BIOLIFE SOLUTIONS INC
Form 10QSB
November 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended SEPTEMBER 30, 2005 Commission file number 0-18170

BIOLIFE SOLUTIONS, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	94-3076866
(State of Incorporation)	(IRS Employer I.D. Number)

171 Front Street

Owego, NY 13827
(Address of principal executive offices)

Issuer's telephone number, including area code: (607) 687-4487

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

12,413,209 SHARES OF BIOLIFE SOLUTIONS, INC. COMMON STOCK, PAR VALUE $.001 PER SHARE, WERE OUTSTANDING AS OF NOVEMBER 14, 2005.

Transitional Small Business Disclosure Format (check one). Yes ___ No _X_

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ___ No _X_

BIOLIFE SOLUTIONS, INC.

FORM 10-QSB
QUARTER ENDED SEPTEMBER 30, 2005

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PART I
FINANCIAL INFORMATION

ITEM 1. UNAUDITED FINANCIAL STATEMENTS

BIOLIFE SOLUTIONS, INC.
BALANCE SHEET
(UNAUDITED)

	SEPTEMBER 30, 2005
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 305,788
Receivables	54,139
Inventories	168,866
Prepaid expenses and other current assets	23,383
TOTAL CURRENT ASSETS	552,176
PROPERTY AND EQUIPMENT	
Leasehold improvements	45,783
Furniture and computer equipment	39,760
Manufacturing and other equipment	213,196
TOTAL	298,739
Less: Accumulated depreciation and amortization	(206,165)
NET PROPERTY AND EQUIPMENT	92,574
TOTAL ASSETS	$ 644,750
LIABILITIES AND STOCKHOLDERS' EQUITY	

CURRENT LIABILITIES	
Accounts payable	$ 166,581
LDC Loan - current maturities	25,777
Accrued expenses	66,154
TOTAL CURRENT LIABILITIES	258,512
LONG TERM LIABILITIES	
LDC Loan - less current maturities above	204,723
TOTAL CURRENT LIABILITIES	204,723
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY	
Series F convertible preferred stock, $.001 par value; 12,000 shares authorized, 12,000 shares issued and outstanding	12
Series G convertible preferred stock, $.001 par value; 80 shares authorized, 55 shares issued and outstanding	1
Common stock, $0.001 par value, 100,000,000 shares authorized, 12,413,209 shares issued and outstanding	12,413
Additional paid-in capital	40,680,222
Accumulated deficit	(40,511,133)
TOTAL STOCKHOLDERS' EQUITY	181,515
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 644,750

See notes to financial statements

BIOLIFE SOLUTIONS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,		
	2005	2004	
REVENUE			
Product sales	$ 122,676	$ 84,215	$
Facilities fee - related party	24,386	35,651	
Management fee - related party	13,412	19,608	
Seminar fees	-	1,400	
Consulting revenue	-	14,000	
Grant revenue	-	-	
TOTAL REVENUE	160,474	154,874	
OPERATING EXPENSES			
Product sales	50,326	40,523	
Sales and marketing	31,436	57,661	
Research and development	6,430	36,855	
General and administrative	230,208	173,297	

TOTAL EXPENSES	318,400	308,336	
OPERATING LOSS	(157,926)	(153,462)	
OTHER INCOME			
Interest income	974	3,284	
TOTAL OTHER INCOME	974	3,284	
NET LOSS	$ (156,952)	$ (150,178)	$
BASIC AND DILUTED NET LOSS PER COMMON SHARE:			
TOTAL BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	$ (0.01)	$
Basic and diluted weighted average common shares used to compute net loss per per share	12,413,209	12,413,209	1

See notes to financial statements

BIOLIFE SOLUTIONS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (448,497)	$ (641,519)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation	49,051	43,953
Amortization of loan financing costs	-	106,408
Stock-based compensation	17,050	-
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(INCREASE) DECREASE IN		
Receivables	21,198	1,791,097
Inventories	(74,547)	(43,477)
Prepaid expenses and other current assets	(20,458)	(27,800)
INCREASE (DECREASE) IN		
Accounts payable	81,544	(464,051)
Accrued expenses	(69,117)	(213,407)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(443,776)	551,204
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(12,620)	(61,791)
NET CASH USED BY INVESTING ACTIVITIES	(12,620)	(61,791)
CASH FLOWS FROM FINANCING ACTIVITIES		

Proceeds from notes payable	230,500	-
Principal payments on notes payable	-	(705,525)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	230,500	(705,525)
NET DECREASE IN CASH	(225,896)	(216,112)
CASH - BEGINNING OF PERIOD	531,684	787,904
CASH - END OF PERIOD	$ 305,788	$ 571,792
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ -	$ 81,597

See notes to financial statements

BIOLIFE SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

A. GENERAL

BioLife Solutions, Inc. ("BioLife" or the "Company") was incorporated in 1998 in Delaware as a wholly owned subsidiary of Cryomedical Sciences, Inc. ("Cryomedical"), a company that was engaged in manufacturing and marketing cryosurgical products. BioLife (a) provides cryopreservation process evaluation services, and (b), based upon its patented HypoThermosol(R) platform technology, develops, manufactures and markets proprietary cryopreservation solutions that markedly improve the biological processing and preservation of cells and tissues.

On June 25, 2002 the Company sold its cryosurgery product line and related intellectual property assets to Irvine, CA-based Endocare, Inc., a public company, in exchange for $2.2 million in cash and 120,022 shares of Endocare restricted common stock. In conjunction therewith, Cryomedical's Board of Directors approved merging BioLife into Cryomedical and changing its name to BioLife Solutions, Inc. In September 2002, the merger and name change were completed and the Company began to trade under the new ticker symbol, "BLFS" on the OTCBB.

The Balance Sheet as of September 30, 2005, and the Statements of Operations for the three month and nine month periods ended September 30, 2005 and 2004 and Statements of Cash Flows for the nine month periods ended September 30, 2005 and 2004, have been prepared without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations, and cash flows at September 30, 2005, and for all periods then ended, have been recorded. All adjustments recorded were of a normal recurring nature.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto, included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004.

The results of operations for the three month and nine month periods ended September 30, 2005 are not necessarily indicative of the operating results

anticipated for the full year.

BIOLIFE SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS

B. FINANCIAL CONDITION

At September 30, 2005, the Company had stockholders' equity of approximately $182,000 and a working capital surplus of approximately $294,000. To date, the Company has been unable to generate sufficient income from operations to meet its operating needs.

The Company believes it has sufficient funds to continue operations in the near term. Future capital requirements will depend on many factors, including the ability to market and sell the Company's product line, research and development programs, the scope and results of clinical trials, the time and costs involved in obtaining regulatory approvals, the costs involved in obtaining and enforcing patents or any litigation by third parties regarding intellectual property, the status of competitive products, the maintenance of our manufacturing facility, the maintenance of sales and marketing capabilities, and the establishment of collaborative relationships with other parties.

These financial statements assume that the Company will be able to continue as a going concern. If the Company is unable to continue as a going concern, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

C. INVENTORIES

Inventories consisted of $143,281 of finished product and $25,585 of manufacturing materials at September 30, 2005.

E. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing income from continuing operations by the weighted average number of shares outstanding, including potentially dilutive securities such as preferred stock, stock options and warrants. Potential issuable common shares were not included in the diluted earnings per share amounts for the three month and nine month periods ended September 30, 2005 and 2004 as their effect would have been anti-dilutive.

F. AUTHORIZED SHARES

On 9/28/2005, the Stockholders approved an increase in the number of authorized shares from 25,000,000 to 100,000,000 and approved an increase in the number of shares reserved for issuance under the 1998 stock option plan from 4,000,000 to 10,000,000.

G. STOCK OPTIONS

In accounting for stock options to employees, the Company follows the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, as opposed to the fair value method prescribed by Statement of Financial Accounting Standards No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION.

During the quarter ended September 30, 2005, the Company granted options to employees and directors to purchase 2,660,000 shares of Common Stock for $.08 per share which was a price that was less than the fair market value ($.09) at the date of grant. Compensation expense of $17,050 is reflected in the Statement of Operations for the quarter ended September 30, 2005.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 4.40%, no dividend yield, 67% volatility, and expected lives of ten years.

The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123:

	THREE MONTHS ENDED SEPTEMBER 30,	
	2005	2004
Net Income (Loss) as reported	$ (156,952)	$ (150,178)
Add: Stock-based compensation costs included in reported net loss	17,050	-
Less: Stock-based compensation costs under SFAS No. 123	(138,563)	(17,805)
Pro forma net loss	$ (278,465)	$ (167,983)
Basic and diluted net loss per share as reported	$ (0.01)	$ (0.01)
Pro forma	$ (0.02)	$ (0.01)

H. ADJUSTMENT

During the quarter ended September 30, 2005, the Company determined that certain inventory had not been accounted for at June 30, 2005. This error caused net loss and loss per share to be overstated by $58,718 and $.01 for the three and six months ended June 30, 2005. The following represents the amounts as reported and as adjusted for the periods ended June 30, 2005:

	THREE MONTHS ENDED JUNE 30, 2005	SIX MONTHS ENDED JUNE 30, 2005
Net loss as reported	$ (187,483)	$ (350,260)

Basic and diluted loss per share as reported	$ (.02)	$ (.03)
Net loss as adjusted	$ (128,766)	$ (291,543)
Basic and diluted loss per share as adjusted	$ (.01)	$ (.02)

The company has filed a form 10-QSB/A for the quarter ended June 30, 2005 to reflect this adjustment.

I. RECLASSIFICATIONS

Certain amounts in the quarter and nine month period ended September 30, 2004 have been reclassified to conform to the September 2005 presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's financial statements and notes thereto set forth elsewhere herein.

BioLife has pioneered the next generation of preservation solutions designed to maintain the viability and health of cellular matter and tissues during freezing, transportation and storage. Based on the Company's proprietary, bio-packaging technology and a patented understanding of the mechanism of cellular damage and death, these products enable the biotechnology and medical community to address a growing problem that exists today. The expanding practice of cell and gene therapy has created a need for products that ensure the biological viability of mammalian cell and tissue material during transportation and storage. The Company believes that the HypoThermosol(R), GelStor(TM) and CryoStor(TM) products it is selling today are a significant step forward in meeting these needs.

The Company's line of preservation solutions is composed of complex synthetic, aqueous solutions containing, in part, minerals and other elements found in human blood, which are necessary to maintain fluids and chemical balances throughout the body at near freezing temperatures. The solutions preserve cells and tissue in low temperature environments for extended periods after removal of the cells through minimally invasive biopsy or surgical extraction, as well as in shipping the propagated material for the application of cell or gene therapy or tissue engineering. BioLife has entered into research agreements with several emerging biotechnology companies engaged in the research and commercialization of cell and gene therapy technology and has received several government research grants in partnership with academic institutions to conduct basic research, which could lead to further commercialization of technology to preserve human cells, tissues and organs.

The Company currently markets its HypoThermosol(R), CryoStor(TM) and GelStor(TM) line of solutions to companies and labs engaged in pre-clinical research, and to academic institutions.

On May 12, 2005, the Company signed an Exclusive Private Labeling and Distribution Agreement with VWR International, Inc., a global leader in the distribution of scientific supplies, pursuant to which the Company will

manufacture its HypoThermosol(R) and CryoStor(TM) product lines under the VWR label for sale to non-clinical customers via the 1,400 person VWR worldwide sales force. The Company maintains the right to sell its products to non-clinical customers under its own label.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004

REVENUE

Revenue for the quarter ended September 30, 2005 increased $5,601, or 4%, to $160,475, compared to $154,874 for the quarter ended September 30, 2004. The shift in focus toward product sales resulted in an 46% increase in product sales in the third quarter of 2005 as compared to the third quarter of 2004. While product sales rose, consulting revenue declined as a result of the scheduled completion of contracts with consulting clients. In addition, grant revenue declined as the Company shifted focus toward product sales from research and development activities. For the quarter ended September 30, 2005, the Company received management and facilities fees totaling $37,798, as compared to $55,259 for the quarter ended September 30, 2004, as a result of the research agreement between the Company and Cell Preservation Services, Inc. (CPSI), pursuant to which the Company receives facilities and management fees from CPSI in exchange for the use of BioLife facilities and management services in connection with the research performed on behalf of CPSI. CPSI is a company formed by Dr. John M. Baust, a former Biolife employee and the son of Dr. John G. Baust, President of BioLife.

Revenue for the nine month period ended September 30, 2005 decreased $51,005, or 11%, to $414,267, compared to $465,272 for the nine month period ended September 30, 2004. The shift in focus toward product

sales resulted in a 38% increase in product sales for the nine month period ended September 30, 2005, compared to the nine month period ended September 30, 2004. While product sales rose, consulting revenue declined as a result of the scheduled completion of contracts with consulting clients. In addition, the shift in focus toward product sales resulted in a decline in grant revenue of $38,936 from the nine month period ended September 30, 2004. For the nine month period ended September 30, 2005, the Company received management and facilities fees totaling $102,474 as compared to $112,555 for the nine month period ended September 30, 2004, as a result of the research agreement between the Company and CPSI.

COST OF PRODUCT SALES

For the quarter ended September 30, 2005, the cost of product sales was $50,326 as compared to $40,523 for the quarter ended September 30, 2004. For the nine month period ended September 30, 2005, the cost of product sales was $134,651 as compared to $121,739 for the nine month period ending September 30, 2004. This increase was primarily due to an increase in product sales volume as well as increases in labor and raw materials expenditures necessary for fulfillment of the VWR agreement including new labeling requirements and new packaging requirements.

RESEARCH AND DEVELOPMENT

Expenses relating to research and development for the quarter ended September 30, 2005 declined $30,425, or 83%, from the previous quarter ended September 30, 2004. This decrease in research and development costs was due to the shift of grant related research activities to CPSI pursuant to the research agreement.

Three former employees of BioLife became CPSI employees to perform grant related research and development work. In addition, depreciation and facilities expenses were recorded as General and Administrative expenses in 2005, rather than Research and Development expenses, as the Company's focus shifted away from research and development to product sales.

Expenses relating to research and development for the nine month period ended September 30, 2005 declined $81,079 or 81% from the previous nine month period ended September 30, 2004. This decrease in research and development costs was in large part due to the shift of grant related research activities to CPSI pursuant to the research agreement. Three former employees of BioLife became CPSI employees to perform grant related research and development work. In addition, depreciation and facilities expenses were recorded as General and Administrative expenses in 2005, rather than Research and Development expenses, as the Company's focus shifted away from research and development to product sales.

SALES AND MARKETING

For the quarter ended September 30, 2005, sales and marketing expenses decreased $26,225, or 45%, to $31,436, compared to $57,661 for the quarter ended September 30, 2004. The decrease in sales and marketing expense was due primarily to the resignation of Alan Rich, Vice President of Sales, on January 31, 2005. In addition, the Company hired a Marketing Manager on June 13, 2005.

For the nine month period ended September 30, 2005, sales and marketing expenses decreased $151,649, or 70%, to $65,234, compared to $216,883 for the nine month period ended September 30, 2004. The decrease in sales and marketing expense was due primarily to the resignation of Alan Rich, Vice President of Sales, on January 31, 2005. In addition to the reduction in salaries and insurance expenses, trade show attendance fees, advertising, and sales related travel expenses were reduced.

GENERAL AND ADMINISTRATIVE EXPENSE

For the quarter ended September 30, 2005, general and administrative expense increased $56,911, or 33%, to $230,208, compared to $173,297 for the quarter ended September 30, 2004. Facilities expenses for the quarter ended September 30, 2005 totaled $23,659. There were no facilities expenses recorded as General and Administrative expenses for the quarter ended September 30, 2004 as facilities expenses were recorded as Research and Development expenses. Similarly, depreciation totaled $6,207 for the quarter ended September

30, 2005, while depreciation was recorded as Research and Development expenses for the quarter ended September 30, 2004. In addition, the Company incurred additional production and legal fees related to the printing, mailing, and tracking of the Proxy solicitation and annual report for the shareholder meeting held September 28, 2005

For the nine month period ended September 30, 2005, general and administrative expense decreased $37,105, or 5% to $649,362, compared to $686,467 for the nine month period ended September 30, 2004. This decrease was due in large part to amortization of previously capitalized loan financing costs of $106,408 associated with note obligations that were paid during the first quarter of 2004. Legal fees totaled $48,448 for the nine month period ending September 30, 2005, as compared to $100,379 for the nine month period ending September 30, 2004. These additional legal fees incurred in 2004 were related to the Endocare lawsuit. There were several items that partially offset the additional legal fees and amortization expense incurred in the third quarter of 2004. The Company

was able to negotiate and write off $57,844 in liabilities during the first quarter of 2004. In addition, the Company incurred additional production and legal fees related to the printing, mailing, and tracking of the Proxy solicitation and annual report for the shareholder meeting dated September 28, 2005. There were no facilities expenses recorded as General and Administrative expenses for the nine months ended September 30, 2004 as facilities expenses were recorded as Research and Development expenses during that period. Similarly, depreciation totaled $18,895 for the quarter ended September 30, 2005, while depreciation was recorded as Research and Development expenses for the quarter ended September 30, 2004.

OPERATING EXPENSES AND NET INCOME

For the quarter ended September 30, 2005, operating expenses increased $10,065, or 3%, to $318,401, compared to $308,336 for the quarter ended September 30, 2004. The Company reported a net loss of $(156,952) for the quarter ended September 30, 2005, compared to a net loss of ($150,178) for the quarter ended September 30, 2004.

For the nine month period ended September 30, 2005, operating expenses decreased $256,921, or 23%, to $868,562, compared to $1,125,483 for the nine month period ended September 30, 2004. The Company reported a net loss of $(448,497) for the nine month period ended September 30, 2005, compared to a net loss of ($641,519) for the nine month period ended September 30, 2004.

CASH AND CASH EQUIVALENTS

At September 30, 2005, the Company had cash and cash equivalents of $305,788, compared to cash and cash equivalents of $571,792 at September 30, 2004. At September 30, 2005, the Company had a working capital surplus of $319,441, compared to a working capital surplus of $573,765 at September 30, 2004. The decrease in the Company's cash and working capital position compared to September 30, 2004 was due to the inability of the Company to generate sufficient income from operations to meet its operating needs. In addition, the Company made capital improvements and expenditures to support product sales growth. In addition, the Company secured a loan from Tioga County LDC in the amount of $230,500 to support its working capital needs and enhance production capabilities to support the distribution agreement with VWR International.

LIQUIDITY AND CAPITAL RESOURCES

During the third quarter of 2005, the Company generated $122,676 in product sales, the highest product sales quarter since inception. This represents a 21% increase over the previous high product sales quarter (second quarter of 2005) of $101,754. While the increasing product sales appear promising, the Company has been unable to support its operations solely from revenue generated from product sales. In February 2004, the Company collected $1.88 million from its lawsuit settlement with Endocare. This settlement has provided the necessary cash flow to support operating activities to date.

In September 2005, the Company secured a loan from the Tioga County LDC in the amount of $230,500 to support its working capital needs and enhance production capabilities to support the distribution agreement with

VWR International. The loan is a 7 year note with an annual interest rate of 5% requiring monthly payments of $3,258.

During the nine month period ended September 30, 2005, net cash used by operating activities was $443,776 as compared to net cash provided by operating

activities of $551,204 for the nine month period ended September 30, 2004. The net cash provided from operating activities for the nine month period ending September 30, 2004 resulted primarily from the collection of the Endocare settlement and was partially offset by the reduction in accounts payable, loans payable, accrued expenses, and accrued salaries.

Net cash used in investing activities totaled $12,620 for the nine month period ended September 30, 2005 as the Company purchased new equipment and made leasehold improvements to support the manufacturing facility and product sales.

The Company believes it has sufficient funds to continue operations in the near term. Future capital requirements will depend on many factors, including the ability to market and sell our product line, research and development programs, the scope and results of clinical trials, the time and costs involved in obtaining regulatory approvals, the costs involved in obtaining and enforcing patents or any litigation by third parties regarding intellectual property, the status of competitive products, the maintenance of our manufacturing facility, the maintenance of sales and marketing capabilities, and the establishment of collaborative relationships with other parties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. On an ongoing basis, the Company evaluates estimates, including those related to bad debts, inventories, fixed assets, income taxes, contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of the Company's judgments on the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes that following accounting policies involves more significant judgments and estimates in the preparation of the financial statements. The Company maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its customers to make payments. If the financial condition of the Company's customers were to deteriorate, resulting in their inability to make payments, the Company may be required to make additional allowances. The Company writes down inventory for estimated obsolete or unmarketable inventory to the lower of cost or market based on assumptions of future demand. If the actual demand and market conditions are less favorable than projected, additional write-downs may be required.

CONTRACT OBLIGATIONS

The Company leases equipment as a lessee, under operating leases expiring on various dates through 2005. The leases require monthly payments of approximately $2,340.

In January 2004, BioLife signed a 3 year lease with Field Afar Properties, LLC, whereby BioLife leases 6,161 square feet of office, laboratory, and manufacturing space in Owego, NY at a rental rate of $6,200 per month. Renovation of the new facility was completed in April 2004. The Company's Chief Executive Officer and family members are the members of Field Afar Properties, LLC.

ITEM 3. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's periodic Securities Exchange Act of 1934 ("Exchange Act") reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

At the end of the period covered by this Quarterly Report on Form 10-QSB, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the CEO/CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the CEO/CFO concluded that the Company's disclosure controls and procedures are not effective in timely alerting him to material information relating to the Company required to be included in the Company's periodic SEC filings and ensure that the information required to be disclosed by the Company in the report it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the rules and forms.

During the period covered by this report, the Company uncovered a deficiency in its internal control over financial reporting regarding the counting of physical inventory which if left uncorrected could result in a material control weakness. Specifically, the Company discovered that there were finished goods lots that were not counted during the physical inventory count at the end of the second quarter of 2005. As a result thereof, the Company adopted new internal control procedures with respect to physical inventory counts for raw materials, goods in progress, and finished goods and has amended its form 10-QSB filing for the second quarter of 2005. To prevent this from happening in the future, the Company adopted new internal control procedures for obtaining physical inventory counts for raw materials, goods in progress, and finished goods. Other than as described herein, there were no significant changes in the Company's internal control over financial reporting during the quarterly period ended September 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Periodic Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 18 U.S.C. Section 1350

(b) Reports on Form 8-K, filed in the quarter ended June 30, 2005. Agreement dated May 12, 2005, between May 17, 2005, regarding

a material agreement between the Company and VWR International, Inc.

* Filed herewith

SIGNATURES

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

Biolife Solutions, Inc.

(Registrant)

Date: November 14, 2005

By: /s/ JOHN G. BAUST

John G. Baust, PhD
President and Chief Executive Officer
(Principal Accounting Officer)