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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2007

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transitional period from _____ to _____

BIOSPECIFICS TECHNOLOGIES CORP.

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

Delaware	0-19879	11-3054851
(State or other jurisdiction	(Commission file number)	(I.R.S. Employer
of incorporation or organization)		Identification No.)

35 Wilbur Street
Lynbrook, NY 11563
(Address of principal executive office)

516.593.7000
(Issuer's telephone number)

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 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 [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

State the number of shares outstanding of the issuer's classes of common equity, as of the latest practicable date:

Class of Stock	Outstanding September 4, 2007
Common Stock ($.001 par value)	5,316,101

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

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BIOSPECIFICS TECHNOLOGIES CORP.

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Introductory Comments – Terminology

Throughout this quarterly report on Form 10-QSB (this "Report"), the terms "BioSpecifics," "Company," "we," "our," and "us" refer to BioSpecifics Technologies Corp. and its subsidiaries, Advance Biofactures Corporation ("ABC-NY"), which it still currently owns, Advance Biofactures of Curacao, N.V. ("ABC-Curacao"), which was sold in 2006, and BioSpecifics Pharma GmbH, which was liquidated in 2005. We also owned two dormant companies, BioSpecifics N.V. and Biota N.V., which were liquidated in January 2007.

Introductory Comments – Forward Looking Statements

This Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. All statements other than statements of historical facts are "forward looking statements" for purposes of these provisions, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or licensing or collaborative arrangements, any statements regarding future economic conditions or performance, and any statement of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," estimates," "potential," or "continue" or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained in this Report are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including but not limited to the risk factors set forth below, and for the reasons described elsewhere in this Report. All forward-looking statements and reasons why results may differ included in this Report are made as of the date hereof, and we assume no obligation to update these forward-looking statements or reasons why actual results might differ.

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PART I– FINANCIAL INFORMATION

Item 1: Consolidated Financial Statements

BIOSPECIFICS TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2007 (unaudited)
Assets	
Current assets:	
Cash and cash equivalents	$ 3,525,209
Accounts receivable, net	25,339
Prepaid expenses and other current assets	89,691
Total current assets	**3,640,239**
Property, plant and equipment, net	59,787
Total assets	**3,700,026**
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	2,084,954
Deferred revenue	1,437,116
Accrued tax and other accrued liabilities of discontinued operations	78,138
Total current liabilities	**3,600,208**
Long-term deferred revenue	3,984,470
Stockholders' equity (deficit):	
Series A Preferred stock, $.50 par value, 700,000 shares authorized; none outstanding	-
Common stock, $.001 par value; 10,000,000 shares authorized; 5,392,816 and 5,365,816 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively	5,393
Additional paid-in capital	4,144,010
Retained earnings (deficit)	(6,714,324)
Treasury stock, 131,267 shares at cost at March 31, 2007 and December 31, 2006	(693,957)
Notes receivable from former CEO and Chairman and other related party	(625,774)
Total stockholders' equity (deficit)	**(3,884,652)**
Total liabilities and stockholders' equity	**$ 3,700,026**

See accompanying notes to consolidated financial statements

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BIOSPECIFICS TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Operations
(unaudited)

	Three Months Ended March 31,	
	2007	**2006**
Revenues:		
Net sales	$ 1,100	$ 6,793
Licensing fees	289,279	289,279
Consulting fees	70,000	23,333
	360,379	319,405
Costs and expenses:		
General and administrative	1,097,467	972,395
Research and development	386,359	745,365
	1,483,827	1,717,760
Operating loss from continuing operations	**(1,123,448)**	**(1,398,355)**
Other income (expense):		
Interest income	41,249	17,825
Interest expense	-	(505)
	41,249	17,320
Loss from continuing operations before benefit (expense) for income tax	(1.082,199)	(1,381,035)
Income tax benefit (expense)	(3,600)	-
Net income (loss) from continuing operations	**(1,085,799)**	**(1,381,035)**
Discontinued operations:		
Net gain (loss) from discontinued operations	-	(1,115,704)
Net gain on the sale of assets	-	3,601,102
Net loss	**$ (1,085,799)**	**$ 1,104,363**
Basic net income (loss) per share:		
From continuing operations	$ (0.21)	$ (0.27)
From discontinued operations	$ -	$ 0.48
Basic net loss per share	**$ (0.21)**	**$ 0.21**
Diluted net income (loss) per share:		
From continuing operations	$ (0.21)	$ (0.27)
From discontinued operations	$ -	$ 0.48
Diluted net loss per share	**$ (0.21)**	**$ 0.21**
Shares used in computation of basic net income (loss) per share	**5,235,149**	**5,178,374**
Shares used in computation of diluted net income (loss) per share	**5,235,149**	**5,178,454**

See accompanying notes to consolidated financial statements

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BIOSPECIFICS TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended March 31,	
Cash flows from operating activities:	**2007**	**2006**
Net loss	$ (1,085,799)	$ (1,381,035)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,036	18,243
Stock-based compensation expense	138,547	418,975
Changes in operating assets and liabilities:		
Accounts receivable	21,484	(64,374)
Prepaid expenses and other current assets	(40,977)	12,573
Accounts payable and accrued expenses	370,056	567,613
Deferred revenue	40,721	112,389
Net cash provided by (used in) operating activities from continuing operations	**(547,932)**	**313,552**
Net cash provided by (used in) discontinued operations	**(321,037)**	**1,072,691**
Net cash provided by investing activities from discontinued operations	**-**	**6,058,713**
Cash flows from financing activities:		
Proceeds received from stock option exercises	27,000	-
Payment to minority shareholders	-	(83,406)
Net cash provided by (used in) financing activities from continuing operations	**27,000**	**(83,406)**
Net cash used in financing activities from discontinued operations	**-**	**-**
Increase in cash and cash equivalents	(841,969)	6,732,382
Cash and cash equivalents at beginning of year	4,367,178	539,380
Cash and cash equivalents at end of period	**$ 3,525,209**	**$ 7,271,762**
Supplemental disclosures of cash flow information:		
Cash paid during the periods for:		
Interest	$ -	$ 505

Supplemental disclosures of non-cash transactions:
In March 2007, in full repayment of the $304,398 loan owed to the Company by Wilbur Street Corporation (“WSC”), WSC offset $304,398 in back rent due from the Company in repayment of the loan. The transaction was recorded by reducing the rent payable by $304,398 and the receivable from the former CEO and Chairman by $98,253 and increasing additional paid in capital by $206,145.

For the year ended December 31, 2006, the Company reduced its liability to the employee stock bonus plan by issuing $162,300 of common stock. The remaining balance of $6,600 was cancelled.

In March 2006, we sold our topical collagenase business to DFB. In order to effectuate the transaction with DFB, we repurchased all of the outstanding shares of ABC-NY and ABC-Curacao held by minority shareholders in exchange for a combination of approximately $83,000 in cash and 102,574 restricted shares of our treasury stock.

See accompanying notes to consolidated financial statements

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BIOSPECIFICS TECHNOLOGIES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007
(Unaudited)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

We are a biopharmaceutical company that has been involved in the development of injectable collagenase for multiple indications. We have a development and license agreement with Auxilium Pharmaceuticals, Inc. ("Auxilium") for injectable collagenase (which Auxilium has named "XIAFLEX ™" (formerly known as "AA4500")) for clinical indications in Dupuytren's disease, Peyronie's disease and frozen shoulder (*adhesive capsulitis*), and Auxilium has an option to acquire additional indications that we may pursue, including cellulite and lipomas. Injectable collagenase has completed a pivotal clinical trial for the treatment of Dupuytren's disease. A Phase III clinical trial had been initiated and was put on clinical hold. In a press release dated September 10, 2007, Auxilium announced that it has restarted its Phase III clinical trials for XIAFLEX ™ for the treatment of Dupuytren's disease.

DISCONTINUED OPERATIONS

Prior to March 2006, we were a party to an exclusive license agreement with Abbott Laboratories, Inc. and its subsidiaries ("Abbott"), for the production of the active pharmaceutical ingredient ("API" or "API Enzyme") for topical collagenase. In March 2006, we sold our topical collagenase business to DFB Biotech, Inc. and its affiliates ("DFB"), including all rights to the exclusive license agreement and we were released of any obligations thereunder.

In addition, DFB acquired all of the issued and outstanding shares of Advance Biofactures of Curacao, N.V. ("ABC-Curacao"), pursuant to the Asset Purchase Agreement (the "Asset Purchase Agreement") between us, DFB and Advance Biofactures Corp. ("ABC-NY"). ABC-Curacao manufactured the API Enzyme, which in its final formulation was marketed by Abbott. The operating results of ABC-Curacao and certain operations of ABC-NY have been classified as discontinued operations in the Consolidated Financial Statements for all periods presented.

At the closing of the Asset Purchase Agreement, DFB (i) acquired from us certain inventory and manufacturing equipment used in the topical collagenase business, (ii) was granted a perpetual royalty free license to use, solely in connection with the topical collagenase business, certain intangible assets retained by us and (iii) was granted the right (for a limited period of time) to use, solely in connection with the topical collagenase business, certain tangible assets retained by us. As part of the sale, we transferred to DFB our FDA manufacturing license.

As consideration for the purchased assets including our API inventory we received $8 million in cash, DFB's assumption of certain liabilities, and the right to receive earn out payments in the future based on sales of certain products. In connection with the closing of the Asset Purchase Agreement, we agreed to provide certain technical assistance and certain transition services to DFB in consideration of fees and costs totaling over $1.4 million. DFB paid to us a partial payment of $425,000 in

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respect to the technical assistance to be provided by us. The consulting obligations generally expire during March 2011.

On January 8, 2007, we entered into an Amendment to the Asset Purchase Agreement with ABC-NY and DFB (the "Amendment") in order to clarify the intent of the parties with respect to certain provisions of the Asset Purchase Agreement and the parties are discussing further clarifications to address certain concerns raised by Auxilium.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements are unaudited, but include all adjustments (consisting only of normal, recurring adjustments) which we consider necessary for a fair presentation of our financial position at such dates and the operating results and cash flows for those periods. Although we believe that the disclosures in our financial statements are adequate to make the information presented not misleading, certain information normally included in financial statements prepared in accordance with accounting principles generally accepted ("GAAP") in the United States (the "U.S.") has been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for quarterly reporting.

The information included in this Report should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-KSB for the year ended December 31, 2006 filed with the SEC on September 26, 2007. The Consolidated Balance Sheet as of December 31, 2006 is derived from our audited consolidated financial statements as of that date.

Principles of Consolidation

The unaudited consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, Advance Biofactures Corp., ("ABC-NY"), which it still currently owns, Advance Biofactures of Curacao, N.V. ("ABC-Curacao") which was sold in 2006, BioSpecifics of Curacao N.V. and Biota N.V. and its wholly-owned subsidiary, which were liquidated in January 2007, BioSpecifics Pharma GmbH ("Bio Pharma") of Germany, which was liquidated during December 2005, after elimination of inter-company accounts and transactions. Due to the sale of Advanced Biofactures of Curacao N.V. in March 2006 to DFB all accounts of this former subsidiary and certain operations of ABC-NY are classified as discontinued operations in all periods presented.

Management Estimates

The preparation of unaudited consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires the use of management's estimates and assumptions that affect the amounts reported in the unaudited consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

We recognize revenues resulting from product sales, from licensing and use of our technology, and from other services we sometimes perform in connection with the licensed technology under the guidance of Staff Accounting Bulletin (SAB) No. 104, "Revenue Recognition."

If we determine that separate elements exist in a revenue arrangement under Emerging Issues Task Force Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" (EITF 00-21), we recognize revenue for delivered elements only when the fair values of undelivered elements are known, when the associated earnings process is complete, when payment is reasonably assured and, to the extent the milestone amount relates to our performance obligation, when our customer confirms that we have met the requirements under the terms of the agreement.

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Revenues, and their respective treatment for financial reporting purposes, are as follows:

Product Sales

We recognize revenue from product sales when there is persuasive evidence that an arrangement exists, title passes, the price is fixed or determinable and collectability is reasonably assured. No right of return exists for our products except in the case of damaged goods. To date, we have not experienced any significant returns of our products.

Net sales include the sales of the API Enzyme that are recognized at the time the product is shipped to customers for laboratory use.

License Fees

We include revenue recognized from upfront licensing and milestone payments in "License Fees" in our unaudited consolidated statements of operations in this Report.

Upfront License Fees

We generally recognize revenue from upfront fees when the agreement is signed, we have completed the earnings process and we have no ongoing performance obligation with respect to the arrangement. Nonrefundable upfront technology license fees for product candidates for which we are providing continuing services related to product development are deferred and recognized as revenue over the development period.

Milestones

Milestones, in the form of additional license fees, typically represent nonrefundable payments to be received in conjunction with the achievement of a specific event identified in the contract, such as completion of specified development activities and/or regulatory submissions and/or approvals. We believe that a milestone represents the culmination of a distinct earnings process when it is not associated with ongoing research, development or other performance on our part. We recognize such milestones as revenue when they become due and collection is reasonably assured. When a milestone does not represent the culmination of a distinct earnings process, we recognize revenue in a manner similar to that of a nonrefundable upfront license fee.

The timing and amount of revenue that we recognize from licenses of technology, either from upfront fees or milestones where we are providing continuing services related to product development, is primarily dependent upon our estimates of the development period. We define the development period as the point from which research activities commence up to regulatory approval of either our, or our partners', submission assuming no further research is necessary. As product candidates move through the development process, it is necessary to revise these estimates to consider changes to the product development cycle, such as changes in the clinical development plan, regulatory requirements, or various other factors, many of which may be outside of our control. Should the FDA or other regulatory agencies require additional data or information, we would adjust our development period estimates accordingly. The impact on revenue of changes in our estimates and the timing thereof is recognized prospectively over the remaining estimated product development period.

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Consulting and Technical Assistance Services

We recognize revenues from a consulting and technical assistance contract primarily as a result of our agreement with DFB. Consulting revenues are recognized ratably over the term of the contract. The consulting obligations to DFB generally expire during March 2011.

Stock-Based Compensation

Under the provisions of Statement of Financial Accounting Standards (SFAS) No. 123(R), we estimate the fair value of our employee stock awards at the date of grant using the Black-Scholes option-pricing model, which requires the use of certain subjective assumptions. The most significant of these assumptions are our estimates of the expected volatility of the market price of our stock and the expected term of the award. When establishing an estimate of the expected term of an award, we consider the vesting period for the award, our recent historical experience of employee stock option exercises (including forfeitures) and the expected volatility. As required under the accounting rules, we review our valuation assumptions at each grant date and, as a result, our valuation assumptions used to value employee stock-based awards granted in future periods may change.

Further, SFAS 123(R) requires that employee stock-based compensation costs be recognized over the requisite service period, or the vesting period, in a manner similar to all other forms of compensation paid to employees. The allocation of employee stock-based compensation costs to each operating expense line are estimated based on specific employee headcount information at each grant date and estimated stock option forfeiture rates and revised, if necessary, in future periods if actual employee headcount information or forfeitures differ materially from those estimates. As a result, the amount of employee stock-based compensation costs we recognize in each operating expense category in future periods may differ significantly from what we have recorded in the current period.

In November 2005, the FASB issued FASB Staff Position No. 123R-3, “Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards.” On January 1, 2007, we have adopted the simplified method to calculate the beginning balance of the additional paid-in-capital (APIC) pool of the excess tax benefit and to determine the subsequent effect on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee stock-based compensation awards that were outstanding upon our adoption of FAS 123(R).

Employee stock-based compensation expense recognized under SFAS 123(R) was as follows:

Three Months Ended