==========

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2000, 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 0-21615

BOSTON BIOMEDICA, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MASSACHUSETTS	04-2652826
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

375 WEST STREET,

WEST BRIDGEWATER, MASSACHUSETTS	02379-1040
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code
(508) 580-1900

Indicate by checkmark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

/X/ Yes / / No

The number of shares outstanding of the Registrant's only class of common stock as of July 31, 2000 was 5,614,486.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BOSTON BIOMEDICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<TABLE>
<CAPTION>

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
REVENUE:				
Products	$3,539,861	$3,491,323	$6,136,942	$6,947,525
Services	4,214,148	3,647,334	8,447,779	7,036,297
Total Revenue	7,754,009	7,138,657	14,584,721	13,983,822
COSTS AND EXPENSES:				
Cost of products	1,723,736	1,822,537	3,018,033	3,631,184
Cost of services	3,191,619	2,641,555	6,522,031	5,111,652
Research and development	730,162	728,452	1,492,854	1,491,061
Selling and marketing	1,031,064	1,102,546	1,952,713	2,107,817
General and administrative	1,336,676	1,116,975	2,747,491	2,211,665
Total operating costs and expenses	8,013,257	7,412,065	15,733,122	14,553,379
Loss from operations	(259,248)	(273,408)	(1,148,401)	(569,557)
Interest income	-	159	422	855
Interest expense	(210,954)	(89,549)	(404,860)	(176,748)
Loss before income taxes	(470,202)	(362,798)	(1,552,839)	(745,450)
Benefit from income taxes	178,678	137,863	590,080	283,270
Net loss	$ (291,524)	$ (224,935)	$ (962,759)	$ (462,180)
Net loss per share: basic and diluted	$(0.05)	$(0.05)	$(0.18)	$(0.10)
Number of shares used to calculate net loss per share: basic and diluted	5,556,628	4,743,870	5,315,026	4,680,915

</TABLE>

The accompanying notes are an integral part of the Consolidated Financial Statements.

BOSTON BIOMEDICA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

ASSETS	June 30, 2000	December 31, 1999
CURRENT ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 260,273	$ 314,923
Accounts receivable, less allowances of $785,036 in 2000 and $746,797 in 1999	6,335,570	6,446,318
Inventories	7,547,377	6,917,916
Prepaid expenses and other	766,152	344,353
Deferred income taxes	956,242	934,790

Total current assets	15,865,614	14,958,300
Property and equipment, net	8,520,947	8,295,024
OTHER ASSETS:		
Goodwill and other intangibles, net	2,483,289	2,589,310
Deferred income taxes	258,149	220,535
Notes receivable and other	137,879	99,171
Total other assets	2,879,317	2,909,016
TOTAL ASSETS	$27,265,878	$26,162,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 3,215,931	$ 2,552,268
Accrued compensation	1,086,253	1,189,140
Accrued income taxes	12,329	112,487
Other accrued expenses	718,398	1,028,667
Current maturities of long term debt	5,890,475	22,414
Deferred revenue	58,179	-
Total current liabilities	10,981,565	4,904,976
LONG-TERM LIABILITIES:		
Long term debt, less current maturities	2,541,104	7,145,651
Deferred rent and other liabilities	404,195	465,590
STOCKHOLDERS' EQUITY:		
Common stock $.01 par value; authorized 20,000,000 shares in 2000 and 1999; issued and outstanding 5,614,486 in 2000 and 4,773,365 in 1999	56,145	47,734
Additional paid-in capital	19,720,609	16,809,242
Stock purchase warrants	(2,264,127)	-
Accumulated deficit	(4,173,613)	(3,210,853)
Total stockholders' equity	13,339,014	13,646,123
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$27,265,878	$26,162,340

</TABLE>

The accompanying notes are an integral part of the Consolidated Financial Statements.

BOSTON BIOMEDICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

<TABLE>
<CAPTION>

	For The Six Months Ended June 30,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
<S>	<C>	<C>
Net loss	$ (962,759)	$ (462,180)
Adjustments to reconcile net loss to net cash used by operating activities:		

Depreciation and amortization	916,173	722,090
Provision for doubtful accounts	60,398	54,268
Deferred rent and other liabilities	(61,395)	(236,336)
Deferred income taxes	(59,066)	(25,655)
Changes in operating assets and liabilities:		
Accounts receivable, net	44,889	703,646
Inventories	(629,461)	(90,582)
Prepaid expenses and other	(421,799)	(213,194)
Accounts payable	663,663	(362,422)
Accrued compensation and other expenses	(513,314)	84,858
Deferred revenue	58,179	(690,760)
Net cash used in operating activities	(904,492)	(516,267)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(1,030,615)	(1,189,516)
Advances under notes receivable and other assets	(38,708)	7,895
Net cash used in investing activities	(1,069,323)	(1,181,621)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from mortgage	2,446,573	-
(Repayments) borrowings on line of credit	(1,183,059)	1,632,266
Proceeds of common stock issued	655,651	172,254
Net cash provided by financing activities	1,919,165	1,804,520
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(54,650)	106,632
Cash and cash equivalents, beginning of period	314,923	146,978
Cash and cash equivalents, end of period	$ 260,273	$ 253,610

</TABLE>

The accompanying notes are an integral part of the Consolidated Financial Statements.

BOSTON BIOMEDICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in both the Form 10-K filing for the fiscal year ended December 31, 1999 and the Form 10-Q filing for the three months ended March 31, 2000 for Boston Biomedica, Inc. and Subsidiaries ("the Company" or "Boston Biomedica"). Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year's presentation.

(2) USE OF ESTIMATES

In conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses for the periods presented. Such estimates include reserves for uncollectable accounts receivable as well as the net realizable value of its inventory. Actual results could differ from the estimates and assumptions used by management.

(3) INVENTORIES

Inventories consisted of the following:

	June 30, 2000	December 31, 1999
Raw materials	$3,769,111	$2,675,735
Work-in-process	1,415,920	1,845,778
Finished goods	2,362,346	2,396,403
	$7,547,377	$6,917,916

(4) SEGMENT REPORTING AND RELATED INFORMATION

The Company has five operating segments. The Diagnostics segment serves the worldwide IN VITRO diagnostics industry, including users and regulators of their test kits, with quality control products and test kit components. The Biotech segment pursues third party contracts, primarily with agencies of the United States Government, to help fund the development of products and services for the other segments. The Clinical Laboratory Services segment performs specialty infectious disease testing for hospitals, blood banks, doctors and other clinical laboratories, primarily in North America. The Laboratory Instrumentation segment sells laboratory instruments primarily to the worldwide IN VITRO diagnostics industry on an OEM basis, and also performs in-house instrument servicing. Finally, the "Other" segment's two R&D operations do not currently have any product or service revenue, and none is expected in the near future. Their revenue to date consists of both private and public (NIH) funding of segment research. Most of the expenditures by this segment are for R&D expenses, and general management expenses including patent costs. The Company continues to seek funding from both private and public sources to minimize the impact of their development costs on the Company's overall operating results.

(4) SEGMENT REPORTING AND RELATED INFORMATION (CONTINUED)

Operating segment information is as follows (dollars in 000's):

<TABLE>
<CAPTION>

	Three Months ended June 30,		Six Months Ended June 30,	
SEGMENT REVENUE:	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Diagnostics	$3,229	$2,788	$ 5,509	$ 5,531
Biotech	2,142	1,476	4,060	2,858
Clinical Laboratory Services	2,272	2,464	4,612	4,669
Laboratory Instrumentation	608	892	1,257	1,925
Other	120	41	268	41
Eliminations	(617)	(522)	(1,121)	(1,040)
Total Revenue	$7,754	$7,139	$14,585	$13,984
SEGMENT OPERATING				

(LOSS) INCOME:				
Diagnostics	$ 527	$ 479	$ 833	$ 1,038
Biotech	136	(123)	(16)	(241)
Clinical Laboratory Services	(67)	60	(194)	135
Laboratory Instrumentation	(304)	(294)	(590)	(502)
Other	(551)	(395)	(1,181)	(1,000)
Total Loss from Operations	$(259)	$ (273)	$(1,148)	$ (570)

IDENTIFIABLE CORPORATE AND SEGMENT ASSETS:	June 30, 2000	December 31, 1999
Diagnostics	$12,165	$12,170
Biotech	5,258	4,643
Clinical Laboratory Services	3,141	3,188
Laboratory Instrumentation	3,642	3,789
Corporate	1,825	1,205
Other	1,235	1,167
Total assets	$27,266	$26,162

</TABLE>

BOSTON BIOMEDICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(5) RECENT ACCOUNTING STANDARDS

In March 2000, the Financial Accounting Standard Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 to certain issues including: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a non-compensatory plan; the accounting consequence of various modifications to the terms of previously fixed stock options or awards; and the accounting for the exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, but certain conclusions in FIN 44 are applicable retroactively to specific events occurring after either December 15, 1998 or January 12, 2000. The Company does not expect the application of FIN 44 to have a material impact on the Company's financial position or results of operations.

In December 1999, the Staff of the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). This SAB summarizes certain of the Staff's views in applying generally accepted accounting principles, in the United States, to revenue recognition in financial statements. SAB 101B amends SAB 101; accordingly, this bulletin is now scheduled to become effective for the Company's fourth quarter ended December 31, 2000. The Company is currently assessing the impact that SAB 101 may have on its financial statements.

(6) COMPUTATION OF NET LOSS PER SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding plus additional common shares that would have been outstanding if dilutive potential common shares had been issued. For the purposes of this calculation, stock options are considered common stock equivalents in periods in which they have a dilutive effect. Stock options that are antidilutive are excluded from the calculation. Potentially dilutive securities of 255,992 and 231,602, and 466,238 and 157,678, were not included in the computation of

diluted loss per share because to do so would have reduced the loss per share for the three months ended June 30, 2000 and 1999, and the six months ended June 30, 2000 and 1999, respectively.

(7) STOCK PURCHASE WARRANTS AND OPTIONS RECEIVABLE

On February 17, 2000, the Company received notice that certain warrant holders exercised 500,000 warrants. This exercise will result in proceeds to the Company of approximately $2,100,000, net of transaction costs. The holders of the warrants are required to pay the exercise price when the registration of the underlying shares is effective. The Company recorded a receivable as a contra equity account to reflect the shares as outstanding, as of the exercise date. The Company considers these shares to be issued and outstanding, although the shares have not been delivered to the warrant holders as of August 14, 2000, and will not be delivered until the registration statement is declared effective and the shares have been paid for. Additionally, the Company accrued a broker fee related to the warrant exercise which is payable upon receipt of the exercise proceeds. This broker fee of $133,500 was recorded as an offset to additional paid-in capital.

(8) DEBT

The June 30, 2000 balance sheet reflects the classification of the Company's outstanding line-of-credit balance as short-term debt. The Company reclassified the debt because in the first and second quarters of 2000, it violated a financial covenant limiting the amount of allowable losses. There have been no payment defaults. The Company expects to complete negotiations and close on a new facility in the near future. In the meantime, there have been no changes in the financial terms or availability formula under the existing line-of-credit agreement.

On April 5, 2000, the Company borrowed $2,446,573 (net) under a mortgage agreement on its West Bridgewater, MA facility. The Company used the funds to reduce the outstanding balance of its existing line of credit. The principal amount of the note issued in connection with the mortgage is due on March 31, 2010. During the first five years the note carries an interest rate of 9.75%; after five years the rate charged will be .75% greater than the Corporate Base Rate then in effect. Under this mortgage agreement the Company is subject to certain financial covenants by which a default in its line of credit financial covenants will cause a default on this note. The Company has received a waiver from this lending institution regarding the covenant violation. The payments on this mortgage are based on a 20 year amortization schedule.

(9) REVENUE RECOGNITION

For further information regarding the Company's revenue recognition policies, refer to the consolidated financial statements and footnotes thereto included in both the Form 10-K filing for the fiscal year ended December 31, 1999 and the Form 10-Q filing for the three months ended March 31, 2000 for Boston Biomedica, Inc. and Subsidiaries.

Revenue for service and research and development contracts, in addition to revenues associated with long-term contracts, is recognized when the customer is contractually obligated to pay and the fees are not refundable.

(10) INCOME TAXES

For further information regarding the Company's income tax accounting policies, refer to the consolidated financial statements and footnotes thereto included in both the Form 10-K filing for the fiscal year ended December 31, 1999 and the Form 10-Q filing for the three months ended March 31, 2000 for Boston Biomedica, Inc. and Subsidiaries.

On December 31, 1999 the Company had a loss carryforward of approximately $2,000,000 for federal and state tax purposes that was obtained through the

acquisition of BioSeq, Inc. This carryforward expires from 2011 through 2018 for federal purposes and 2001 through 2003 for state purposes. The Company has established a valuation allowance to reserve for this entire loss. In addition, the Company has a federal net operating loss carryforward at December 31, 1999 of approximately $300,000 which expires in 2019. The Company has state net operating loss carryforwards at December 31, 1999 of approximately $3,000,000 which expire at various dates from 2002 through 2019.

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

THREE MONTHS ENDED JUNE 30, 2000 AND 1999

Total revenue increased 8.6%, or $615,000, to $7,754,000 for the three months ended June 30, 2000 as compared to $7,139,000 in the second quarter of 1999. This overall increase was the result of an increase in product revenue of 1.4%, or $49,000, from $3,491,000 to $3,540,000 coupled with a 15.5%, or $567,000, increase in service revenue from $3,647,000 to $4,214,000. The overall $615,000 increase in total revenue was focused in two operating segments: Diagnostics and Biotech. Diagnostics revenue increased 15.8%, or $441,000, to $3,229,000 due primarily to continued strong sales of its Accurun and TQS panel products to the end-user market. Biotech revenue increased 45.1%, or $666,000, to $2,142,000 due to the combination of new government contracts for both its repository and research services and operating at increased staffing levels on all of its contracts in the second quarter of 2000. These operating segment increases were partially offset by slightly lower revenue at the Company's Clinical Laboratory Services ("CLS") and Laboratory Instrumentation segments. CLS revenue decreased 7.8%, or $192,000, to $2,272,000 as a result of lower volume of molecular testing due to the loss of a large customer during the second quarter of 2000. Laboratory Instrumentation revenue declined 31.8%, or $284,000, to $608,000 as a result of a lower volume of contract manufacturing business, which primarily relates to the timing of orders received from a large customer. The Company is actively working to increase revenue at both these operating segments. The Other segment's revenue increased by $79,000 to $120,000 due to increased NIH grants funding related to this segment's research and development programs.

Gross profit increased 6.1%, or $164,000, to $2,839,000 for the three months ended June 30, 2000 from $2,675,000 in the prior year period. Product margins increased from 47.8% in 1999 to 51.3% in 2000 while service margins decreased from 27.5% to 24.3%. The increase in product margins is due primarily to the Diagnostics segment, which benefited from increased demand for Accurun products and certain custom OEM products within its quality control product line. The decrease in service margins is primarily due to the Biotech segment, which earned its increased revenue from low margin government contracts.

Research and development expenditures remained flat in the second quarter of this year as compared to the same period last year. As was the case last quarter, the Company continued to emphasize development efforts within the Other segment which includes BBI BioSeq ("BioSeq") and Panacos Pharmaceuticals ("Panacos"). The increased research and development expenditures in the areas of Pressure Cycling Technology ("PCT") and Drug Discovery Program ("DDP") were primarily focused on technical progress in the lab, writing grant applications seeking financial support, and designing the next generation of the PCT instrument ("Barocycler"). Also, the Clinical Laboratory segment experienced higher R & D expenditures on new molecular tests. These increased expenditures were offset by a decrease at the Laboratory Instrumentation segment, as the PlateMate program was discontinued. Additionally, in September 1999, BBI BioSeq was moved from its pre-acquisition location in Woburn, MA to Gaithersburg, MD, where it shares space with the Biotech segment. This move has resulted in increased efficiencies for the PCT effort, lower facility costs, and greater access to both scientific professionals and laboratory equipment.

Selling and Marketing expenses decreased by 6.4%, or $71,000, to $1,031,000 for the three months ended June 30, 2000 from $1,102,000 in the prior year. This decrease was a result of a slight reduction in promotion costs and turnover in some key positions at the Diagnostics segment. Some of these positions were

filled early in the third quarter of 2000.

General and administrative costs increased 19.7%, or $220,000, to $1,337,000 for the three months ended June 30, 2000 from $1,117,000 in the prior year as a result of several factors. The corporate reorganization (announced in July 1999)

added several executive level employees to the general and administrative financial statement line item of the income statement. Additionally, $98,000 of the general and administrative personnel expenses incurred during the second quarter of 1999 were capitalized into the enterprise resource planning ("ERP") system implementation in accordance with applicable accounting standards. The Company completed the project in November 1999; therefore, these costs are expensed as incurred during 2000.

Consolidated loss from operations decreased to $259,000 in the second quarter of 2000 versus a $273,000 loss in the second quarter of 1999. The Diagnostics segment's operating income increased to $527,000 from $479,000 as a result of the 15.8% revenue growth. Biotech had operating income in the second quarter of $136,000 versus a loss last year of $123,000 on the strength of a significant increase in revenues from low margin government contracts. The Clinical Laboratory Services segment had an operating loss of $67,000 for the second quarter of 2000 versus income of $60,000 for the same period last year due to competitive pricing pressure resulting in lower gross margin, higher R&D expenditures on new molecular tests, increased promotion expenses, and increased management costs. The Laboratory Instrumentation segment's operating loss remained approximately the same at $300,000 for each period, due to lower than expected sales. Management does not expect a return to profitability before the end of 2000. Additionally, the segment has contributed significant technical expertise to the design and development of the prototype pressure cycling technology Barocycler instruments. The operating loss of the Other segment increased to $551,000 from $395,000 in the prior year's period due to planned, higher R&D expenditures. The Company continues to invest heavily in the areas of pressure cycling technology and the drug discovery program, through its subsidiaries BBI BioSeq and Panacos Pharmaceuticals, respectively. Management intends to reduce the operating losses of the Other segment in the area of PCT through research and development alliances, which will supplement the expenditures of the Company.

The Company now expects to relinquish control of Panacos, by the end of the year, by the sale of more than fifty percent of that company's common stock to third party investors. This will cause a change from consolidation to equity accounting of the Panacos results.

Net interest expense increased from $89,000 in 1999 to $211,000 in 2000. Throughout the second quarter of 2000, the Company carried a higher average debt balance than in the prior year period. In addition to a higher borrowing balance, the Company continued to feel the effects of rising interest rates.

The Company continued to benefit for income taxes at a 38% rate. Management has reviewed the realizability of its tax assets and has determined that based on its plan to return to profitability, and anticipated utilization of such assets, this benefit rate is appropriate.

Net loss increased to $292,000 in the second quarter 2000 from $225,000 in the comparable prior year period as a result of the items discussed above.

SIX MONTHS ENDED JUNE 30, 2000 AND 1999

Total revenue increased 4.3%, or $601,000, to $14,585,000 for the six months ended June 30, 2000 versus $13,984,000 for the comparable period of 1999. This increase was the result of a $1,412,000 increase in service revenue from $7,036,000 to $8,448,000, partially offset by a $811,000 decrease in product revenue from $6,947,000 to $6,136,000. Revenue and revenue changes by segment differed significantly by segment. The Diagnostics segment had revenue of $5,509,000 for the six month period, a decrease of $22,000 versus the same period last year. This was due to a decrease in product revenue associated with lower than expected sales of Basematrix, and

Seroconversion and Performance Panels The Diagnostics segment revenue in the first quarter of 2000 was adversely

impacted by turnover in the sales and marketing and the materials management workforces, as well as transitional issues with its ERP business system newly implemented in November 1999. The first quarter of 2000 was the first full period of operation under this system and new procedures in materials, manufacturing, and purchasing caused some inefficiencies. Most of these procedures have since been resolved. This was partially offset by strong sales increases in the Accurrun product line and characterized sera sales as compared to the first half of 1999. The Biotech segment had revenue of $4,060,000 for the six month period, an increase of $1,202,000 versus the same period last year. The increase was primarily a result of the significant revenue increases in contract research and repository services, led by an AIDS vaccine support contract and two new repository contracts. The CLS segment had revenue of $4,612,000 down slightly from last year's revenue of $4,669,000 as a result of lower volume of molecular testing due to the loss of a large customer during the second quarter of 2000. The Laboratory Instrumentation segment had revenue of $1,257,000 for the six month period, a decrease of $668,000 from the prior year as management has been unsuccessful in obtaining new contract manufacturing business. The Other segment had revenue of $268,000 for the six month period versus $41,000 of revenue for the same period last year. This increase is due to success in obtaining grants and support from both private and public funding sources for this segments research and development projects.

Gross profit decreased 3.7%, or $197,000, to $5,044,000 for the six months ended June 30, 2000 versus $5,241,000 for the comparable period of 1999. Product margins increased from 47.7% in 1999 to 50.8% in 2000 while service margins decreased from 27.3% to 22.7%. The increase in product margins is primarily due to the Diagnostics segment, which benefited from increased demand for Accurun products and certain custom OEM products within its quality control product line. The decrease in service margins was primarily due to two factors: increased competition in the testing market faced by the Clinical Laboratory Services segment; and lower margins at the Biotech segment as their significant revenue growth was earned from low margin government contracts.

Research and development expenditures remained flat in the first half of 2000 as compared to the same period in the prior year. The Company continued to focus its development efforts within the Other segment, which includes BioSeq and Panacos. The increased research and development expenditures in the areas of PCT and DDP were primarily focused on technical progress in the lab, writing grant applications to provide financial support, legal support for patent applications by Panacos, and designing the next generation of the Barocycler. These increased expenditures were partially offset by decreased R&D expenditures at the Laboratory Instrumentation segment, as the PlateMate program was discontinued. Additionally, in September 1999, BioSeq was moved from its pre-acquisition location in Woburn, MA to Gaithersburg, MD, where it shares space with the Biotech segment. This move has resulted in increased efficiencies for the PCT effort, lower facility costs, and greater access to both scientific professionals and laboratory equipment.

Selling and Marketing decreased 7.4%, or $155,000, to $1,953,000 for the six months ended June 30, 2000 from $2,108,000 in the prior year. This decrease was a result of the turnover in some key positions at the Diagnostics segment, which temporarily reduced personnel and travel costs. Some of these positions were filled early in the third quarter of 2000.

General and administrative costs increased 24.2%, or $535,000, to $2,747,000 for the six months ended June 30, 2000 from $2,212,000 in the prior year period as a result of several factors. The corporate reorganization (announced in July 1999) added several executive level employees to the general and administrative financial statement line item of the income statement. Additionally, $166,000 of the general and administrative personnel expenses incurred during the first and second quarters of 1999 were capitalized into the ERP system implementation in accordance with applicable accounting standards. The Company completed the project in November 1999; therefore, these costs are expensed as incurred during 2000. The Company also incurred significant professional fees during

the first quarter as it transferred the technology of its Drug Discovery Program into a separate subsidiary, Panacos Pharmaceuticals, Inc. During the first half of 2000, the Company continued to move forward with its plan to sell a significant equity position in Panacos to third party investors which would have the benefits of raising significant capital required to develop Panacos' technology and to cause BBI to relinquish control of Panacos thus allowing a change from consolidation to equity accounting relative to the Company's share of Panacos' losses.

Consolidated loss from operations increased to $1,148,000 for the first half of 2000 versus a loss of $570,000 in the prior period of 1999. The Diagnostics segment operating income decreased to $833,000 from $1,038,000 as a result of higher expenditures on R&D in 2000 compared to last year and the beneficial affect on 1999's operating income of capitalized salaries for the ERP System implementation. Biotech operated at breakeven for the first half of 2000 versus a loss of $241,000 for the same period last year on the strength of significantly higher revenue from government contracts, which more than offset their relatively low gross margins. The Clinical Laboratory Services segment had an operating loss of $194,000 for the first half of 2000 versus income of $135,000 for the same period last year due to a combination of circumstances: competitive pricing pressure resulting in lower gross margins, higher R&D expenditures for new molecular tests, increased promotion expenses, and increased management costs as a result of the reorganization. The Laboratory Instrumentation segment's operating loss increased slightly to $590,000 as compared to $502,000 for the same period in the prior year, primarily due to lower revenue. Management does not expect a return to profitability before the end of 2000. Additionally, the segment has contributed significant technical expertise to the design and development of the prototype Barocycler instruments. The operating loss of the Other segment increased to $1,181,000 from $1,000,000 in the prior year period due to planned, higher R&D expenditures. The Company continues to invest heavily in the areas of pressure cycling technology and the drug discovery program, through its subsidiaries BBI BioSeq and Panacos Pharmaceuticals, respectively. Management intends to reduce the operating losses of the Other segment in the area of PCT through research and development alliances, which will supplement the expenditures of the Company.

As mentioned above, the Company now expects to relinquish control of Panacos, by the end of the year, by the sale of more than fifty percent of that company's common stock to third party investors. This will cause a change from consolidation to equity accounting of the Panacos results.

Net interest expense increased from $176,000 in 1999 to $405,000 in 2000. Throughout the first half of 2000, the Company carried a higher average debt balance than in the comparable prior year period. In addition to a higher borrowing balance, the Company continued to feel the effects of rising interest rates.

The Company continued to benefit for income taxes at a 38% rate. Management has reviewed the realizability of its tax assets, and has determined that based on its plan to return to profitability, and anticipated utilization of such assets, this benefit rate is appropriate.

Net loss increased to $962,000 in the first half of 2000 from $462,000 in the comparable prior year period as a result of the items discussed above.

LIQUIDITY AND FINANCIAL CONDITION

At June 30, 2000, the Company had cash and cash equivalents of approximately $260,000, and working capital of $4,888,000. Gross trade accounts receivable decreased $72,000 as cash receipts slightly outpaced new sales. Inventory increased $629,000 or 9.1% due to increased purchases of critical raw materials, and production of HIV subtype viral stocks under a Material Transfer Agreement signed with the NIH. Management intends to continue to focus its efforts on utilizing existing inventory where possible, while continuing to purchase those critical, hard to find raw materials in short supply.

The Company's working capital position as of June 30, 2000 was adversely affected by the classification of its $5,820,000 line-of-credit balance as short-term debt. The Company reclassified the debt because in the first and

2000, it violated a financial covenant limiting the amount of allowable losses. There have been no payment defaults. The Company expects to complete negotiations and close on a new facility in the near future. In the meantime, there have been no changes in the financial terms or availability formula under the existing line-of-credit agreement.

On April 5, 2000, the Company borrowed $2,446,573 (net) under a mortgage agreement on its West Bridgewater, MA facility. The Company used these funds to reduce the outstanding balance on its line-of-credit. The mortgage is due on March 31, 2010. During the first five years the note carries an interest rate of 9.75%; after five years the rate charged will be 0.75% greater than the bank base rate then in effect. Under this mortgage agreement the Company is subject to certain financial covenants by which a default in its line-of-credit covenants will cause a default on this note. The Company has received a waiver from this lending institution regarding the covenant violation. Payments due on this mortgage are based on a 20 year amortization schedule.

In February of 2000, the Company received notice that certain warrant holders exercised warrants to purchase 500,000 shares of the Company's common stock. This exercise will result in proceeds to the Company of approximately $2,100,000. The holders of the warrants are required to pay the exercise price when the registration of the underlying shares is effective. The Company currently expects the registration of the underlying shares to be declared effective by the Securities and Exchange Commission in the next few months.

Net cash used in operations for the six months ended June 30, 2000 was $904,000 as compared to cash use of $516,000 in the comparable period last year. This increase in operational use of cash was primarily the result of inventory raw material purchases.

Cash used in investing activities was $1,069,000 in the first six months of 2000 versus $1,181,000 for the comparable prior year period. During the six months ended June 30, 2000, the Company's Biotech segment invested $561,000 to build-out its new repository facility in Frederick Maryland. In addition, significant investments were made for laboratory and manufacturing equipment. The Company capitalized approximately $166,000 of general and administrative expenses relative to the implementation of its ERP system in the first six months of 1999.

Cash provided by financing activities was $1,919,000 in the first six months of 2000 versus $1,804,000 for the comparable prior year period. During the six months ended June 30, 2000, the net cash provided by debt consisted of the mortgage loan of approximately $2,446,573 (net) discussed above, less net repayments on the line-of-credit of $1,183,000. In addition, cash of approximately $655,000 was received from the exercise of stock options and warrants, exclusive of the 500,000 warrants awaiting registration discussed above.

The Company believes that existing cash balances, the borrowing capacity available under the existing line of credit (or its replacement), and proceeds from the exercise of the 500,000 warrants to purchase the Company's common stock, are sufficient to fund operations and anticipated capital expenditures in 2000. However, the Company is also exploring additional financing options, including issuing equity or subordinated convertible debt, to strengthen its cash position.

YEAR 2000 COMPUTER SYSTEMS COMPLIANCE

Our Year 2000 ("Y2K") program was designed to minimize the possibility of serious Year 2000 interruption. In 1997 the Company decided to significantly upgrade its "business system" (all computer hardware and software used to run its business including its operations management, administration and financial systems).

Specifications were developed for desired capabilities, including Year 2000 compliance, and the Company began to assess various enterprise resource planning systems ("ERP System") in 1998. Additionally, the Company organized a task force

at each operating segment to review other infrastructure areas including communications systems, building security systems, and embedded technologies in areas such as laboratory instruments and manufacturing equipment. The Company also began to survey mayor suppliers, distributors, and customers to determine the status and schedule for their Year 2000 compliance.

During the fourth quarter of 1999 the Company completed the ERP implementation at two of the Company's subsidiaries. The other subsidiaries received upgraded, Year 2000 compliant versions of existing software. The Company spent less than $200,000 to prepare for Y2K. This amount includes the cost to upgrade existing software packages to compliant versions, use of existing resources to execute surveys and measure results, and incremental costs associated with other infrastructure areas. This amount excludes all costs associated with the implementation of the ERP Systems, which was completed for reasons beyond Y2K compliance.

Possible Year 2000 worst case scenarios include the interruption of significant parts of our business as a result of internal business system failure or the failure of the business systems of the Company's suppliers, distributors or customers. Any such interruption may have a material adverse impact on our future results. Although no significant problems have been noted to date, the Company acknowledges that there is still risk that such problems may occur. Any such interruption could have a material adverse impact on the future results of the Company.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements concerning the Company's financial performance and business operations. The Company wishes to caution readers of this Quarterly Report on Form 10-Q that actual results might differ materially from those projected in any forward-looking statements.

Factors which might cause actual results to differ materially from those projected in the forward-looking statements contained herein include the following: inability of the Company to develop the end user market for quality control products; inability of the Company to integrate the laboratory instrumentation business into the Company's business; inability of the Company to grow laboratory instrumentation sales to the extent anticipated; failure to obtain the renewal and full funding of contracts with National Institutes of Health (NIH), National Heart, Lung and Blood Institute (NHLBI) and other government agencies; continued pricing pressure from increasing competition in the specialty testing market; the possibility that the Company may not be successful in commercializing current R&D projects, may not have the resources to complete the projects, may not be able to complete the development of certain technologies, or that the projects may take longer than expected to complete; inability of the Company to secure equity financing for Panacos; inability of the Company to obtain an adequate supply of the unique and rare specimens of plasma and serum necessary for the production of certain of its products; significant reductions in purchases by any of the Company's major customers; and the potential insufficiency of Company resources, including capital, human resources, plant and equipment and management systems, to accommodate any future growth. Certain of these and other factors which might cause actual results to differ materially from those projected are more fully set forth under the caption "Risk Factors" in the Company's Registration Statement on Form S-1 (SEC File No. 333-10759) and in its annual report on Form 10-K for the year ended December 31, 1999 and its quarterly report on Form 10-Q for the quarter ended March 31, 2000.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the reported market risks since December 31, 1999.

BOSTON BIOMEDICA, INC.

PART II. OTHER INFORMATION

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The June 30, 2000 balance sheet reflects the classification of the Company's outstanding line-of-credit balance, in the amount of $5,820,000 as of June 30, 2000, as short-term debt. The Company reclassified the debt because in the first and second quarters of 2000, it violated a financial covenant limiting the amount of allowable losses. There have been no payment defaults. The Company expects to complete negotiations and close on a new facility in the near future. In the meantime, there have been no changes in the financial terms or availability formula under the existing line-of-credit agreement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8K

(a) EXHIBITS

EXHIBIT NO.

3.1 Amended and Restated Articles of Organization of the Company*

3.2 Amended and Restated Bylaws of the Company*

4.1 Specimen Certificate for Shares of the Company's Common Stock*

4.2 Description of Capital Stock (contained in the Amended and Restated Articles of Organization of the Company filed as Exhibit 3.1)*

10.22 Mortgage and Security Agreement dated March 31, 2000

27 Financial Data Schedule

- ----------

* In accordance with Rule 12b-32 under the Securities Exchange Act of 1934, as amended, reference is made to the documents previously filed with the Securities and Exchange Commission, as exhibits to the Company's Registration Statement on Form S-1 (Registration No. 333-10759), which documents are hereby incorporated by reference. The number set forth herein is the number of the Exhibit in said registration statement.

(b) REPORTS ON FORM 8K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BOSTON BIOMEDICA, INC.

Date: DECEMBER 6, 2000 By /s/ KEVIN W. QUINLAN

Kevin W. Quinlan
President and Chief Operating Officer
and Principal Accounting and
Financial Officer