

APPLIED DNA SCIENCES INC
Form 8-K
December 28, 2007

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): December 20, 2007

Applied DNA Sciences, Inc
(Exact Name of Registrant as Specified in Charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

002-90539
(Commission File Number)

59-2262718
(IRS Employer
Identification No.)

25 Health Sciences Drive, Suite 113
Stony Brook, New York 11790
(Address of Principal Executive Offices) (Zip Code)

631-444- 8090
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

Closing on Fourth Tranche of Private Placement.

On December 20, 2007, we completed the fourth tranche of a private placement of units at a price of \$100,000 per unit for sale to “accredited investors,” as defined in regulations promulgated under the Securities Act of 1933, as amended (the “Securities Act”). In this fourth tranche, we sold four and a half units for aggregate gross proceeds of \$450,000. Previously, we completed three tranches of twenty and one units for aggregate gross proceeds of \$2,100,000. Each unit consists of (i) a \$100,000 Principal Amount 10% Secured Convertible Promissory Note and (ii) a warrant to purchase 200,000 shares of our common stock, \$0.001 par value, exercisable for cash or on a cashless basis for a period of four years commencing on December 20, 2008, at a price of \$0.50 per share.

The promissory notes and accrued but unpaid interest thereon shall automatically convert on December 20, 2008 at a conversion price of \$0.074766323 per share, which is equal to a 30% discount to the average volume, weighted average price of our common stock for the ten trading days prior to issuance, and are convertible into shares of our common stock at the option of the holder at any time prior to such automatic conversion at a price equal to the greater of (i) 50% of the average price of our common stock for the ten trading days prior to the date of the notice of conversion and (ii) the automatic conversion price. In addition, any time prior to conversion, we have the irrevocable right to repay the unpaid principal and accrued but unpaid interest under the notes on three days notice. The promissory notes bear interest at the rate of 10% per annum and are due and payable in full on December 20, 2008.

Until the principal and accrued but unpaid interest under the promissory notes is paid in full, or converted into our common stock, the promissory notes will be secured by a security interest in all of our assets. This security interest will be pari passu with the security interest granted to the holders of an aggregate principal amount of \$3,300,000 of secured convertible promissory notes bearing interest at 10% per annum issued between April 2007 through end of November 2007.

The Warrants are exercisable for a four-year period commencing on December 20, 2008, and expiring on December 19, 2012, at a price of \$0.50 per share. Each warrant may be redeemed at our option at a redemption price of \$0.01 upon the earlier of (i) December 20, 2010, and (ii) the date our common stock has traded on The Over the Counter Bulletin Board at or above \$1.00 per share for 20 consecutive trading days.

We claim an exemption from the registration requirements of the Securities Act for the private placement of the units pursuant to Section 4(2) of the Securities Act because each of the units was made in a sale by the issuer not involving a public offering.

ARjENT Limited, a registered broker dealer firm (the “Placement Agent”), acted as our placement agent. In connection with the sale of securities described above, we paid the Placement Agent commissions, discounts, expense reimbursements and advances aggregating \$112,500.

Amendment to Engagement Agreement.

On December 21, 2007, we entered into an amendment to our engagement agreement with the Placement Agent, dated August 31, 2007 (the “Engagement Agreement”). Pursuant to the Engagement Agreement, as amended, we issued 9,000,000 shares of our common stock to the Placement Agent in exchange for the cancellation of the cashless exercise warrant to purchase 9,000,000 shares of our common stock at an exercise price of \$.10 per share issued to the Placement Agent pursuant to the Engagement Agreement. In further consideration for the exchange, the Placement Agent agreed to (i) forfeit any and all of the rights under the Engagement Agreement to act as our exclusive investment banker and placement agent and (ii) forfeit the compensation in consideration of its services as exclusive investment banker and placement agent of a monthly fee of \$10,000 per month, which was payable during the

remainder of the term of the Engagement Letter after a closing of, in the aggregate, at least three million dollars (\$3,000,000) of financing. This issuance is considered exempt under Regulation D of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

The foregoing description is qualified in its entirety by reference to the engagement agreement, a copy of which is attached hereto as Exhibit 10.4 and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the closing on the fourth tranche of the private placement is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities

On October 9, 2007 we issued one million shares of our common stock to TTR Group LLC pursuant to a consulting agreement for consulting services to be provided to us. This issuance is considered exempt under Regulation D of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 21, 2007, our Board of Directors appointed Kurt Jensen our Chief Financial Officer, taking over the position from Dr. James A. Hayward. Dr. Hayward will continue to serve as our President, Chief Executive Officer and Chairman of the Board of Directors.

Mr. Jensen has been our Controller since February 2006. Prior to that date, for a period of more than 23 years, he was employed by Point of Woods Homes, Inc. Mr. Jensen does not have family relationships with any director, executive officer, or other person nominated or chosen to become directors or officers.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit 10.1 Form of Subscription Agreement by and among Applied DNA Sciences, Inc. and the investors named on the signature pages thereto, previously filed as Exhibit 10.1 to our Current Report on Form 8-K on October 11, 2007 and incorporated herein by reference.

Exhibit 10.2 Form of 10% Secured Convertible Promissory Note of Applied DNA Sciences, Inc., previously filed as Exhibit 10.2 to our Current Report on Form 8-K on October 11, 2007 and incorporated herein by reference.

Exhibit 10.3 Form of Warrant Agreement of Applied DNA Sciences, Inc., previously filed as Exhibit 10.3 to our Current Report on Form 8-K on October 11, 2007 and incorporated herein by reference.

Exhibit 10.4 Amendment to Engagement Letter, dated December 20, 2007, by and between Applied DNA Sciences, Inc. and ARjENT Limited.

SIGNATURE

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 hereunto duly authorized.

Applied DNA Sciences, Inc.
(Registrant)

By: /s/ James A. Hayward
James A. Hayward
Chief Executive Officer

Date: December 28, 2007