnoFood Inc. ("InnoFood") wherein it agreed, among other things, to provide InnoFood with Funding totaling \$5,000,000 in exchange for, among other things, 100% interest in InnoFood. The Completed purchase of InnoFood was not to occur until the \$5,000,000 funding was delivered. Under the Agreement, the Company was obligated to provide InnoFood with the Funding on or before December 31, 2003. Due to what the Company considers to be significant breaches by InnoFood, it was unable to provide the required funding by the December 31, 2003 deadline. The Company did provide InnoFood with approximately \$2,220,000. The Company believes that \$1,850,000 of the funds provided to InnoFood was sent to ModoFood S.P.A., an Italian company ("ModoFood"). InnoFood originally entered into a Licensing Agreement with ModoFood to market and distribute ModoFood's food processing technology. On October 17, 2003, the Company entered into a Letter of Understanding ("LOU") with InnoFood to restructure the relationship between the Company and InnoFood. The Company believes that InnoFood may have misled the Company's management regarding certain material matters. As a result, the definitive agreements were never prepared and parties did not finalize the matters referenced in the LOU.

On January 8, 2004, InnoFood sent the Company a letter explaining that InnoFood was terminating the original InnoFood Agreement and the October 17, 2003, LOU. InnoFood claimed that the Company breached both the Agreement and the LOU by failing to provide the funding provided for under those agreements. With the letter of termination, InnoFood delivered a signed Promissory Note agreeing to pay back the \$2,160,000 (net of interest of \$60,000 InnoFood charged to the Company for non-payments). The Promissory Note accrues interest at 10% and is due and payable on or before January 15, 2009. As of February 16, 2004, the Company has not yet accepted the terms of this promissory note and is still in negotiation with InnoFood regarding the purchase. The Company believes that InnoFood breached not only the InnoFood Agreement but also the LOU. The Company intends to vigorously pursue InnoFood and all other responsible parties, but has not determined whether it will file suit against InnoFood. The Company may also consider pursuing legal action against Modofood if it is unable to resolve these matters informally. In the meantime, the Company is attempting to resolve this dispute without court intervention.

IBCG---The Company has retained counsel to file an action in Orange County Superior Court against International Business Consultants, GmbH ("IBCG"). In July 2003, IBCG was issued 3,000,000 shares of the Company's stock as collateral for certain financing IBCG agreed to arrange. IBCG never delivered the financing but has failed and refused to return the stock. By means of this lawsuit, the Company will seek to cancel the stock issued to IBCG on the grounds of lack of consideration, breach of contract and fraud, among other things. The Company intends to vigorously prosecute the suit and hopes that this suit will result in the cancellation of 3,000,000 shares but it cannot guarantee that such will be the result.

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ITEM 2. CHANGES IN SECURITIES.

----- SALE OF COMMON STOCK:

During the nine months ended December 31, 2003, we sold 100,000 restricted common shares in a private placement at \$2.00 per share, which represented the

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fair market value of the common stock.

COMMON STOCK ISSUED PURSUANT TO THE INNOFOOD TRANSACTION - CANCELLED:

In August 2003, we issued 2,000,000 shares of our common stock pursuant to its contemplated transaction with InnoFood. Subsequently, the InnoFood transaction was re-negotiated, and in November 2003 the certificates representing these 2,000,000 shares were cancelled.

COMMON STOCK ISSUED AS COLLATERAL ON LOAN:

During July 2003, we were negotiating with a lender in Germany for a loan in the amount of approximately \$2,400,000. On July 31 2003, we issued 3,000,000 shares of our restricted common stock as collateral for this loan. This transaction was never completed, there was no consideration to serve as basis for a transaction, and we are in the process of canceling the share certificates. These shares are shown as issued as of December 31, 2003, but not outstanding. The share certificates have not yet been returned by the prospective lender. We have contacted the holder of these certificates in order to have them returned and properly cancelled during the fourth quarter of fiscal year 2004.

CONVERTIBLE NOTE PAYABLE:

In September 2003, we sold a \$600,000, three-year, 8% convertible debenture (the "Convertible Debenture"), which is convertible into shares of our common stock at the initial conversion price of \$2.00 per share. This price is subject to adjustment should we issue shares of our common stock at a price less than \$1.75 per share. The Convertible Debenture was sold with detachable three-year warrants (the "Debenture Warrants") to purchase 90,000 shares of our common stock at \$2.88 per share. The warrant exercise price is also subject to adjustment based on sales of our common stock below the current fair market value on the contract date.

CONVERTIBLE PREFERRED STOCK:

In September 2003, we sold 1,000 shares of its 7.5% convertible preferred stock (the "Convertible Preferred Stock") for \$1,000,000, less direct issuance costs of \$115,000, which were netted against the proceeds of the offering. The Convertible Preferred Stock carries voting rights equivalent to the number of shares of common stock into which it can be converted, and has liquidation preference of \$1,000 per share. The Convertible Preferred Stock is convertible into shares of our common stock at the initial conversion price of \$2.40 per share. This price is subject to change should we issue shares of our common stock at a price less than \$1.75 per share. Included with the Convertible Preferred Stock were detachable three-year warrants to purchase 104,167 shares of our common stock at the price of \$2.90 per share. The warrant exercise price is also subject to adjustment based on sales of our common stock below the current fair market value on the contract date.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None.

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ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

31. Rule 13a-14(a)/15d-14(a) Certifications.

32. Section 1350 Certifications.

(b) Reports on Form 8-K

On October 1, 2003, we filed a report on Form 8-K for September 25, 2003, concerning the sale of \$1,000,000 of convertible preferred stock to Gryphon Master Fund, L.P. The Form 8-K included Item 5 - Other Events and Required Disclosure, and Item 7 - Exhibits, attaching as 4.1, a Certificate of Designations for 7.5% Convertible Preferred Stock, 10.1, the Share Purchase Agreement between BioGentech Corp. and Gryphon Master Fund, L.P., 10.2, a Warrant Agreement and 10.3, a Registration Rights Agreement.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BioGentech Corp., a Nevada corporation

February 20, 2004

By: /s/ Chaslav Radovich

Chaslav Radovich

Its: Chief Executive Officer, President, Director