

MICROFLUIDICS INTERNATIONAL CORP  
Form 10-Q  
November 15, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-11625

**MICROFLUIDICS INTERNATIONAL CORPORATION**

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(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**04-2793022**

(I.R.S. Employer Identification No.)

**30 Ossipee Road, Newton, Massachusetts**

(Address of principal executive offices)

**02464**

(Zip Code)

**(617) 969-5452**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of November 10, 2010, 10,426,647 shares of the registrant's Common Stock, par value \$.01 per share, were outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****MICROFLUIDICS INTERNATIONAL CORPORATION****Condensed Consolidated Balance Sheets***(Unaudited - in thousands, except share and per share amounts)*

	September 30, 2010	December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,980	\$ 2,185
Accounts receivable, net of allowance of \$39 and \$44 on September 30, 2010 and December 31, 2009, respectively	2,861	2,571
Inventories	2,675	2,916
Prepaid and other current assets	281	280
Total current assets	7,797	7,952
Property and equipment, net	684	891
Other non-current assets	396	535
Total assets	\$ 8,877	\$ 9,378
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,009	\$ 545
Accrued expenses	1,265	1,727
Customer advances	390	1,137
Total current liabilities	2,664	3,409
Long-term liabilities:		
Convertible debt	4,720	4,679
Total liabilities	7,384	8,088
Stockholders' equity:		
Common stock; \$.01 par value; 30,000,000 and 30,000,000 shares authorized; 10,662,093 and 10,630,228 shares issued; 10,426,647 and 10,394,782 shares outstanding as of September 30, 2010 and December 31, 2009, respectively.	107	106
Additional paid-in capital	18,450	18,254
Accumulated deficit	(16,395)	(16,401)
Treasury stock, 235,446 shares, at cost, as of September 30, 2010 and December 31, 2009	(669)	(669)
Total stockholders' equity	1,493	1,290
Total liabilities and stockholders' equity	\$ 8,877	\$ 9,378

See notes to unaudited condensed consolidated financial statements.



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**MICROFLUIDICS INTERNATIONAL CORPORATION**

**Condensed Consolidated Statements of Operations**

*(Unaudited - in thousands, except share and per share amounts)*

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenues	\$ 4,077	\$ 4,462	\$ 12,904	\$ 11,490
Cost of sales	1,644	1,533	5,002	4,679
Gross profit	2,433	2,929	7,902	6,811
Operating expenses:				
Research and development	468	433	1,444	1,301
Selling	1,093	1,007		