Included:

Form 10-K for the year ended December 31, 2018
Proxy Statement for the year ended December 31, 2018

AMERICAN BIO MEDICA CORPORATION

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

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ---------- to ----------

Commission File Number: 0-28666

American Bio Medica Corporation
(Exact name of registrant as specified in its charter)

New York	**14-1702188**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
122 Smith Road **Kinderhook, New York** (Address of principal executive offices)	**12106** (Zip Code)

Registrant's telephone number (including area code) **(518) 758-8158**

Securities registered pursuant to Section 12(b) of the Exchange Act: **None**

Securities registered pursuant to Section 12(g) of the Exchange Act::

Common Shares, $0.01 Par Value

Title of Class

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

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 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 Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained herein, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

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

☐ Yes ☑ No

The aggregate market value of 19,573,268 voting Common Shares held by non-affiliates of the registrant was approximately $1,762,000 based on the last sale price of the registrant's Common Shares, $.01 par value, as reported on the OTC Pink Open Marketplace on June 30, 2018.

As of April 16, 2019, the registrant had outstanding 32,479,368 Common Shares, $.01 par value.

Documents Incorporated by Reference:

(1) Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on June 22, 2019 in Part III of this Form 10-K

(2) Other documents incorporated by reference on this report are listed under Part IV, Item 15(B); Exhibits

American Bio Medica Corporation

Index to Annual Report on Form 10-K
For the year ended December 31, 2018

AMERICAN BIO MEDICA CORPORATION

This Form 10-K may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may", "could", "should", "will", "expect", "believe", "anticipate", "estimate" or "continue" or comparable terminology is intended to identify forward-looking statements. It is important to note that actual results could differ materially from those anticipated from the forward-looking statements depending on various important factors. These important factors include our history of losses, our ability to continue as a going concern, adverse changes in regulatory requirements related to the marketing and use of our products, the uncertainty of acceptance of current and new products in our markets, competition in our markets and other factors discussed in our "Risk Factors" found in Part I, Item 1A.

PART I

ITEM 1. OUR BUSINESS

Form and Year of Organization

American Bio Medica Corporation (the "Company") was incorporated on April 2, 1986 under the laws of the State of New York under the name American Micro Media, Inc. On September 9, 1992, we filed an amendment to our Articles of Incorporation and changed our name to American Bio Medica Corporation.

Our Business

We manufacture and sell lateral flow immunoassay tests, primarily for the immediate detection of drugs in urine and oral fluid. Our products are accurate, self-contained, cost-effective, user-friendly products that are capable of accurately identifying the presence or absence of drugs in a sample within minutes. The products we manufacture are made 100% in in the United States while our competitors manufacture their products outside the United States, primarily in China.

In addition to the manufacture and sale of drug testing products, we provide bulk test strip manufacturing services to unaffiliated third parties on a contract basis and, we manufacture a diagnostic product that is sold under a private label by an unaffiliated third party. We do not currently derive a significant portion of our revenues from the manufacture of these additional products.

We also sell (via distribution) a number of other products related to the immediate detection of drugs in urine and oral fluid as well as offering other point of care diagnostic products via distribution. We do not currently derive a significant portion of our revenues from these additional products.

Our Products

Products for the Detection of Drugs in Urine

We manufacture a number of products that detect the presence or absence of drugs in urine. We offer a number of standard configurations, custom configurations on special order, and different cut-off levels for certain drugs. Cut-off levels are concentrations of drugs or metabolites that must be present in urine (or oral fluid) specimens before a positive result will be obtained. Our urine drugs tests are either 510(k) cleared, CLIA Waived and/or OTC cleared (see "Government Regulations" for information on the regulations related to the sale of our drug tests). We manufacture the following product lines:

Rapid Drug Screen® The Rapid Drug Screen, or RDS®, is a patented rapid drug test that detects the presence or absence of 2 to 10 drugs simultaneously in a single urine specimen. The RDS is available as a card only, or as part of a kit that includes a patented collection cup.

RDS InCup®: The patented RDS InCup is a drug-testing cup that detects the presence or absence of 1 to 12 drugs in a urine specimen. The RDS InCup incorporates collection and testing of a urine sample in a single step. Each RDS InCup product contains multiple channels, and each channel contains a single drug-testing strip that contains the chemistry to detect a single drug.

Rapid TOX®: Rapid TOX is a cost-effective drug test in a cassette platform that simultaneously detects the presence or absence of 2 to 10 drugs in a urine specimen. Each Rapid TOX contains one or two channels, and each channel contains a single drug-testing strip that contains the chemistry to detect 1-5 drugs.

Rapid TOX Cup® II: The patented Rapid TOX Cup II is another drug testing cup that detects the presence or absence of 1 to 14 drugs in a urine specimen. The Rapid TOX Cup II also incorporates collection and testing of the urine sample in a single step. Each Rapid TOX Cup II contains multiple channels and each channel contains a single drug-testing strip that contains the chemistry to detect more than one drug.

Rapid TOX Cup II (2G): The patented Rapid TOX Cup II; second generation or Rapid TOX Cup II (2G), consists of a smaller cup with smaller test strips. This smaller version results in lower material costs and allows us to be more cost competitive against foreign manufactured products. The Rapid TOX Cup II 2G can detect the presence or absence of 1 to 16 drugs simultaneously.

Private Label Products

We do provide a private labeled version of Rapid TOX to unaffiliated third parties for sale outside of the United States. As of December 31, 2018, sales of these products were not material.

Products for the Detection of Drugs in Oral Fluid:

We manufacture drug tests that detect the presence or absence of drugs in oral fluids. These products are easy to use and provide test results within minutes with enhanced sensitivity and detection. As of the date of this report, our oral fluid drug tests are marketed "for forensic use only". We intend to offer oral fluid drug tests for "Employment Use Only" as a result of U.S. Food and Drug Administration ("FDA") drug test exemptions issued in July 2017; provided our consent decree is vacated (see "Government Regulations" for information on the regulations related to the sale of our drug tests). We currently offer the following oral fluid drug tests:

OralStat®: OralStat is a patented and patent pending, innovative drug test for the detection of drugs in oral fluids. Each OralStat simultaneously tests for 6 or 10 drugs in an oral fluid specimen.

Private Label Products

We do provide a private labeled version of our OralStat product to unaffiliated third parties for sale outside of the United States. As of December 31, 2018, sales of these products were not material.

Other Products

We distribute a number of other products related to the detection of substances of abuse. We do not manufacture these products. We do not derive a significant portion of our revenues from the sale of these products.

Contract Manufacturing

We provide bulk test strip contract manufacturing services to non-affiliated diagnostic companies. In the year ended December 31, 2018 ("Fiscal 2018"), we manufactured a test for the detection of RSV (Respiratory Syncytial Virus; the most common cause of lower respiratory tract infections in children worldwide) and a test to detect fetal amniotic membrane rupture. Fiscal 2018 and the year ended December 31, 2017 ("Fiscal 2017") only include minimal sales of the fetal amniotic rupture product as the customer began manufacturing their own product in the early part of Fiscal 2018.

Our Markets

Rehabilitation/Drug Treatment

The Rehabilitation/Drug Treatment market includes people in both inpatient and outpatient treatment for substance abuse. Drug testing is a positive aspect of treatment as it aids in relapse prevention and encourages honesty both within the patient and with outside interactions. In addition, being able to accurately gauge the current drug use by patients enrolled in a substance abuse program is essential so, urine drug testing is an integral part of treatment programs, including physician office-based programs. There is typically a high frequency of testing in this market. We currently sell our urine drug tests in this market primarily through our direct sales force and also through a number of distributors.

Pain Management

Drug testing in pain management is one of the major tools of adherence monitoring in the assessment of a patient's predisposition to, and patterns of, misuse/abuse; a vital first step towards establishing and maintaining the safe and effective use of drugs in the treatment of chronic pain. There are many benefits of using an ABMC drug test; these include reducing the risk for toxicity in patients vulnerable to adverse drug effects, detecting patient non-compliance, reducing the risk of therapeutic failure, and avoiding or detecting drug-drug interaction. Additionally, drug testing enhances the physician's ability to use drugs effectively and minimize costs.

We currently sell our urine drug tests in this market primarily through our direct sales force and also through a number of distributors.

Other Clinical

Other Clinical markets include emergency rooms/hospitals, family physician offices and laboratories. There are a number of medical emergencies associated with adverse reactions, accidental drug ingestions, and misuse or abuse of prescription drugs and over-the-counter medications. To address this issue, drug testing is performed so healthcare professionals are able to ascertain the drug status of a patient before they administer pharmaceuticals or other treatment. We currently sell our urine drug tests in this market primarily through our direct sales force and also through a number of distributors. We also have a long-term relationship with one of the world's largest clinical laboratories.

Government (including law enforcement and criminal justice)

The Government market includes federal, state, county and local agencies, including police departments, adult and juvenile correctional facilities, pretrial agencies, probation, drug courts and parole departments at the federal and state levels. A significant number of individuals on parole or probation, or within federal, state, county and local correctional facilities and jails, have one or more conditions to their sentence, including but not limited to, periodic drug-testing and substance abuse treatment. We sell our products in this market through our direct sales force.

Employment/Workplace

The Workplace market consists of pre-employment testing of job applicants, as well as random, cause and post-accident testing of employees. Many employers recognize the financial and safety benefits of implementing drug-free workplace programs, of which drug testing is an integral part. In some states, there are workers' compensation and unemployment insurance premium reductions, tax deductions and other incentives for adopting these programs. We sell our products in this market through our direct sales force and through a select network of distributors.

International

The International market consists of various markets outside of the United States. Although workplace testing is not as prevalent outside of the United States as within, the international Government and Clinical markets are somewhat in concert with their United States counterparts. One market that is significantly more prevalent outside of the United States is roadside drug testing. We sell in this market through a select network of distributors.

Our Distribution Method

We have a two-pronged distribution strategy that focuses on growing our business through direct sales and distributors. Our direct sales team consists of our Vice President of Sales & Marketing, Director of Latin America Sales, Regional Sales Managers, sales consultants and Inside Sales Representatives (collectively our "Direct Sales Team"); all of which are trained professionals that are experienced in sales of drug testing products. Our distributors are unaffiliated entities that resell our drug-testing products either as stand-alone products or as part of a service they provide to their customers.

Our Direct Sales Team and network of distributors sell our products to the Rehabilitation/Drug Treatment, Pain Management, Other Clinical, Government and Employment/Workplace markets, and we sell through a network of distributors in the International market.

We promote our products through direct mail campaigns, selected advertising, participation at high profile trade shows and other marketing activities.

Competition

We compete on the following factors:

Pricing: The pricing structure in our markets is highly competitive. We offer the only drug testing products that contain testing strips that are 100% manufactured in the US and that is 100% assembled in the United States. Price pressure is the greatest when comparing our pricing with pricing of products manufactured outside of the United States.

Quality: We manufacture, assemble and package our products completely in the United States in accordance with quality system regulations set forth by FDA; this includes the manufacturing of our drug test strips. Many companies in our industry claim their products are manufactured in the United States when in fact; their products are only assembled or packaged in the Unites States. The testing strips and in most cases the assembly of the product is done outside of the Unites States; usually in China. Products manufactured outside of the United States are generally manufactured outside of the requirements of quality system regulations set forth by FDA. In our opinion, this results in inferior, sub-par products being offered in the market. Most of our markets require accurate detection near the cut-off level of the test. Our products are manufactured to detect drug use closer to the cut-off level of the test. The majority of the drug tests on the market today are less "aggressive"; meaning they are not as sensitive and they will miss positive results. Missing positive results can be extremely troublesome to customers from both an economic and liability perspective; and in the clinical market, missing positives can be a threat to the health of the individuals being tested. We do offer products manufactured outside of the United States via distribution relationships to those customers that do not require accuracy near or at the cutoff level in their drug testing programs.

Customer and technical support: Our customers often need guidance and assistance with certain issues, including but not limited to, test administration, drug cross reactivity and drug metabolism. We provide our customers with continuous customer and technical support on a 24/7/365 basis; staffed by our employees. We believe that this support gives us a competitive advantage since our competitors do not offer this "employee staffed" extended service to their customers.

Raw Materials and Suppliers

The primary raw materials required for the manufacture of our test strips and our drug tests consist of antibodies, antigens and other reagents, plastic molded pieces, membranes and packaging materials. We maintain an inventory of raw materials. Currently, most raw materials are available from several sources. We own the molds and tooling for our plastic components that are custom and proprietary. The ownership of these molds affords us flexibility and control in managing the supply chain for these components. We do not own the molds and tooling for plastic components that are "stock" items.

Major Customers

One of our customers accounted for 44% of net sales in Fiscal 2018. In Fiscal 2017, two of our customers accounted for 35.1% and 14.6% of net sales. The loss of an account in the fourth quarter of Fiscal 2017 is the reason why there is only one major customer in Fiscal 2018. The account lost in Fiscal 2017 is a subject of litigation we initiated against a former Vice President, Sales & Marketing/Sales Consultant (See Note D – Litigation/ Legal Matters).

Patents and Trademarks/Licenses

As of December 31, 2018, we held 27 patents related to our point of collection drug-testing products, including 13 patents issued in the United States. As of December 31, 2018, we have 5 foreign patent application pending. We are incurring fees related to these patent applications that will be capitalized over the term of the patents.

As of December 31, 2018, we have 15 trademarks registered in the United States and, 10 trademarks registered in countries/regions such as Canada, Mexico, and the United Kingdom.

Government Regulations

In certain markets, the development, testing, manufacture and sale of our drug tests, and possible additional testing products for other substances or conditions, are subject to regulation by the United States and foreign regulatory agencies. Pursuant to the Federal Food, Drug, and Cosmetic Act, and associated regulations, the FDA regulates the pre-clinical and clinical testing, manufacture, labeling, distribution and promotion of medical devices. When a product is a medical device, a 510(k) marketing application must be submitted to the FDA. A 510(k) is a premarketing submission made to the FDA to demonstrate that the device to be marketed is safe and effective. Applicants must compare their 510(k) device to one or more similar devices currently being marketed in the United States. Most of our urine-based products are marketed and sold in the Clinical market (in addition to other markets) and therefore, we have obtained 510(k) marketing clearance, CLIA waiver (see below) and/or Over-The-Counter (OTC) marketing clearance on our urine based products. Our oral fluid products are not 510(k) cleared; however, we market and sell these products to the forensic market and for export outside the United States.

In July 2017, the FDA issued a limited exemption for certain drugs of abuse tests. More specifically, the exemption allows certain drug tests to be sold for the intended use in the workplace and insurance market without requiring a 510(k) marketing clearance.

It is our understanding that only drug assays (tests) that have been previously cleared are allowed to be sold in the workplace and insurance markets under this limited exemption. We currently have a consent decree in place with FDA related to the marketing and sale of oral fluid drug tests in the workplace market. This consent decree must be lifted (or vacated) before we may commence oral fluid drug test sales in the workplace and insurance markets (even though other companies have already commenced sales of uncleared oral fluid drug tests in the workplace market). We are currently in the process of working with FDA towards getting the consent decree vacated.

In order to sell our products in Canada, we must comply with ISO 13485:2003, the International Standards Organization's Directive for Quality Systems for Medical Devices (MDD or Medical Device Directive), and in order to sell our products in the European Union, we must obtain CE marking for our products (in the European Union, a "CE" mark is affixed to the product for easy identification of quality products). Collectively, these standards are similar to FDA regulations, and are a reasonable assurance to the customer that our products are manufactured in a consistent manner to help ensure that quality defect-free goods are produced. As of the date of this report, we have received approval and the right to bear the CE mark on our Rapid Drug Screen, Rapid ONE, Rapid TOX, RDS InCup, Rapid TOX Cup II, Rapid Reader and OralStat. We are currently certified to I.S. EN ISO 13485:2016 with an expiration date of July 31, 2021. We have also obtained the license to sell our RDS, Rapid ONE and Rapid TOX products in Canada through July 31, 2019. As of the date of this report, we do not expect to renew our application due to changes in the regulatory requirements to sell our product in Canada and the cost associated with the same given the minimal sales we have in Canada.

The Clinical Laboratory Improvement Amendments (CLIA) of 1988 established quality standards for laboratory testing to ensure the accuracy, reliability and timeliness of patient test results regardless of where the test was performed. As a result, those using CLIA waived tests are not subject to the more stringent and expensive requirements of moderate or high complexity laboratories. We have received CLIA waiver from the FDA related to our Rapid TOX product line and OTC clearance on our Rapid TOX Cup II (2G) product line (The OTC clearance of the Rapid TOX Cup II product line means they are CLIA waived products).

Due to the nature of the manufacturing of our drug tests, the products we offer through contract manufacturing and the raw materials used for both, we do not incur any material costs associated with compliance with environmental laws, nor do we experience any material effects of compliance with environmental laws.

Research and Development ("R&D")

Our R&D efforts are continually focused on enhancing and/or maintaining the performance and reliability of our drug-testing products, developing new product platforms and exploring new drug assays to offer to our customers, as well as performing development work related to contract manufacturing projects. Included in R&D expense are FDA compliance costs or costs associated with regulatory efforts taken related to the marketing of our products.

Our R&D expenditures were $93,000 in Fiscal 2018 and $117,000 in Fiscal 2017. None of the costs incurred in R&D in Fiscal 2018 or Fiscal 2017 were borne by a customer.

Manufacturing and Employees

Our facility in Kinderhook, New York houses assembly and packaging of the products we manufacture (including the products we supply on a contract manufacturing basis and the product we supply to a third party who markets the products under their own private label). Our warehouse, shipping department and administrative offices are also within our New York facility.

In our Logan Township, New Jersey facility, we manufacture our drug test strips and test strips for unaffiliated third parties. We also perform research and development in our New Jersey facility.

Unaffiliated third parties manufacture the adulteration, alcohol and certain forensic drug testing products we offer. We continue to primarily outsource the printing of the plastic components used in our products, and we outsource the manufacture of the plastic components used in our products.

As of December 31, 2018, we had 43 employees, of which 41 were full-time and 2 were part-time. None of our employees are covered by collective bargaining agreements.

Item 1A. Risk FACTORS

The drug testing market is highly competitive.

The market for drug tests used at the point of collection is highly competitive. Several companies produce drug tests that compete directly with our drug test product lines; these companies manufacture their products outside of the United States at a much lower cost. Some of our competitors have greater financial resources, allowing them to devote substantially more resources to business and product development and marketing efforts. Our inability to successfully address any competitive risk factors could negatively impact sales and our ability to achieve profitability.

Any adverse changes in our regulatory framework could negatively impact our business, and costs to obtain regulatory clearance are material.

Although we are unaware of any recent or upcoming changes in regulatory standards related to the marketing of our products, recent history supports that change in regulatory requirements could negatively impact our business. We became unable to sell our oral fluid products in the Employment/Workplace market in November 2013 as a result of FDA's change in position regarding Employment/Workplace drug testing. Prior to this regulatory change, we typically had annual sales of $2,000,000 of oral fluid sales in the Employment/Workplace market. In July 2017, there was another change in marketing regulations. The FDA issued a limited exemption that would allow companies to sell certain drug tests in the Employment/Workplace market (see "Government Regulations"). While this change could be determined to have a positive impact on our sales (as it reopens a market for ABMC), due to our consent decree with FDA, we are unable to take advantage of the limited FDA exemption until such time that we are able to get our consent decree with FDA vacated (even though other companies are, and have been, selling oral fluids drug tests under the limited exemption for some time now). This lack of ability to take advantage of the limited exemption has negatively impacted our ability to regain sales of oral fluid drug tests.

In addition to the sales and marketing restrictions regulatory changes can cause, the cost of filing 510(k) marketing clearances is material. Therefore, these costs can have a negative impact on efforts to improve our financial performance. If regulatory standards change in the future, there can be no assurance that we will receive marketing clearances from FDA, if and when we apply for them.

We rely on intellectual property rights and contractual non-disclosure obligations to protect our proprietary information (including customer information). These rights and obligations may not adequately protect our proprietary information, and an inability to protect our proprietary information can harm our business.

We rely on confidentiality procedures and contractual provisions to protect our confidential and proprietary information. Confidential and proprietary information (such as components and product costing, customer pricing structures, customer information, vendor information, internal financial information, production processes, new product developments, product enhancements and other material, non-public information) is protected under non-disclosure agreements with our personnel and consultants. If these individuals do not comply with their obligations under these agreements, we may be required to incur significant costs to protect our confidential information and the use of this information by the breaching individual may cause harm to our business. In February 2017, we filed a complaint against Todd Bailey (a former Vice President, Sales & Marketing/Consultant of the Company) along with his company Premier Biotech, Inc. ("Premier Biotech"), (among others), related to the use of our confidential and proprietary information to circumvent and interfere with our ability to respond to a Request for Proposal (RFP) from a long-standing ABMC customer. This interference resulted in the customer awarding the contract to Premier Biotech and their vendor thereby causing harm to our business. We did incur increased legal fees in Fiscal 2018 and Fiscal 2017 as a result of this litigation. This litigation is ongoing as of the date of this report. (See Item 3; Legal Proceedings)

We rely on a combination of patent, copyright, trademark and trade secret laws. Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy aspects of our products, dilute our trademarks, or otherwise infringe upon our rights. We may be required to incur significant costs to protect our intellectual property right under laws of the United States Patent and Trademark Office. In addition, the laws of some foreign countries do not ensure that our means of protecting our proprietary rights in the United States or abroad will be adequate.

Policing and enforcement against the unauthorized use of our intellectual property and other confidential proprietary information could entail significant expenses and could prove difficult or impossible. Such significant expenditures could have a material adverse effect on our results of operations.

One of our customers accounted for more than 10% of our total net sales in Fiscal 2018.

One of our customers accounted for 44% of our net sales in Fiscal 2018 and in Fiscal 2017 this same customer accounted for 35.1% of net sales. In Fiscal 2017, another customer accounted for 14.6% of our net sales. This customer (a state agency) ceased purchasing from us on October 1, 2017 and they were historically 10-15% of our annual net sales. The full impact of this loss was evident in Fiscal 2018. This customer is the subject of a lawsuit that we filed in February 2017 against our former Vice President, Sales & Marketing/Consultant Todd Bailey (see Item 3; Legal Proceedings). With the loss of the state agency contract, the other customer has become a greater percentage of our total sales. We have not yet garnered enough new sales to offset this lost account. We currently have a contract in place with the other long-standing customer that does not expire in the near future. However, there can be no assurance that this customer, or any of our current customers will continue to place orders, or that orders by existing customers will continue at current or historical levels.

We depend on key personnel to manage our business effectively.

We are dependent on the expertise and experience of senior management for our future success. The loss of senior management personnel could negatively impact our business and results of operations. Melissa A. Waterhouse serves as our sole executive officer. She serves as Chief Executive Officer and Principal Financial Officer. We have an employment agreement in place with Ms. Waterhouse, but there can be no assurance that Ms. Waterhouse will continue her employment. The loss of Ms. Waterhouse could disrupt the business and have a negative impact on business results. We also have a number of other individuals in senior management positions. There can be no assurance that they too will continue their employment. We do not currently maintain key man insurance on Ms. Waterhouse.

We rely on third parties for raw materials used in our drug test products and in our bulk test strip contract manufacturing processes.

We currently have approximately 36 suppliers that provide us with the raw materials necessary to manufacture our drug-testing strips, our drug test kits and the products we supply third parties on a contract manufacturing basis. For most of our raw materials, we have multiple suppliers, but there are a few raw materials for which we only have one supplier. The loss of one or more of these suppliers, the non-performance of one or more of their materials or the lack of availability of raw materials could suspend our manufacturing process. This interruption of the manufacturing process could impair our ability to fill customers' orders as they are placed, putting us at a competitive disadvantage.

We have a significant amount of raw material and "work in process" inventory on hand that may not be used in the year ended December 31, 2019 if the expected configuration of sales orders is not received at projected levels.

We had approximately $778,000 in raw material components for the manufacture of our products at December 31, 2018. The non-chemical raw material components may be retained and used in production indefinitely and the chemical raw materials components have lives in excess of 20 years. In addition to the raw material inventory, we had approximately $184,000 in "work in process" (manufactured testing strips) inventory at December 31, 2018. The components for much of this "work in process" inventory have lives of 12-36 months. If sales orders received are not for products that would utilize the raw material components, or if product developments make the raw materials obsolete, we may be required to dispose of these unused raw materials. In addition, since the components for much of the "work in process" inventory have lives of 12-36 months, if sales orders within the next 12-36 months are not for products that contain the components of the "work in process" inventory, we may need to discard this expired "work in process" inventory. We have established an allowance for obsolete or slow moving inventory. At December 31, 2018, this allowance was $268,000. There can be no assurance that this allowance will continue to be adequate for the year ending December 31, 2019 and/or that it will not have to be adjusted in the future.

Inability to meet our operating plans could have a material adverse effect on our future performance.

If events and circumstances occur such that we do not meet our current operating plans, if we are unable to raise sufficient additional equity or debt financing, or our credit facilities are insufficient or not available, we may be required to further reduce expenses or take other steps which could have a material adverse effect on our future performance.

We incur costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance initiatives.

We incur legal, accounting and other expenses as a result of our required compliance with certain regulations implemented by the United States Securities and Exchange Commission ("SEC"). Our executive management and other personnel devote a substantial amount of time to these compliance requirements, including but not limited to compliance with the Sarbanes-Oxley Act of 2002 that requires, among other things, that we maintain effective internal controls over financial reporting and disclosure controls and procedures. Our management is required to perform system and process evaluation and testing of the effectiveness of our internal controls over financial reporting, as required by Section 404(a) of the Sarbanes-Oxley Act (as a smaller reporting company, we are exempt from the requirements of Section 404(b) of the Sarbanes-Oxley Act requiring auditor's attestation related to internal controls over financial reporting). If we are not able to comply with the requirements of Section 404(a), if we identify deficiencies in our internal controls over financial reporting, or if we are unable to comply with any other SEC regulations or requirements, the market price of our common shares could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Inability to comply with financial covenants under our current line of credit facility and an inability to comply with our debt obligations could result in our creditors declaring all amounts owed to them due and payable with immediate effect, or result in the collection of collateral by the creditor; both of which would have an adverse material impact on our business and our ability to continue operations.

We have a credit facility with Crestmark Bank consisting of revolving line of credit (the "Crestmark LOC"). The Crestmark LOC is secured by a first security interest in all of our receivables and inventory and security interest in all other assets of the Company (in accordance with permitted prior encumbrances), (together the "Collateral"). So long as any obligations are due to Crestmark, the Company must comply with a minimum Tangible Net Worth ("TNW") Covenant of $150,000 at December 31, 2018. If a quarterly net income is reported, the TNW covenant increases by 50% of the reported net income. If a quarterly net loss is reported, the TNW covenant remains the same as the prior quarter's covenant amount. TNW is defined as: Total Assets less Total Liabilities less the sum of (i) the aggregate amount of non-trade accounts receivables, including accounts receivables from affiliated or related persons, (ii) prepaid expenses, (iii) deposits, (iv) net lease hold improvements, (v) goodwill and (vi) any other asset that would be treated as an intangible asset under GAAP; plus Subordinated Debt. Subordinated Debt means any and all indebtedness presently or in the future incurred by the Company to any creditor of the Company entering into a written subordination agreement with Crestmark. The Company has not complied with the TNW covenant since the year ended December 31, 2017 and, most recently has not complied with the TNW covenant for December 31, 2018. The Company has received a waiver from Crestmark related to its non-compliance with the TNW covenant.

In addition to the Crestmark LOC, we have a loan and security agreement with Cherokee Financial, LLC. ("Cherokee") which is secured by a first security interest in our real estate and machinery and equipment. In addition to general economic, financial, competitive, regulatory, business and other factors beyond our control, our ability to make payments to Cherokee Financial, LLC will depend primarily upon our future operating performance; which was negatively impacted in Fiscal 2018 by the loss of a material contract in the fourth quarter of Fiscal 2017. In February 2019, we entered into a new loan facility with Cherokee in the amount of $200,000 to pay off a loan with Cherokee from February 2018 in the amount of $150,000 and provide the Company with $50,000 in gross proceeds; $48,000 in net proceeds after Cherokee's legal fees in connection with the financing. We used the net proceeds to pay a portion of the $75,000 principal reduction payment under our Mortgage Loan with Cherokee (with

the remaining $27,000 being paid with cash on hand). See Note J – Subsequent Event.

A failure to comply with the Crestmark LOC TNW covenant (that is not waived by Crestmark Bank) and/or repay any of our debt obligations could result in an event of default, which, if not cured or waived, could result in the Company being required to pay much higher costs associated with the indebtedness and/or enable our creditors to declare all amounts owed to them due and payable with immediate effect. If we are forced to refinance our debt on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and rates. As an example, the new loan facility in February 2019 with Cherokee has an increased annual interest rate (18% versus 12%; which was the interest rate on the prior loan with Cherokee). We may also be forced to pursue one or more alternative strategies, such as restructuring, selling assets, reducing or delaying capital expenditures or seeking additional equity capital. There can be no assurances that any of these strategies could be implemented on satisfactory terms, if at all, or that future borrowings or equity financing would be available for the payment of any indebtedness we may have. In addition, in an event of default, our creditors could begin proceedings to collect the collateral securing the debt. This would have a material adverse effect on our ability to continue operations.

We have a history of incurring net losses and as of December 31, 2018, we have a negative stockholders' equity.

Since our inception and throughout most of our history, we have incurred net losses, including but not limited to, a net loss of $1,028,000 incurred in Fiscal 2018. As of December 31, 2018, we also reported negative stockholders' equity of $146,000. We incur substantial expenditures for sales and marketing, general and administrative and research and development purposes. Our ability to achieve profitability in the future will primarily depend on our ability to increase sales of our products. Stockholders' equity improvement will also be dependent on our ability to increase sales which will increase the value of our assets and decrease our liabilities. Future profitability is also dependent on our ability to reduce manufacturing costs and successfully introduce new products or new versions of our existing products into the marketplace. There can be no assurance that we will be able to increase our revenues at a rate that equals or exceeds expenditures. Our failure to increase sales while controlling sales and marketing, general and administrative, and research and development costs (relative to sales) would result in additional losses.

We may need additional funding for our existing and future operations.

Our financial statements for Fiscal 2018 were prepared assuming we will continue as a going concern. If sales do not improve, our current cash balances and cash generated from future operations may not be sufficient to fund operations through April 2020. Future events, including the expenses and difficulties which may be encountered in maintaining a market for our products could make cash on hand and cash available under our line of credit facility insufficient to fund operations. If this happens, we may be required to sell additional equity or debt securities or obtain additional credit facilities. Any equity financing would result in further dilution to existing shareholders. There can be no assurance that any of these financings will be available or that we will be able to complete such financing on satisfactory terms.

Potential issuance and exercise of new options and warrants and exercise of outstanding options and warrants, could adversely affect the value of our securities.

We currently have two non-statutory stock option plans, the Fiscal 2001 Non-statutory Stock Option Plan (the "2001 Plan") and the 2013 Equity Compensation Plan (the "2013 Plan"). Both plans have been adopted by our Board of Directors and approved by our shareholders. The common shares underlying the exercise of the stock options under the 2001 Plan have been registered with the United States Securities and Exchange Commission (the "SEC"); however the common shares underlying the exercise of the stock options under the 2013 Plan have not been registered with the SEC.

Both the 2001 Plan and the 2013 Plan have options available for future issuance. As of December 31, 2018, there were 2,222,000 options issued and outstanding under the 2001 Plan. There were no options issued under the 2013 Plan, making the total issued and outstanding options 2,222,000 as of December 31, 2018. Of the total options issued and outstanding, 2,142,000 are fully vested as of December 31, 2018. As of December 31, 2018, there were 1,495,000 options available for issuance under the 2001 Plan and 4,000,000 options available for issuance under the 2013 Plan. We also currently have 2,000,000 warrants issued and outstanding.

If outstanding stock options and warrants are exercised, the common shares issued will be freely tradable, increasing the total number of common shares issued and outstanding. As of the date of this report, our average daily trading volume is minimal (i.e. our stock is thinly traded). If these shares are offered for sale in the public market, the sales could adversely affect the prevailing market price by lowering the bid price of our securities. The exercise of any of these stock options and warrants could also materially impair our ability to raise capital through the future sale of equity securities because issuance of the common shares underlying the stock options and warrants would cause further dilution of our securities. In addition, in the event of any change in the outstanding shares of our common stock by reason of any recapitalization, stock split, reverse stock split, stock dividend, reorganization consolidation, combination or exchange of shares, merger or any other changes in our corporate or capital structure or our common shares, the number and class of shares covered by the stock options and/or the exercise price of the stock options may be adjusted as set forth in their plans.

Substantial resale of restricted securities may depress the market price of our securities.

There are 9,478,001 common shares presently issued and outstanding as of the date hereof that are "restricted securities" as that term is defined under the Securities Act of 1933, as amended, (the "Securities Act"). These securities may be sold in compliance with Rule 144 of the Securities Act ("Rule 144"), or pursuant to a registration statement filed under the Securities Act. Rule 144 addresses sales of restricted securities by affiliates and non-affiliates of an issuer. An "affiliate" is a person, such as an officer, director or large shareholder, in a relationship of control with the issuer. "Control" means the power to direct the management and policies of the company in question, whether through the ownership of voting securities, by contract, or otherwise. If someone buys securities from a controlling person or an affiliate, they take restricted securities, even if they were not restricted in the affiliate's hands.

A person who is not an affiliate of the issuer (and who has not been for at least three months) and has held the restricted securities for at least one year can sell the securities without regard to restrictions. If the non-affiliate had held the securities for at least six months but less than one year, the securities may be sold by the non-affiliate as long as the current public information condition has been met (i.e. that the issuer has complied with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act")).

We are subject to reporting requirements of the Exchange Act. Under Rule 144, if a holder of securities is an affiliate of an issuer subject to Exchange Act reporting requirements, the securities must be held for at least six months. In addition, the number of equity securities sold during any three-month period cannot exceed 1% of the outstanding shares of the same class being sold. The securities must be sold in unsolicited, routine trading transactions and brokers may not receive more than normal commission. Affiliates must also file a notice with the SEC on Form 144 if a sale involves more than 5,000 shares or the aggregate dollar amount is greater than $50,000 in any three-month period. The sale must take place within three months of filing the Form 144 and, if the securities have not been sold, an amended notice must be filed. Investors should be aware that sales under Rule 144 or pursuant to a registration statement filed under the Securities Act might depress the market price of our securities in any market for such shares.

Our securities are currently trading on the OTC Markets Group (under their OTC Pink® Open Market), and are subject to SEC "penny stock," rules, which could make it more difficult for a broker-dealer to trade our common shares, for an investor to acquire or dispose of our common shares in the secondary market and for us to retain or attract market makers.

The SEC has adopted regulations that define a "penny stock" to be any equity security that has a market price per share of less than $5.00, subject to certain exceptions, such as any securities listed on a national securities exchange or securities of an issuer in continuous operation for more than three years whose net tangible assets are in excess of $2 million, or an issuer that has average revenue of at least $6 million for the last three years. Our common shares are currently trading on the OTC Markets Group., under their OTC Pink Open Market. As of Fiscal 2018, our net tangible assets did not

exceed $2 million, and our average revenue for the last three years was only $4,798,000, so our securities do not currently qualify for exclusion from the "penny stock" definitions. Therefore, our common shares are subject to "penny stock" rules. For any transaction involving a "penny stock," unless exempt, the rules impose additional sales practice requirements on broker-dealers, subject to certain exceptions. For these reasons, a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock on the secondary market. Therefore, broker-dealers may be less willing or able to sell or make a market in our securities because of the penny stock disclosure rules. Not maintaining a listing on a major stock market may result in a decrease in the trading price of our securities due to a decrease in liquidity and less interest by institutions and individuals in investing in our securities, and could also make it more difficult for us to raise capital in the future. Furthermore, listing on OTC Market Group may make it more difficult to retain and attract market makers. In the event that market makers cease to function as such, public trading of our securities will be adversely affected or may cease entirely.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

We own our property in Kinderhook, New York. The property currently consists of a 30,000 square foot facility with approximately 22 surrounding acres. Our Kinderhook facility houses administration, customer service, inside sales, assembly and packaging, shipping and our warehouse. We lease (under a non-cancellable lease through December 31, 2019) 5,200 square feet of space in Logan Township, New Jersey that houses our bulk test strip manufacturing and research and development. Both facilities are currently adequate and meet the needs of all areas of the Company. We expect to renew the lease related to our New Jersey facility for a period of 1-2 more years.

ITEM 3. LEGAL PROCEEDINGS

ABMC v. Todd Bailey

The Company has ongoing litigation in the Northern District of New York against Premier Biotech Inc., and its principal, Todd Bailey ("Bailey") (together the "Defendants") that was filed in February 2017. Bailey formerly served as the Company's Vice President of Sales and Marketing and as a sales consultant until December 23, 2016. The complaint seeks damages related to any profits and revenues that results from action taken by the Defendants related to Company customers.

In early 2017, the Company became aware of actions taken by the Defendants, including but not limited to, action taken specifically related to a Company contract with a state agency (held by the Company in excess of 10 years). The Company believes that the Defendants actions related to this customer and a RFP that was issued by the state agency resulted in the loss of the contract award to the Company and the award of the contract to Peckham Vocational Industries, Inc. (a then vendor of the Company) and Premier Biotech, Inc. in July 2017. This contract historically accounted for 10-15% of the Company's annual revenue. The Company did protest the award of the contract to Peckham and Premier Biotech, and the state agency advised the Company on July 26, 2017 that they denied the Company's protest of the award. The Company continued to hold a contract with the agency through September 30, 2017.

After the award of the contract, the Company amended its complaint against the Defendants to show actual damages caused by the Defendants and to show proprietary and confidential information (belonging to the Company) used by the Defendants in their response to the RFP. This confidential information belonging to the Company enabled the Defendants to comply with specifications of the RFP and undercut the Company's pricing. The Defendants filed a response to the court opposing the Company's supplemental motion and the Company filed reply papers to the Defendants response on November 2, 2017.

In January 2018, the court ruled on the motion to dismiss (that was filed by the Defendants in 2017). The court found that there was jurisdiction over the Defendants. The court did not rule on the other motions before them. In February 2018, the Company filed a motion for reconsideration and for leave to serve a supplemental/ amended complaint. The new filing addressed (among other things) the Company's intent to further supplement its complaint based on additional (subsequent) damage alleged by the Company on the part of the Defendants. In September 2018, the court ruled on the motions filed in February 2018. The court granted in part and denied in part our motions for reconsideration. More specifically, our motions supplementing claims of the Bailey's breach of contract and damages related to the same, and Bailey's misappropriation of the Company's trade secrets were granted. The Company's motions related to unjust enrichment and tortious interference were not granted. Defendants' motion to dismiss was once again denied. The Company filed its supplemental motions as required on October 12, 2018. On November 1, 2018, the Defendants filed their response to our supplemental motions. In January 2019, an initial conference was held to discuss the case management plan and exchange mandatory disclosures. On January 31, 2019, the court referred the case for participation in the Mandatory Mediation Program. The deadline for completion of mediation was set for May 31, 2019.

In January 2019, Bailey's complaint previously filed in Minnesota was transferred as a counter-claim in the Company's complaint against Bailey. Bailey is seeking deferred commissions of $164,000 he alleges are owed to him by the Company. These amounts were originally deferred under a deferred compensation program initiated in 2013; a program in which Bailey was one of the participants. The Company has responded to the Bailey counterclaim and believes these amounts are not due to Bailey given the actions indicated in the Company's litigation. Given the stage of the litigation, management is not yet able to opine on the outcome of its complaint or the counterclaim.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common shares are currently trading on the OTC Markets Group under their OTC Pink® Open Market under the symbol "ABMC".

The following table sets forth the high and low closing bid prices of our securities as reported by the OTC Pink Open Market in Fiscal 2018 and Fiscal 2017. The prices quoted reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not necessarily represent actual transactions.

Year ended December 31, 2018	High	Low
Quarter ended December 31, 2018	$0.12	$0.07
Quarter ended September 30, 2018	$0.12	$0.06
Quarter ended June 30, 2018	$0.12	$0.09
Quarter ended March 31, 2018	$0.20	$0.10

Year ended December 31, 2017	High	Low
Quarter ended December 31, 2017	$0.14	$0.10
Quarter ended September 30, 2017	$0.16	$0.10
Quarter ended June 30, 2017	$0.15	$0.10
Quarter ended March 31, 2017	$0.15	$0.10

Holders

Based upon the number of record holders and individual participants in security position listings, as of April 16, 2019, there were approximately 1,800 holders of our securities. As of April 15, 2019, there were 32,479,368 common shares outstanding.

Dividends

We have not declared any dividends on our common shares and do not expect to do so in the foreseeable future. Future earnings, if any, will be retained for use in our business.

Securities authorized for issuance under equity compensation plans previously approved by security holders

We currently have 2 Non-statutory Stock Option Plans (the 2001 Plan and the 2013 Plan, collectively the "Plans") that have been adopted by our Board of Directors and subsequently approved by our shareholders. The Plans provide for the granting of options to employees, directors, and consultants (see Part I, Item 1A, Risk Factor titled, "Potential issuance and exercise…").

Securities authorized for issuance under equity compensation plans not previously approved by security holders

None.

The following table summarizes information as of December 31, 2018, with respect to compensation plans (including individual compensation arrangements) under which our common stock is authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders	2,222,000	$0.13	5,495,000
Equity Compensation Plans not approved by security holders*	2,000,000	$0.18	NA

*All securities are related to individual compensation arrangements.

Performance Graph

As a smaller reporting company, we are not required to provide the information required under this item.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities, Purchases of equity securities by the issuer and affiliated purchasers

None that have not been previously reported in Quarterly Report(s) on Form 10-Q or Current Report(s) on Form 8-K.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide the information required under this item.

IITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information, which we believe is relevant to an assessment and understanding of our financial condition and results of operations. The discussion should be read in conjunction with the financial statements and the notes to the financial statement contained within this Annual Report on Form 10-K. Certain statements contained in this Annual Report on Form 10-K, including, without limitation, statements containing the words "believes", "anticipates", "estimates", "expects", "intends", "projects", and words of similar import, are forward-looking as that term is defined by the Private Securities Litigation Reform Act of 1995 ("1995 Act"), and in releases issued by the United States Securities and Exchange Commission ("SEC"). These statements are being made pursuant to the provisions of the 1995 Act and with the intention of obtaining the benefits of the "Safe Harbor" provisions of the 1995 Act. We caution that any forward-looking statements made within this Annual Report on Form 10-K are not guarantees of future performance and in fact, actual results may differ materially from those results discussed in such forward-looking statements. This material difference can be a result of various factors, including, but not limited to, any risks detailed herein, including the "Risk Factors" section contained in Part I, Item 1A of this Form 10-K, or detailed in our most recent reports on Form 10-Q and Form 8-K and from time to time in our other filings with the SEC and amendments thereto. Any forward-looking statement speaks only as of the date on which such statement is made, and we are not undertaking any obligation to publicly update any forward-looking statements. Readers should not place undue reliance on these forward-looking statements.

Overview and Plan of Operations

Sales declined in Fiscal 2018 when compared Fiscal 2017. The primary reason for the decline was the loss of an account in the fourth quarter of Fiscal 2017 and the expiration of another government account in the second quarter of Fiscal 2018. The account lost in Fiscal 2017 is a subject of litigation we initiated against a former Vice President, Sales & Marketing/Sales Consultant (See Note D – Litigation/Legal Matters). Along with these losses, products manufactured outside of the United States continue to dominate our markets; especially those markets where cost is the driving factor.

In Fiscal 2018, we brought on new products and service offerings to diversify our revenue stream through third party relationships. These new products and services include products for the detection of alcohol and alternative sample options for drug testing (such as lab based oral fluid testing and hair testing). We are also now offering customers lower-cost alternatives for onsite drug testing. Sales of other products and services in Fiscal 2018 were not a significant portion of our sales; however, sales of the lower cost product alternative in Fiscal 2018 were approximately $276,000.

We are focusing our efforts on 1) further penetration of the clinical markets with new products, 2) drug testing with oral fluid in the workplace and 3) contract manufacturing. We are hopeful that our OTC marketing clearance for our Rapid TOX Cup® II product line, lower cost product alternatives and additional diagnostic products will enable us to increase sales in the clinical markets. In addition, we are currently working with our laboratory alliance in efforts to increase sales under our current contract. A change in the regulatory environment (due to certain exemptions set forth by the U.S. Food and Drug Administration related to workplace and insurance drug testing) has resulted in new efforts to re-enter the workplace market with oral fluid drug testing options. And finally, we are currently discussing a number of contract manufacturing opportunities with other entities; one of which started to generate sales in the first quarter of the year ending December 31, 2019.

Operating expenses continued to decline when comparing Fiscal 2018 with Fiscal 2017. This is a result of our continued efforts to ensure that expenses are in line with revenue. In Fiscal 2018, we consolidated job responsibilities in certain areas of the Company as a result of employee retirement and other departures; this consolidation enabled us to implement personnel reductions. We also continued to maintain a salary deferral program for our sole executive officer and another member of senior management throughout Fiscal 2018. The salary deferral program consisted of a 20% salary deferral for our Chief Executive Officer/Principal Financial Officer Melissa Waterhouse and our non-executive VP Operations through September 30, 2018. In the fourth quarter Fiscal 2018, the salary deferral level was reduced to 10% given the length of time the deferral has been in place and the increasing balances on the deferred compensation. As of December 31, 2018, we had total deferred compensation owed to these two individuals in the amount of $167,000. As cash flow from operations allows, we intend to repay portions of the deferred compensation, however we did not make any payments on deferred compensation in Fiscal 2018. In Fiscal 2017, we made payments in the amount of $27,000. We expect the salary deferral program will continue for up to another 12 months.

Our continued existence is dependent upon several factors, including our ability to: 1) raise revenue levels even though we have lost significant accounts and the market continues to be infiltrated by product manufactured outside of the United States, 2) control operational costs to generate positive cash flows, 3) maintain our current credit facilities or refinance our current credit facilities if necessary, and 4) if needed, our ability to obtain working capital by selling additional shares of our common stock.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or "U.S. GAAP". Part IV, Item 15, Note A to our financial statements describes the significant

accounting policies and methods used in the preparation of our financial statements. The accounting policies that we believe are most critical to aid in fully understanding and evaluating the financial statements include the following:

Inventory and Allowance for Slow Moving and Obsolete Inventory: We maintain an allowance for slow moving and obsolete inventory. If necessary, actual write-downs to inventory are made for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the net realizable value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory allowances or write-downs may be required.

Valuation of Receivables: We estimate an allowance for doubtful accounts based on facts, circumstances and judgments regarding each receivable. Customer payment history and patterns, length of relationship with the customer, historical losses, economic and political conditions, trends and individual circumstances are among the items considered when evaluating the collectability of the receivables. Accounts are reviewed regularly for collectability and those deemed uncollectible are written off. If our customers' economic condition changes, we may need to increase our allowance for doubtful accounts.

Estimates of the fair value of stock options and warrants at date of grant: The fair value of stock options and warrants issued to employees, members of our Board of Directors, and consultants in connection with debt financings is estimated (on the date of grant) based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate; volatility; and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. If factors change and we use different assumptions, our equity-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating our forfeiture rate, we analyzed our historical forfeiture rate, the remaining lives of unvested options, and the amount of vested options as a percentage of total options outstanding. If our actual forfeiture rate is materially different from its estimate, or if we reevaluate the forfeiture rate in the future, the equity-based compensation expense could be significantly different from what we have recorded in the current period.

Use of Estimates: We make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

RESULTS OF OPERATIONS FOR FISCAL 2018 COMPARED TO FISCAL 2017

Net Sales: Net sales decreased 21.2%, or $1,042,000, to $3,872,000 in Fiscal 2018 from $4,914,000 in Fiscal 2017. The primary cause of the decline in sales is the loss of two government accounts. One of the accounts is a subject of ongoing litigation against a former Vice President Sales & Marketing/Sales Consultant (Todd Bailey); we believe the actions of Bailey resulted in our loss of the account starting in the fourth quarter of Fiscal 2017. Through the first nine months of Fiscal 2017 there was $718,000 in sales to this customer; compared to no sales in Fiscal 2018. The other government account expired in the early part of Fiscal 2018 and accounted for $142,000 of the lost sales. And finally, the expected downturn in contract manufacturing as a result of the expiration of one of our contract manufacturing agreements in early 2018 contributed to $76,000 of the lost sales. Other sales declined overall but, were partially offset by improvements in clinical sales and international sales (outside of Latin/South America).

Gross profit: Gross profit decreased to 33.3% of net sales in Fiscal 2018 from 40.6% of net sales in Fiscal 2017. The decline in gross profit stems primarily from the fact that decreased sales resulted in a decrease in the number of testing strips made in Fiscal 2018, when compared to Fiscal 2017. The majority of our labor and overhead costs are fixed. When revenues decline (especially at the level indicated in the previous paragraph), fewer testing strips are produced; this results in a manufacturing inefficiency (i.e. less fixed overhead cost absorption and a higher amount being expensed through cost of goods). In addition, the low product prices from foreign manufacturers have required us to decrease pricing of our own products to be more competitive. And finally, we added more raw materials to our slow moving inventory reserve primarily as a result of decreased usage of materials resulting from decreased sales. We have taken actions to adjust our production schedules to mitigate future inefficiencies and, we closely examine our gross profit margins on our manufactured products.

Operating Expenses: Operating expenses for Fiscal 2018 decreased $258,000, or 11.2%, when compared to operating expenses in Fiscal 2017. Expenses in all operations areas of the Company decreased. More specifically:

Research and development ("R&D")

R&D expenses for Fiscal 2018 decreased 20.5% when compared to R&D expenses incurred in Fiscal 2017. The primary reason for the decline in R&D expense is decreased FDA compliance costs (due to timing of actions taken to submit and receive our OTC marketing clearance from FDA). This reduction was partially offset by an increase in salaries in Fiscal 2018 (due to an extended leave of one of our R&D employees in Fiscal 2017). All other expense remained relatively consistent. In Fiscal 2018, our R&D department primarily focused their efforts on the evaluation and development of potential contract manufacturing opportunities and the enhancement of our current products.

Selling and marketing

Selling and marketing expenses for Fiscal 2018 decreased by 19.9% when compared to selling and marketing expense in Fiscal 2017. Decreased costs related to employment taxes and benefits (due to a decreased number of employees), travel expense, postage/shipping expense, telephone costs (due to change in vendor) and marketing salaries (due to transitioning from an employee based approach to internet marketing to the use of a consulting firm) were nominally offset by increased costs related to marketing consulting (due to the same transition discussed regarding marketing salaries).

In Fiscal 2018, we promoted additional products (through relationships with third parties) for the detection of alcohol, alternative sample options for drug testing (such as lab based oral fluid testing and hair testing) and lower-cost alternatives for onsite drug testing. The addition of these offerings did not result in increased selling and marketing expenses. In Fiscal 2018, we refocused our efforts on further penetration of the clinical markets, took efforts to re-enter the workplace market with oral fluid drug testing options and increase our contract manufacturing business. We are continuing these efforts in the year ending December 31, 2019. However, we will take all steps necessary to ensure selling and marketing expenditures are in line with sales.

General and administrative ("G&A")

G&A expenses for Fiscal 2018 decreased 6.6% when compared to G&A expenses in Fiscal 2017. Decreased costs related to investor relations (due to lower service costs), quality assurance salaries (due to retirement of an employee), purchasing salaries (due to consolidation of positions) consulting fees, legal fees (due to timing of actions required in the ABMC v. Bailey litigation), bad debt expense (due to a decrease in our reserve) and share based payment expense (due to less stock option amortization in Fiscal 2018) were partially offset by other increased expenses. Those increases were in warehouse salaries (due to transfer of employee), accounting fees, outside service fees (due to 2018 being a re-certification year for our ISO certification), utility costs and bank service fees (as a result of the receipt of waivers related to our non-compliance with the TNW covenant for our line of credit).

Given our litigation is ongoing; we do expect legal fees to remain at or above their current levels for the year ending December 31, 2019. We are continuously examining all G&A expenses to look for lower cost alternatives to our current services/products being used. This examination has resulted in decreased G&A expenses throughout most of the expense areas of the Company. Apart from the increases previously discussed, we do not expect significant increase in G&A expense.

Other income and expense: Other expense in Fiscal 2018 consisted of interest income, interest expense associated with our credit facilities (our line of credit and equipment loan with Crestmark Bank, and our loan and security agreement and term loan with Cherokee Financial, LLC) partially offset by other income related to gains on certain liabilities. Other expense in Fiscal 2017 consisted of interest expense associated with our credit facilities (our line of credit and equipment loan with Crestmark Bank, and our loan and security agreement with Cherokee Financial, LLC) partially offset by other income related to gains on certain liabilities.

LIQUIDITY AND CAPITAL RESOURCES AS OF DECEMBER 31, 2018

Our cash requirements depend on numerous factors, including but not limited to manufacturing costs (such as raw materials, equipment, etc.), selling and marketing initiatives, product development activities, regulatory costs, legal costs associated with current litigation, and effective management of inventory levels and production levels in response to sales history and forecasts. We also are required to make a $75,000 principal reduction payment to Cherokee Financial, LLC in February 2019 (see Note J – Subsequent Event). We expect to devote capital resources related to selling and marketing initiatives and we expect that we will incur increased legal costs due to ongoing litigation in the year ending December 31, 2019. We are examining other growth opportunities including strategic alliances. Given our current and historical cash position, such activities would need to be funded from the issuance of additional equity or additional credit borrowings, subject to market and other conditions. Our financial statements for the year ended December 31, 2018 were prepared assuming we will continue as a going concern.

On December 20, 2018, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with Chaim Davis (the Chairman of our Board of Directors) and certain other accredited investors (altogether the "Investors"), under which we issued and sold to the Investors in a private placement (the "Private Placement") 2,000,000 units (the "Units"). We closed on the Private Placement on December 24, 2018. Each Unit consists of one (1) share of the Company's common stock, par value $0.01 per share ("Common Share"), at a price per Unit of $0.10 (the "Purchase Price") for aggregate gross proceeds of approximately $200,000. Our net proceeds were $200,000 as expenses related to the Private Placement were minimal. We did not utilize a placement agent for the Private Placement. The net proceeds were to be used for working capital and general corporate purposes.

Our financial statements for Fiscal 2018 have been prepared assuming we will continue as a going concern, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business. For Fiscal 2018, we had a net loss of $1,028,000 and net cash used in operating activities of $220,000, compared to a net loss of $545,000, and net cash provided by operating activities of $181,000 in Fiscal 2017. The Company's cash position increased by $77,000 in Fiscal 2018 and decreased by $120,000 in Fiscal 2017.

Our current cash balances, together with cash generated from future operations and amounts available under our credit facilities may not be sufficient to fund operations through April 2020. At December 31, 2018, we have negative Stockholders' Equity of $146,000. Our loan and security agreement with Cherokee Financial, LLC expires on February 15, 2020 (See Note J -Subsequent Event) and our line of credit expires on June 22, 2020. Our term loan with Cherokee Financial LLC expired on February 15, 2019 (See Note J – Subsequent Event). Although our line of credit has a maximum availability of $1,500,000, the amount available under our line of credit is much lower as it is based upon the balance of our accounts receivable and inventory. As of December 31, 2018, based on our availability calculation, there were no additional amounts available under our line of credit because we draw any balance available on a daily basis. If sales levels continue to decline, we will have reduced availability on our line of credit due to decreased accounts receivable balances. In addition, we would expect our inventory levels to continue to decrease if sales levels decline further, which would result in further reduced availability on our line of credit. In addition to decreased inventory value, as a result of an amendment executed on June 25, 2018, the amount available under the inventory component of the line of credit was changed to 40% of eligible inventory plus up to 10% of Eligible Generic Packaging Components not to exceed the lesser of $250,000 ("Inventory Sub-Cap Limit") or 100% of Eligible Accounts Receivable. In addition, starting July 1, 2018, the Inventory Sub-Cap Limit is being permanently reduced by $10,000 per month on the first day of each month until the Inventory Sub-Cap Limit is reduced to $0. Although this "staggered" reduction did not have a material immediate impact on our availability under the line of credit, it will eventually result in no availability under the line of credit related to inventory and the line of credit will be an accounts receivable based line only.

If availability under our line of credit is not sufficient to satisfy our working capital and capital expenditure requirements, we will be required to obtain additional credit facilities or sell additional equity securities, or delay capital expenditures which could have a material adverse effect on our business. There is no assurance that such financing will be available or that we will be able to complete financing on satisfactory terms, if at all.

As of December 31, 2018, we had the following debt/credit facilities:

Facility	Debtor	Balance as of December 31, 2018	Due Date
Loan and Security Agreement	Cherokee Financial, LLC	$ 975,000	February 15, 2020
Revolving Line of Credit	Crestmark Bank	$ 502,000	June 22, 2020
Equipment Loan	Crestmark Bank	$ 19,000	June 22, 2020
Term Loan	Cherokee Financial, LLC	$ 150,000	February 15, 2019
Total Debt		$ 1,646,000	

Working Capital

At the end of Fiscal 2018, we are operating at a working capital deficit of $212,000. This compares to working capital of $477,000 at the end of Fiscal 2017. This decrease in working capital is a result of decreased sales which has resulted in lower inventory values. Decreased sales have resulted in lower inventory levels and lower prepaid assets and increased debt, partially offset by an increased cash position (as a result of a private placement we closed in December 2018). We have historically satisfied net working capital requirements through cash from operations, bank debt and equity sales.

Dividends

We have never paid any dividends on our common shares and we anticipate that all future earnings, if any, will be retained for use in our business.

Cash Flow, Outlook/Risk

We have taken steps (and will continue to take steps) to ensure that operating expenses and manufacturing costs remain in line with sales levels, however, we are incurring increased costs related to litigation, our line of credit (due to covenant non-compliance that has been waived by our lender) and other administrative requirements. In early 2018, we started making an investment in sales to further penetrate the rehabilitation/drug treatment, pain management and other clinical markets. To offset these investments, we consolidated job responsibilities in other areas of the Company and this enabled us to implement personnel reductions. In other efforts to reduce cash requirements, we have issued shares of restricted stock in lieu of cash. More specifically, in Fiscal 2018, we issued (1) 150,000 restricted shares of common stock to Cherokee Financial, LLC in connection with our Term Loan; (2) 277,778 restricted shares of common stock to Landmark Pegasus, Inc. in connection with an extension of our Financial Advisory Agreement, and (3) 68,820 restricted shares of common stock to our Chairman of the Board for his attendance at two meetings of our Board of Directors in 2018. In addition, in December 2018, we closed on a private placement of 2,000,000 shares of our common stock resulting in net proceeds of $200,000.We expect to issue additional restricted shares of common stock for attendance at meetings of the Board of Directors if a director (or directors) choose(s) payment in shares in lieu of cash as their form of payment. See Note J – Subsequent Event regarding additional shares issued in the first quarter of the year ending December 31, 2019.

At December 31, 2018 our cash balance was higher (due to the closing of a private placement of securities in late December 2018) and our line of credit balance was higher (due to increased customer balances at December 31, 2018). However, throughout Fiscal 2018, the decline in sales resulted in lower than average cash balances and lower availability on our line of credit at times. Two large government accounts (one of which was in the year ended December 31, 2017 and the other in the year ended December 31, 2016) were lost due to alleged actions on the part of a former Vice President Sales and Marketing/Sales Consultant (Todd Bailey) and are the subject of ongoing litigation. These two accounts represented approximately

$1,000,000 in annual sales to the Company (of which $718,000 impacted sales revenues in Fiscal, 2018; when compared to Fiscal 2017). Also, in the early part of Fiscal 2018, we had another government contract expire and this also contributed to the sales decline in Fiscal 2018 (when compared to Fiscal 2017). To address the declines, we are promoting new products and service offerings to diversify our revenue stream. These new products and services (through relationships with third parties) include products for the detection of alcohol, alternative sample options for drug testing (such as lab based oral fluid testing and hair testing) and lower-cost alternatives for onsite drug testing. Also, a change in the regulatory environment (due to certain exemptions set forth by the U.S. Food and Drug Administration related to workplace and insurance drug testing) has resulted in new efforts to re-enter the workplace market with oral fluid drug testing options. And finally, we are currently discussing a number of contract manufacturing opportunities with other entities; one of which started to generate sales in the first quarter of the year ending December 31, 2019.

Our ability to be in compliance with our obligations under our current credit facilities will depend on our ability to replace lost sales and further increase sales. Our ability to repay our current debt may also be affected by general economic, financial, competitive, regulatory, legal, business and other factors beyond our control, including those discussed herein. If we are unable to meet our credit facility obligations, we would be required to raise money through new equity and/or debt financing(s) and, there is no assurance that we would be able to find new financing, or that any new financing would be at favorable terms.

We were not in compliance with the TNW covenant under our Crestmark LOC as of December 31, 2018. The Company has received a waiver from Crestmark related to its non-compliance with the TNW covenant. The Company will be charged a fee of $5,000 for this waiver. A failure to comply with the TNW covenant under our Crestmark LOC (a failure that is not waived by Crestmark) could result in an event of default, which, if not cured, could result in the Company being required to pay much higher costs associated with the indebtedness. If we are forced to refinance our debt on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and rates. There is also no assurance that we could obtain alternative debt facilities. We may also be forced to pursue one or more alternative strategies, such as restructuring, selling assets, reducing or delaying capital expenditures or seeking additional equity capital. There can be no assurances that any of these strategies could be implemented on satisfactory terms, if at all.

Our term loan with Cherokee Financial, LLC matured on February 15, 2019. On this same date, another principal reduction payment was due in the amount of $75,000 on our Loan and Security Agreement with Cherokee; for a total of $225,000. See Note J – Subsequent Event.

If events and circumstances occur such that 1) we do not meet our current operating plans to increase sales, 2) we are unable to raise sufficient additional equity or debt financing, 3), we are unable to utilize equity as a form of payment in lieu of cash, or 4) our credit facilities are insufficient or not available, we may be required to further reduce expenses or take other steps which could have a material adverse effect on our future performance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Financial Statements are set forth beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management has reviewed the effectiveness of our "disclosure controls and procedures" (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report and have concluded that the disclosure controls and procedures are effective to ensure that material information relating to the Company is recorded, processed, summarized, and reported in a timely manner.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of Management; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or the degree of compliance may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organization of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on that assessment, Management has concluded that our internal control over financial reporting was effective as of December 31, 2018.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the last quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of Independent Registered Public Accounting Firm

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that exempt smaller reporting companies from this requirement.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item is contained in our definitive Proxy Statement with respect to our Annual Meeting of Shareholders for Fiscal 2018under the captions "Discussion of Proposal Recommended by Board", "Directors that are not Nominees", "Additional Executive Officers and Senior Management", "Section 16(a) Beneficial Ownership Reporting Compliance", "Code of Ethics", "Nominating Committee", "Audit Committee" and "Audit Committee Financial Expert" and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is contained in our definitive Proxy Statement with respect to our Annual Meeting of Shareholders for Fiscal 2018 under the captions "Executive Compensation", "Compensation of Directors", "Compensation Committee Interlocks and Insider Participation", and "Compensation Committee Report", and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is contained within Part II, Item 5. Market for Registrant's Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities earlier in this Annual Report on Form 10-K and in our definitive Proxy Statement with respect to the Annual Meeting of Shareholders for Fiscal 2018 under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is contained in our definitive Proxy Statement with respect to the Annual Meeting of Shareholders for Fiscal 2018 under the captions "Certain Relationships and Related Transactions" and "Independent Directors", and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is contained in our definitive Proxy Statement with respect to the Annual Meeting of Shareholders for Fiscal 2018 under the caption "Independent Public Accountants", and is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Our financial statements

	PAGE
Report of Independent Registered Public Accounting Firm — UHY, LLP	F-1
Balance Sheets	F-2
Statements of Operations	F-3
Statements of Changes in Stockholders' Equity	F-3
Statements of Cash Flows	F-4
Notes to Financial Statements	F-5

(2) Financial Statement Schedule

As a smaller reporting company, we are only required to provide financial statements required by Article 8 of Regulation S-X in lieu of financial statements that may be required under Part II, Item 8 of this Annual Report on Form 10-K, and these financial statements are noted under Item 15(a)(1).

(3) See Item 15(b) of this Annual Report on Form 10-K.

(b) Exhibits

No.	Description of Exhibits
3.5	Amended and Restated Bylaws[2]
3.51	Amended and Restated Bylaws[3]
3.7	Sixth amendment to the Certificate of Incorporation[2]
4.17	Fiscal 2001 Nonstatutory Stock Option Plan (filed as part of the Company's Proxy Statement for its Fiscal 2002 Annual Meeting and incorporated herein by reference[a]
4.25	2013 Equity Compensation Plan (filed as Appendix A to the Company's Proxy Statement for its fiscal year ended December 31, 2012 and incorporated herein by reference)[a]
4.26	Securities Purchase Agreement
10.8	Lease dated August 1, 1999/New Jersey facility[8]
10.40	Employment Contract between the Company and Melissa A Waterhouse[10]
10.41	Amendment No. 9 to New Jersey facility lease, dated December 15, 2014[11]
10.42	Amendment No. 10 to New Jersey facility lease, dated December 21, 2015[12]
10.43	Amendment No. 11 to New Jersey facility lease, dated November 20, 2017[12]

No.	Description of Exhibits (continued)
31.1 & 31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer/ Chief Financial Officer
32.1 & 32.2	Section 1350 Certification of the Chief Executive Officer/Chief Financial Officer
101	The following materials from our Annual Report on Form 10-K for the year ended December 31, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) Balance Sheet, (ii) Statements of Income (iii) Statements of Cash Flows, (iv) Statements of Changes in Stockholders' Equity and (v) Notes to Financial Statements.

(a) Indicates an employee benefits plan, management contract or compensatory plan or arrangement in which a named executive officer participates.

(1) Filed as the exhibit number listed to the Company's Form 10-KSB filed on April 15, 2002 and incorporated herein by reference.

(2) Filed as the exhibit number listed to the Company's Current Report on Form 8-K filed on October 18, 2007 and incorporated herein by reference.

(3) Filed as the exhibit number listed to the Company's Form 10-KSB filed on August 11, 2000 and incorporated herein by reference.

(4) Filed as the exhibit number listed to the Company's Current Report on Form 8-K filed with the Commission on June 24, 2014.

(5) Filed as the exhibit number listed to the Company's Form 10-K filed on March 31, 2015 and incorporated herein by reference.

(6) Filed as the exhibit number listed to the Company's Form 10-K filed on March 30, 2016 and incorporated herein by reference.

(7) Filed as the exhibit number listed to the Company's Form 10-K filed on April 12, 2018 and incorporated herein by reference.

(8) Filed as the exhibit number listed to the Company' Current Report on Form 8-K filed on December 26, 2018 and incorporated herein by reference.

(c) Not applicable.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN BIO MEDICA CORPORATION

By /s/ Melissa A. Waterhouse
Melissa A. Waterhouse
Chief Financial Officer (Principal Executive Officer)
Principal Financial Officer
Principal Accounting Officer

Date: April 16, 2019

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on April 16, 2019:

/s/ Melissa A. Waterhouse Melissa A. Waterhouse	Chief Executive Officer (Principal Executive Officer) Principal Executive Officer Principal Financial Officer
/s/ Chaim Davis Chaim Davis	Chairman of the Board
/s/ Peter Jerome Carl A. Florio	Director
/s/ Jean Neff Jean Neff	Director and Corporate Secretary
/s/ Diane J. Generous Diane J. Generous	Director

FINANCIAL STATEMENTS ▪ DECEMBER 31, 2018

INDEX TO FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of American Bio Medica Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of American Bio Medica Corporation (the Company) as of December 31, 2018 and 2017, and the related statements of operations, changes in stockholders' (deficit)/equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that American Bio Medica Corporation will continue as a going concern. As discussed in Note A to the financial statements, the Company has incurred recurring operating losses and its current cash position and lack of access to capital raise substantial doubt about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2015.

/s/ UHY LLP
Albany, New York
April 16, 2019

BALANCE SHEETS

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 113,000	$ 36,000
Accounts receivable, net of allowance for doubtful accounts of $36,000 at December 31, 2018 and $52,000 at December 31, 2017	452,000	348,000
Inventory, net of allowance of $268,000 at December 31, 2018 and $500,000 at December 31, 2017	1,019,000	1,473,000
Prepaid expenses and other current assets	29,000	97,000
Total current assets	1,613,000	1,954,000
Property, plant and equipment, net	718,000	792,000
Patents, net	123,000	109,000
Other assets	21,000	21,000
Deferred finance costs, line of credit, net	0	15,000
Total assets	$ 2,475,000	$ 2,891,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 359,000	$ 374,000
Accrued expenses and other current liabilities	449,000	311,000
Wages payable	278,000	259,000
Line of credit	502,000	446,000
Current portion of long-term debt	237,000	87,000
Total current liabilities	1,825,000	1,477,000
Other liabilities/debt	7,000	19,000
Long-term debt, net of current portion and deferred finance costs	789,000	772,000
Total liabilities	2,621,000	2,268,000
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Preferred stock; par value $.01 per share; 5,000,000 shares authorized, none issued and outstanding at December 31, 2018 and 2017		
Common stock; par value $.01 per share; 50,000,000 shares authorized; 32,279,368 issued and outstanding as of December 31, 2018 and 29,782,770 issued and outstanding as of December 31, 2017	323,000	298,000
Additional paid-in capital	21,404,000	21,170,000
Accumulated deficit	(21,873,000)	(20,845,000)
Total stockholders' equity	(146,000)	623,000
Total liabilities and stockholders' equity	$ 2,475,000	$ 2,891,000

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Net sales	$ 3,872,000	$ 4,914,000
Cost of goods sold	2,584,000	2,917,000
Gross profit	1,288,000	1,997,000
Operating expenses:		
Research and development	93,000	117,000
Selling and marketing	545,000	680,000
General and administrative	1,412,000	1,511,000
	2,050,000	2,308,000
Operating loss	(762,000)	(311,000)
Other income / (expense):		
Interest income	1,000	0
Interest expense	(284,000)	(272,000)
Other income, net	19,000	38,000
	(264,000)	(234,000)
Net loss before tax	(1,026,000)	(545,000)
Income tax expense	(2,000)	0
Net loss	$ (1,028,000)	$ (545,000)
Basic and diluted loss per common share	$ (0.03)	$ (0.02)
Weighted average number of shares outstanding - basic & diluted	30,115,063	29,211,454

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance—December 31, 2016	**28,842,788**	**$ 288,000**	**$ 21,037,000**	**$ (20,300,000)**	**$ 1,025,000**
Shares issued in connection with Landmark consulting agreement extensions	939,982	10,000	90,000	0	100,000
Share based payment expense			43,000		43,000
Net Loss				(545,000)	(545,000)
Balance—December 31, 2017	**29,782,770**	**$ 298,000**	**$ 21,170,000**	**$ (20,845,000)**	**$ 623,000**
Shares issued in connection with Landmark consulting agreement extensions	277,778	3,000	22,000		25,000
Shares issued to Cherokee in connection with loan	150,000	1,000	16,000		17,000
Shares issued for board meeting attendance in lieu of cash	68,820	1,000	6,000		7,000
Shares issued under December 2018 Private Placement	2,000,000	20,000	180,000		200,000
Share based payment expense			10,000		10,000
Net loss				(1,028,000)	(1,028,000
Balance—December 31, 2018	**32,279,368**	**$ 323,000**	**$ 21,404,000**	**$ (21,873,000)**	**$ (146,000)**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flows from operating activities:		
Net loss	$ (1,028,000)	$ (545,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	81,000	80,000
Amortization of debt issuance costs	126,000	126,000
Provision for bad debts	(16,000)	3,000
Provision for slow moving and obsolete inventory	134,000	51,000
Share-based payment expense	10,000	43,000
Changes in:		
Accounts receivable	(88,000)	205,000
Inventory	320,000	58,000
Prepaid expenses and other current assets	93,000	96,000
Accounts payable	(15,000)	70,000
Accrued expenses and other current liabilities	138,000	34,000
Wages payable	19,000	(40,000)
Net cash (used in) / provided by operating activities	(220,000)	181,000
Cash flows from investing activities:		
Purchase of property, plant and equipment	0	(44,000)
Patent application costs	(22,000)	(20,000)
Net cash used in investing activities	(22,000)	(64,000)
Cash flows from financing activities:		
Proceeds (payments on) debt financings, net	63,000	(44,000)
Proceeds from private placement	200,000	0
Proceeds from lines of credit	4,216,000	5,832,000
Payments on lines of credit	(4,160,000)	(6,025,000)
Net cash provided by / (used in) financing activities	319,000	(237,000)
Net increase in / (decrease in) cash and cash equivalents	77,000	(120,000)
Cash and cash equivalents – beginning of period	36,000	156,000
Cash and cash equivalents – end of period	$ 113,000	$ 36,000
Supplemental disclosures of cash flow information:		
Non-Cash transactions:		
Consulting expense paid with restricted stock	$ 25,000	$ 71,000
Debt issuance cost paid with restricted stock	$ 19,000	$ 0
Director fee paid with restricted stock	$ 6,000	$ 0
Patent application costs	$ 22,000	$ 20,000
Cash paid during the year for interest	$ 157,000	$ 146,000
Cash paid for taxes	$ 2,000	$ 0

The accompanying notes are an integral part of the financial statements.

NOTE A - THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company:

American Bio Medica Corporation (the "Company") is in the business of developing, manufacturing, and marketing point of collection testing products for drugs of abuse, as well as performing contract manufacturing services for third parties.

Going Concern:

The Company's financial statements have been prepared assuming the Company will continue as a going concern, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business. For the year ended December 31, 2018 ("Fiscal 2018"), the Company had a net loss of $1,028,000 and net cash used in operating activities of $220,000, compared to a net loss of $545,000, and net cash provided by operating activities of $181,000 in the year ended December 31, 2017 ("Fiscal 2017"). The Company's cash position increased by $77,000 in Fiscal 2018 and decreased by $120,000 in Fiscal 2017.

As of December 31, 2018, the Company had an accumulated deficit of $21,873,000. Over the course of the last several fiscal years, the Company has implemented a number of expense and personnel cuts, implemented a salary and commission deferral program, consolidated certain manufacturing operations of the Company, and refinanced debt. The salary deferral program consisted of a 20% salary deferral for the Company's Chief Executive Officer/Principal Financial Officer Melissa Waterhouse and its non-executive VP Operations through September 30, 2018. In the fourth quarter Fiscal 2018, the salary deferral level was reduced to 10% given the length of time the deferral has been in place and the increasing balances on the deferred compensation. As of December 31, 2018, the Company owed these two individuals total deferred compensation of $167,000. The Company did not make any deferral payments in Fiscal 2018 and made payment of $27,000 in payments in Fiscal 2017. As cash flow from operations allows, the Company intends to make payments related to the salary deferral program, however the deferral program is continuing and the Company expects it will continue for up to another 12 months.

The Company's current cash balances, together with cash generated from future operations and amounts available under its credit facilities may not be sufficient to fund operations through April 2020. The Company's current line of credit expires on June 22, 2020 and has a maximum availability of $1,500,000. However, the amount available under the line of credit is based upon the balance of the Company's accounts receivable and inventory so the maximum amount is not available to borrow. As of December 31, 2018, based on the Company's availability calculation, there were no additional amounts available under the line of credit because the Company draws any balance available on a daily basis. If sales levels continue to decline, the Company will have reduced availability on the line of credit due to decreased accounts receivable balances. The Company would also expect its inventory levels to decrease if sales levels decline further, which would result in further reduced availability on the line of credit. In addition to decreased inventory value, as a result of an amendment executed on June 25, 2018, the amount available under the inventory component of the line of credit was changed to 40% of eligible inventory plus up to 10% of Eligible Generic Packaging Components not to exceed the lesser of $250,000 ("Inventory Sub-Cap Limit") or 100% of Eligible Accounts Receivable. In addition, starting July 1, 2018, the Inventory Sub-Cap Limit is being permanently reduced by $10,000 per month on the first day of each month until the Inventory Sub-Cap Limit is reduced to $0. Although this "staggered" reduction did not have a material immediate impact on our availability under the line of credit, it will eventually result in no availability under the line of credit related to inventory and the line of credit will be an accounts receivable based line only.

If availability under the line of credit is not sufficient to satisfy the Company's working capital and capital expenditure requirements, the Company will be required to obtain additional credit facilities or sell additional equity securities, or delay capital expenditures which could have a material adverse effect on its business. There is no assurance that such financing will be available or that the Company will be able to complete financing on satisfactory terms, if at all.

The Company's ability to remain compliant with obligations under its current credit facilities will depend on the Company's ability to replace lost sales and further increase sales. The Company's ability to repay its current debt may also be affected by general economic, financial, competitive, regulatory, business and other factors beyond its control, including those discussed herein. If the Company is unable to meet its credit facility obligations, the Company would be required to raise money through new equity and/or debt financing(s) and, there is no assurance that the Company would be able to find new financing, or that any new financing would be at favorable terms.

The Company was not in compliance with the TNW covenant as of December 31, 2018; however, the Company received a waiver from Crestmark Bank. The Company will be charged a fee of $5,000 for this waiver. A failure to comply with the TNW covenant under our Crestmark LOC (a failure that is not waived by Crestmark) could result in an event of default, which, if not cured, could result in the Company being required to pay much higher costs associated with the indebtedness. If we are forced to refinance our debt on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and rates. There is also no assurance that we could obtain alternative debt facilities. We may also be forced to pursue one or more alternative strategies, such as restructuring, selling assets, reducing or delaying capital expenditures or seeking additional equity capital. There can be no assurances that any of these strategies could be implemented on satisfactory terms, if at all.

The Company's term loan with Cherokee Financial, LLC matures on February 15, 2019. On this same date, another principal reduction payment will be due in the amount of $75,000 on our Loan and Security Agreement with Cherokee Financial, LLC; for a total of $225,000. See Note J – Subsequent Event.

The Company's history of limited cash flow and/or operating cash flow deficits, its current cash position and lack of access to capital raise doubt about its ability to continue as a going concern and its continued existence is dependent upon several factors, including its ability to raise revenue levels and control costs to generate positive cash flows, to sell additional shares of the Company's common stock to fund operations and obtain additional credit facilities. Selling additional shares of the Company's common stock and obtaining additional credit facilities may be more difficult as a result of limited access to equity markets and the tightening of credit markets. If events and circumstances occur such that 1) the Company does not meet its current operating plans to increase sales, 2) the Company is unable to raise sufficient additional equity or debt financing, or 3) the Company is unable to utilize equity as a form of payment in lieu of cash, or 4) the Company's credit facilities are insufficient or not available, the Company may be required to further reduce expenses or take other steps which could have a material adverse effect on our future performance. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount of or classification of liabilities that might be necessary as a result of this uncertainty.

Significant Accounting Policies:

[1] Cash equivalents: The Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

[2] Accounts Receivable: Accounts receivable consists of mainly trade receivables due from customers for the sale of our products. Payment terms vary on a customer-by-customer basis, and currently range from cash on delivery to net 60 days. Receivables are considered past due when they have exceeded their payment terms. Accounts receivable have been reduced by an estimated allowance for doubtful accounts. The Company estimates its allowance for doubtful accounts based on facts, circumstances and judgments regarding each receivable. Customer payment history and patterns, length of relationship with the customer, historical losses, economic and political conditions, trends and individual circumstances are among the items considered when evaluating the collectability of the receivables. Accounts are reviewed regularly for collectability and those deemed uncollectible are written off. At December 31, 2018 and December 31, 2017, the Company had an allowance for doubtful accounts of $36,000 and $52,000, respectively.

[3] Inventory: Inventory is stated at the lower of cost or net realizable value. Work in process and finished goods are comprised of labor, overhead and raw material costs. Labor and overhead costs are determined on a rolling average cost basis and raw

materials are determined on an average cost basis. At December 31, 2018 and December 31, 2017, the Company established an allowance for slow moving and obsolete inventory of $268,000 and $500,000, respectively.

[4] Income taxes: The Company follows ASC 740 "Income Taxes" ("ASC 740") which prescribes the asset and liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted laws and tax rates that will be in effect when the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits that are not expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that such tax rate changes are enacted. Under ASC 740, tax benefits are recorded only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards.

On December 22, 2017, the Tax Reform Act was signed into law. Among the provisions, the Tax Reform ACT reduces the U.S. federal corporate income tax rate from a maximum of 35% to a flat 21% effective January 1, 2018, requires companies to pay a one-time transition tax on deemed repatriated earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign sourced earnings. At December 31, 2018 we have completed our accounting for the tax effects of the enactment of the Tax Reform Act. We have finalized the tax effects on our existing deferred tax balances and the one-time transition tax under Staff Accounting Bulletin No. 118 ("SAB 118"). We have also included current year impacts of the Tax Reform Act in our tax provision.

In Fiscal 2017, the Company recognized the provisional tax impact related to the revaluation of deferred tax assets and liabilities and included these amounts in its financial statements for Fiscal 2017. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the Tax Reform Act, the Company revalued its net U.S. deferred income tax assets and liabilities at December 31, 2017 from $5,400,000 to $3,600,000, a decrease of $1,800,000. In addition, the deferred income tax asset valuation allowance increased by 1,800,000 as a result of the reduction in the corporate income tax rate.

[5] Depreciation and amortization: Property, plant and equipment are depreciated on the straight-line method over their estimated useful lives; generally 3-5 years for equipment and 30 years for buildings. Leasehold improvements and capitalized lease assets are amortized by the straight-line method over the shorter of their estimated useful lives or the term of the lease. Intangible assets include the cost of patent applications, which are deferred and charged to operations over 19 years. The accumulated amortization of patents is $182,000 at December 31, 2018 and $175,000 at December 31, 2017. Annual amortization expense of such intangible assets is expected to be $7,000 per year for the next 5 years.

[6] Revenue recognition: The Company adopted ASU 2014-09, "Revenue from Contracts with Customers" in the first quarter of Fiscal 2018.The Company's revenues result from the sale of goods and reflect the consideration to which the Company expects to be entitled. The Company records revenues based on a five-step model in accordance with ASU 2014-09. The Company has defined purchase orders as contracts in accordance with ASU 2014-09. For its customer contracts, the Company's performance obligations are identified; which is delivering goods at a determined transaction price, allocation of the contract transaction price with performance obligations (when applicable), and recognition of revenue when (or as) the performance obligation is transferred to the customer. Goods are transferred when the customer obtains control of the goods (which is upon shipment to the customer). The Company's revenues are recorded at a point in time from the sale of tangible products. Revenues are recognized when products are shipped.

In Fiscal 2018, the Company elected the Modified Retrospective Method (the "Cumulate Effect Method") to comply with ASU 2014-09. The Cumulative Effect Method does not affect the amounts for the prior periods, but requires that the current period be reported in accordance with ASU 2014-09. ASU 2014-09 was adopted on January 1, 2018 which was the first day of the Company's 2018 fiscal year. There was no material impact on the Company's financial position or results of operations.

Product returns, discounts and allowances are variable consideration and are recorded as a reduction of revenue in the same period that the related sale is recorded. The Company has reviewed the overall sales transactions for variable consideration and has determined that these costs are not significant. The Company has not experienced any impairment losses, has no future performance obligations and does not capitalize costs to obtain or fulfill contracts.

[7] Shipping and handling: Shipping and handling fees charged to customers are included in net sales, and shipping and handling costs incurred by the Company, to the extent of those costs charged to customers, are included in cost of sales.

[8] Research and development: Research and development ("R&D") costs are charged to operations when incurred. These costs include salaries, benefits, travel, costs associated with regulatory applications, supplies, depreciation of R&D equipment and other miscellaneous expenses.

[9] Net loss per common share: Basic loss per common share is calculated by dividing net loss by the weighted average number of outstanding common shares during the period.

Potential common shares outstanding as of December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Warrants	2,000,000	2,060,000
Options	2,222,000	2,147,000
Total	4,222,000	4,207,000

For Fiscal 2018 and Fiscal 2017, the number of securities not included in the diluted loss per share was 4,222,000 and 4,207,000, respectively, as their effect was anti-dilutive due to net loss in each year.

[10] Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our management believes the major estimates and assumptions impacting our financial statements are the following:

- estimates of the fair value of stock options and warrants at date of grant; and
- estimates of accounts receivable reserves; and
- estimates of the inventory reserves; and
- estimates of accruals and liabilities; and
- deferred tax valuation.

The fair value of stock options and warrants issued to employees, members of our Board of Directors, and consultants in connection with debt financings is estimated on the date of grant based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate; volatility; and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment.

As a result, if factors change and the Company uses different assumptions, the Company's equity-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the

remaining lives of unvested options, and the amount of vested options as a percentage of total options outstanding.

If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the equity-based compensation expense could be significantly different from what we have recorded in the current period.

Actual results may differ from estimates and assumptions of future events.

[11] Impairment of long-lived assets: The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

[12] Financial Instruments: The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other liabilities approximate their fair value based on the short term nature of those items.

Estimated fair value of financial instruments is determined using available market information. In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts.

Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC Topic 820") establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC Topic 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents—The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value due to the short-term maturity of these instruments.

Line of Credit and Long-Term Debt—The carrying amounts of the Company's borrowings under its line of credit agreement and other long-term debt approximates fair value, based upon current interest rates, some of which are variable interest rates.

[13] Accounting for share-based payments and stock warrants: In accordance with the provisions of ASC Topic 718, "Accounting for Stock Based Compensation", the Company recognizes share-based payment expense for stock options and warrants. The weighted average fair value of options issued and outstanding in Fiscal 2018 and Fiscal 2017 was $0.13 in each year. (See Note H [2] – Stockholders' Equity)

In Fiscal 2018, the Company accounted for derivative instruments in accordance with ASC Topic 815 "Derivatives and Hedging" ("ASC Topic 815"). The guidance within ASC Topic 815 requires the Company to recognize all derivatives as either assets or liabilities on the statement of financial position unless the contract, including common stock warrants, settles in the Company's own stock and qualifies as an equity instrument. A contract designated as an equity instrument is included in equity at its fair value, with no further fair value adjustments required; and if designated as an asset or liability is carried at fair value with any changes in fair value recorded in the results of operations. The weighted average fair value of warrants issued and outstanding was $0.18 in both Fiscal 2018 and Fiscal 2017. (See Note H [3] – Stockholders' Equity)

[14] Concentration of credit risk: The Company sells products primarily to United States customers and distributors. Credit is extended based on an evaluation of the customer's financial condition.

At December 31, 2018, one customer accounted for 56.5% of the Company's net accounts receivable. A substantial portion of this balance was collected in the first quarter of the year ending December 31, 2019. Due to the long standing nature of the Company's relationship with this customer and contractual obligations, the Company is confident it will recover these amounts.

At December 31, 2017, one customer accounted for 38.4% of the Company's net accounts receivable. A substantial portion of this balance was collected in the first quarter of the year ending December 31, 2018.

The Company has established an allowance for doubtful accounts of $36,000 and $52,000 at December 31, 2018 and December 31, 2017, respectively, based on factors surrounding the credit risk of our customers and other information.

One of the Company's customers accounted for 44% of net sales in Fiscal 2018. Two of the Company's customers accounted for 35.1% and 14.6% of net sales of the Company in Fiscal 2017. The loss of an account in the fourth quarter of Fiscal 2017 is the reason why there is only one major customer in Fiscal 2018. The account lost in Fiscal 2017 is a subject of litigation we initiated against a former Vice President, Sales & Marketing/ Sales Consultant (See Note D – Litigation/Legal Matters).

The Company maintains certain cash balances at financial institutions that are federally insured and at times the balances have exceeded federally insured limits.

[15] Reporting comprehensive income: The Company reports comprehensive income in accordance with the provisions of ASC Topic 220, "Reporting Comprehensive Income" ("ASC Topic 220"). The provisions of ASC Topic 220 require the Company to report the change in the Company's equity during the period from transactions and events other than those resulting from investments by, and distributions to, the shareholders. For Fiscal 2018 and Fiscal 2017, comprehensive income was the same as net income.

[16] Reclassifications: Certain items have been reclassified from the prior years to conform to the current year presentation.

[17] New accounting pronouncements:

In the year ended December 31, 2018, we adopted the following accounting standards set forth by the Financial Accounting Standards Board ("FASB"):

ASU 2014-09, "Revenue from Contracts with Customers", issued in May 2014, provides guidance for revenue recognition. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. Examples of the use of judgments and estimates may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The update also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 provides for two transition methods to the new guidance: a retrospective approach and a modified retrospective approach. In August 2015, ASU 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date" was issued as a revision to ASU 2014-09. ASU 2015-14 revised the effective date to fiscal years, and interim periods within those years, beginning after December 15, 2017. Subsequently, additional updates were issued related to this topic, ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20. Early adoption of ASU 2014-09 is permitted but not prior to periods beginning after December 15, 2016 (i.e. the original adoption date per ASU No. 2014-09).

The Company's revenues result from the sale of goods and reflect the consideration to which the Company expects to be entitled. The Company records revenues based on a five-step model in accordance with ASU 2014-09. The Company has defined purchase orders as contracts in accordance with ASU 2014-09. For its customer contracts, the Company's performance obligations are identified; which is delivering goods at a determined transaction price, allocation of the contract transaction price with performance obligations (when applicable), and recognition of revenue when (or as) the performance obligation is transferred to the customer. Goods are transferred when the customer obtains control of the goods (which is upon shipment to the customer). The Company's revenues are recorded at a point in time from the sale of tangible products. Revenues are recognized when products are shipped.

The Company has elected the Modified Retrospective Method (the "Cumulate Effect Method") to comply with ASU 2014-09. The Cumulative Effect Method does not affect the amounts for the prior periods, but requires that the current period be reported in accordance with ASU 2014-09. ASU 2014-09 was adopted on January 1, 2018 which was the first day of the Company's 2018 fiscal year. There was no material impact on the Company's financial position or results of operations.

Product returns, discounts and allowances are variable consideration and are recorded as a reduction of revenue in the same period that the related sale is recorded. The Company has reviewed the overall sales transactions for variable consideration and has determined that these costs are not significant. The Company has not experienced any impairment losses, has no future performance obligations and does not capitalize costs to obtain or fulfill contracts.

The following accounting standards have been issued prior to the end of Fiscal 2018 but, did not require adoption as of Fiscal 2018:

ASU 2016-02, "Leases", issued in February 2016, requires a lessee to recognize a lease liability and a right-of-use asset on its balance sheet for all leases, including operating leases, with a term greater than 12 months. Lease classification will determine whether a lease is reported as a financing transaction in the income statement and statement of cash flows. ASU 2016-02 does not substantially change lessor accounting, but it does make certain changes related to leases for which collectability of the lease payments is uncertain or there are significant variable payments. Additionally, ASU 2016-02 makes several other targeted amendments including a) revising the definition of lease payments to include fixed payments by the lessee to cover lessor costs related to ownership of the underlying asset such as for property taxes or insurance; b) narrowing the definition of initial direct costs which an entity is permitted to capitalize to include only those incremental costs of a lease that would not have been incurred if the lease had not been obtained; c) requiring seller-lessees in a sale-leaseback transaction to recognize the entire gain from the sale of the underlying asset at the time of sale rather than over the leaseback term; and d) expanding disclosures to provide quantitative and qualitative information about lease transactions. ASU 2016-02 is effective for all annual and interim periods beginning January 1, 2019, and is required to be applied retrospectively to the earliest period presented at the date of initial application, with early adoption permitted.

ASU 2018-11, "Leases (Topic 842); Targeted Improvements", issued in July 2018, provides a transition election to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application to the beginning of the year of adoption and to recognize the effects of applying the new standard as a cumulative-effect adjustment to the opening balance of retained earnings.

ASU 2018-20, "Leases (Topic 842"), issued in December 2018, clarifies that lessor costs paid directly to a third-party by a lessee on behalf of the lessor, are no longer required to be recognized in the lessor's financial statements.

The Company will adopt ASU 2016-02, ASU 2018-11 and ASU 2018-20 in the first quarter of the year ending December 31, 2019 and does not expect such adoption to have a material impact on its financial position or results of operations.

ASU 2017-11, "Earnings Per Share, Distinguishing Liabilities from Equity, Derivatives and Hedging", issued in July 2017, changes the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature will no longer preclude equity classification when assessing whether the instrument is indexed to an entity's own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) would not be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). ASU 2017-11 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The Company will adopt ASU 2017-11 in the first quarter of the year ending December 31, 2019 and does not expect such adoption to have an impact on its financial position or results of operations.

ASU 2018-07, "Compensation - Stock Compensation/Improvements to Nonemployee Share-Based Payment Accounting", issued in June 2018, expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The requirements of Topic 718 must be applied to nonemployee awards except for certain exemptions specified in the amendment. ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that fiscal year. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company will adopt ASU 2018-07 in the first quarter of the year ending December 31, 2019 and does not expect such adoption to have a material impact, if any impact, on its financial position or results of operations.

ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement", issued in August 2018, adds, modifies and removes several disclosure requirements relative to the three levels of inputs used to measure fair value in accordance with Topic 820, "Fair Value Measurement." ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within that fiscal year. Early adoption is permitted. The Company is evaluating the impact of ASU 2018-13.

Any other new accounting pronouncements recently issued, but not yet effective, have been reviewed and determined to be not applicable or were related to technical amendments or codification. As a result, the adoption of such new accounting pronouncements, when effective, is not expected to have a material effect on the Company's financial position or results of operations.

NOTE B - INVENTORY

Inventory is comprised of the following:

	December 31, 2018	December 31, 2017
Raw Materials	$ 778,000	$1,023,000
Work in Process	184,000	403,000
Finished Goods	325,000	547,000
Allowance for slow moving and obsolete inventory	(268,000)	(500,000)
	$1,019,000	$1,473,000

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, are as follows:

	December 31, 2018	December 31, 2017
Land	$ 102,000	$ 102,000
Buildings and improvements	1,352,000	1,352,000
Manufacturing and warehouse equipment	2,108,000	2,108,000
Office equipment (incl. furniture and fixtures)	412,000	412,000
	3,974,000	3,974,000
Less accumulated depreciation	(3,256,000)	(3,182,000)
	$ 718,000	$ 792,000

Depreciation expense was $74,000 and $76,000 in Fiscal 2018 and Fiscal 2017, respectively.

NOTE D - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2018	December 31, 2017
Accounting fees	$ 75,000	$ 75,000
Interest payable	13,000	11,000
Accounts receivable credit balances	34,000	11,000
Sales tax payable	115,000	89,000
Deferred compensation	167,000	113,000
Customer deposits	25,000	0
Other current liabilities	20,000	12,000
	$ 449,000	$ 311,000

NOTE E - DEBT AND LINE OF CREDIT

The Company's Line of Credit and Debt consisted of the following as of December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
Loan and Security Agreement with Cherokee Financial, LLC: 5 year note at an annual interest rate of 8% plus a 1% annual oversight fee, interest only and oversight fee paid quarterly with first payment being made on May 15, 2015, annual principal reduction payment of $75,000 due each year beginning on February 15, 2016, with a final balloon payment being due on February 15, 2020. Loan is collateralized by a first security interest in building, land and property	$ 975,000	$ 1,050,000
Crestmark Line of Credit: 3 year line of credit maturing on June 22, 2020 with interest payable at a variable rate based on WSJ Prime plus 3% with a floor of 5.25%; loan fee of 0.5% annually & monthly maintenance fee of 0.3% on actual loan balance from prior month. Early termination fee of 2% if terminated prior to natural expiration. Loan is collateralized by first security interest in receivables and inventory and the all-in interest rate as of the date of this report is 13.64%.	502,000	446,000

Table continued from previous column:

	December 31, 2018	December 31, 2017
Crestmark Equipment Term Loan: 38 month equipment loan related to the purchase of manufacturing equipment, at an interest rate of WSJ Prime Rate plus 3%; or 8.50% as of the date of this report.	$ 19,000	$ 31,000
Term Loan with Cherokee Financial, LLC: 1 year note at an annual fixed interest rate of 12% paid quarterly in arrears with first interest payment being made on May 15, 2018 and a balloon payment being due on February 15, 2019.	150,000	0
	1,646,000	1,527,000
Less debt discount & debt issuance costs (Cherokee Financial, LLC loan)	(111,000)	(203,000)
Total debt, net	$1,535,000	$ 1,324,000
Current portion	$ 739,000	$ 533,000
Long-term portion, net of current portion	$ 796,000	$ 791,000

At December 31, 2018, the following are the debt maturities for each of the next five years:

2019	$ 739,000[(1)]
2020	796,000
2021	0
2022	0
2023	0
	$ 1,535,000

(1) Although the Crestmark Line of Credit does not mature until June 22, 2020, the balance on the line of credit ($502,000) is included in the debt maturity for 2019 given the "demand" nature of the line of credit.

LOAN AND SECURITY AGREEMENT WITH CHEROKEE FINANCIAL, LLC. ("CHEROKEE")

On March 26, 2015, the Company entered into a LSA with Cherokee (the "Cherokee LSA"). The debt with Cherokee is collateralized by a first security interest in real estate and machinery and equipment. Under the Cherokee LSA, the Company was provided the sum of $1,200,000 in the form of a 5-year Note at a fixed annual interest rate of 8%. The Company is making interest only payments quarterly on the Cherokee LSA, with the first interest payment paid on May 15, 2015. The Company is also required to make an annual principal reduction payment of $75,000 on each anniversary of the date of the closing; with the first principal reduction payment being made on February 15, 2016 and the most recent principal reduction payment being made on February 15, 2019; partially with proceeds received from a new, larger term loan with Cherokee (See Note J – Subsequent Event). A final balloon payment is due on March 26, 2020. In addition to the 8% interest, the Company pays Cherokee a 1% annual fee for oversight and administration of the loan. This oversight fee is paid in cash and is paid contemporaneously with the quarterly interest payments. The Company can pay off the Cherokee loan at any time with no penalty; except that a 1% administration fee would be required to be paid to Cherokee to close out all participations.

The Company received net proceeds of $80,000 after $1,015,000 of debt payments, and $105,000 in other expenses and fees. The expenses and fees (with the exception of the interest expense) are being deducted from the balance on the Cherokee LSA and are being amortized over the term of the debt (in accordance with ASU No. 2015-03).

The Company recognized $173,000 in interest expense related to the Cherokee LSA in Fiscal 2018 (of which $94,000 is debt issuance cost amortization recorded as interest expense) and $173,000 in interest expense related to the Cherokee LSA in

Fiscal 2017 (of which $94,000 is debt issuance cost amortization recorded as interest expense).

The Company had $13,000 in accrued interest expense at December 31, 2018 and, $11,000 in accrued interest expense at December 31, 2017.

As of December 31, 2018, the balance on the Cherokee LSA was $975,000; however the discounted balance was $866,000. As of December 31, 2017, the balance on the Cherokee LSA was $1,050,000; however the discounted balance was $847,000.

LINE OF CREDIT WITH CRESTMARK BANK ("CRESTMARK")

On June 29, 2015 (the "Closing Date"), the Company entered into a Loan and Security Agreement ("LSA") with Crestmark related to a revolving line of credit (the "Crestmark LOC"). The Crestmark LOC is used for working capital and general corporate purposes and expires on June 22, 2020.

The Crestmark LOC provides the Company with a revolving line of credit up to $1,500,000 ("Maximum Amount") with a minimum loan balance requirement of $500,000. The Crestmark LOC is secured by a first security interest in the Company's inventory, and receivables and security interest in all other assets of the Company (in accordance with permitted prior encumbrances).

The Maximum Amount is subject to an Advance Formula comprised of: 1) 90% of Eligible Accounts Receivables (excluding, receivables remaining unpaid for more than 90 days from the date of invoice and sales made to entities outside of the United States), and 2) up to 40% of eligible inventory plus up to 10% of Eligible Generic Packaging Components not to exceed the lesser of $350,000, or 100% of Eligible Accounts Receivable. However, as a result of an amendment executed on June 25, 2018, the amount available under the inventory component of the line of credit was changed to 40% of eligible inventory plus up to 10% of Eligible Generic Packaging Components not to exceed the lesser of $250,000 ("Inventory Sub-Cap Limit") or 100% of Eligible Accounts Receivable. In addition, the Inventory Sub-Cap Limit is being permanently reduced by $10,000 per month as of July 1, 2018 and thereafter on the first day of the month until the Inventory Sub-Cap Limit is reduced to $0.

So long as any obligations are due to Crestmark, the Company must comply with a minimum Tangible Net Worth ("TNW") Covenant. As a result of an amendment executed on June 25, 2018, the TNW covenant was reduced from $650,000 to $150,000 as of June 30, 2018. Additionally, if a quarterly net income is reported, the TNW covenant will increase by 50% of the reported net income. If a quarterly net loss is reported, the TNW covenant will remain the same as the prior quarter's covenant amount. TNW is still defined as: Total Assets less Total Liabilities less the sum of (i) the aggregate amount of non-trade accounts receivables, including accounts receivables from affiliated or related persons, (ii) prepaid expenses, (iii) deposits, (iv) net lease hold improvements, (v) goodwill and (vi) any other asset that would be treated as an intangible asset under GAAP; plus Subordinated Debt. Subordinated Debt means any and all indebtedness presently or in the future incurred by the Company to any creditor of the Company entering into a written subordination agreement with Crestmark. The Company has not complied with the TNW covenant since the year ended December 31, 2017 but, has received waivers from Crestmark. As consideration for the granting of the waiver for December 31, 2017, Crestmark increased the interest rate on the Crestmark LOC from Prime Rate plus 2% to Prime Rate plus 3%. The increase in interest rate was effective as of May 1, 2018. Thereafter, the Company was charged a fee of $5,000 for each waiver. The Company is not in compliance with the TNW covenant as of December 31, 2018, however the Company has received a waiver from Crestmark related to its non-compliance with the TNW covenant. The Company will be charged a fee of $5,000 for this waiver.

If the Company terminates the LSA prior to June 22, 2020, an early exit fee of 2% of the Maximum Amount (plus any additional amounts owed to Crestmark at the time of termination) would be due.

In the event of a default of the LSA, which includes but is not limited to, failure of the Company to make any payment when due and non-compliance with the TNW covenant (that is not waived by Crestmark), Crestmark is permitted to charge an Extra Rate. The Extra Rate is the Company's then current interest rate plus 12.75% per annum. As of the date of this report, Crestmark has not elected to charge the Extra Rate even though the Company is not in compliance with the TNW covenant as of December 31, 2018.

Interest on the Crestmark LOC is at a variable rate based on the Prime Rate plus 3% with a floor of 5.25%. As of December 31, 2018, the interest only rate on the Crestmark LOC was 8.50%. As of December 31, 2018, with all fees considered (the interest rate + an Annual Loan Fee of $7,500 + a monthly maintenance fee of 0.30% of the actual average monthly balance from the prior month), the interest rate on the Crestmark LOC was 13.64%.

The Company recognized $76,000 in interest expense related to the Crestmark LOC in Fiscal 2018 (of which $15,000 is debt issuance cost amortization recorded as interest expense). The Company recognized $98,000 in interest expense related to the Crestmark Line of Credit in Fiscal 2017 (of which $32,000 was debt issuance costs related to interest expense).

Given the nature of the administration of the Crestmark LOC, at December 31, 2018, the Company had $0 in accrued interest expense related to the Crestmark LOC, and there is $0 in additional availability under the Crestmark LOC.

As of December 31, 2018, the balance on the Crestmark LOC was $502,000, and as of December 31, 2017, the balance on the Crestmark LOC was $446,000.

EQUIPMENT LOAN WITH CRESTMARK

On May 1, 2017, the Company entered into term loan with Crestmark in the amount of $38,000 related to the purchase of manufacturing equipment. The equipment loan is collateralized by a first security interest in a specific piece of manufacturing equipment. The Company executed an amendment to its LSA and Promissory Note with Crestmark. The amendments addressed the inclusion of the term loan into the LSA and an extension of the Crestmark LOC. No terms of the Crestmark LOC were changed in the amendment. The interest rate on the term loan is the WSJ Prime Rate plus 3%; or 8.5% as of the date of this report. The Company incurred $2,000 in interest expense in Fiscal 2018 related to the Equipment Loan and $1,000 in interest expense related to the Equipment Loan in Fiscal 2017. The balance on the equipment loan was $19,000 as of December 31, 2018, and $31,000 as of December 31, 2017.

TERM LOAN WITH CHEROKEE

On March 2, 2018, the Company entered into a one-year Loan Agreement made as of February 15, 2018 (the "Closing Date") with Cherokee under which Cherokee provided the Company with $150,000 (the "Cherokee Term Loan"). The proceeds from the Cherokee Term Loan were used by the Company to pay a $75,000 principal reduction payment to Cherokee that was due on February 15, 2018 and $1,000 in legal fees incurred by Cherokee. Net proceeds (to be used for working capital and general business purposes) were $74,000.

The annual interest rate for the Cherokee Term Loan was 12% to be paid quarterly in arrears with the first interest payment being made on May 15, 2018. The Cherokee Term Loan is required to be paid in full on February 15, 2019 unless paid off earlier (with no penalty) at the Company's sole discretion. In connection with the Cherokee Term Loan, the Company issued 150,000 restricted shares of common stock to Cherokee on March 8, 2018.

In the event of default, this includes, but is not limited to, the Company's inability to make any payments due under the Cherokee Term Loan, Cherokee has the right to increase the interest rate on the Cherokee Term Loan to 18% and the Company would be required to issue and additional 150,000 restricted shares of common stock to Cherokee.

The Company recognized $33,000 in interest expense related to the Cherokee Term Loan in Fiscal 2018 (of which $19,000 was debt issuance costs recorded as interest expense) and $0 in interest expense in Fiscal 2017 (as the term loan was not yet in place in Fiscal 2017). As of December 31, 2018, the balance on the Cherokee Term Loan was $150,000; however, the discounted balance was $148,000. As of December 31, 2017, the balance on the Cherokee Term loan was $0 (as the facility was not in place at December 31, 2017).

NOTE F – INCOME TAXES

The Company follows ASC 740 "Income Taxes" ("ASC 740") which prescribes the asset and liability method whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted laws and tax rates that will be in effect when the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits that are not expected to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that such tax rate changes are enacted. Under ASC 740, tax benefits are recorded only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards.

On December 22, 2017, the Tax Reform Act was signed into law. Among the provisions, the Tax Reform ACT reduces the U.S. federal corporate income tax rate from a maximum of 35% to a flat 21% effective January 1, 2018, requires companies to pay a one-time transition tax on deemed repatriated earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign sourced earnings.

At December 31, 2018 we have completed our accounting for the tax effects of the Tax Reform Act. We have finalized the tax effects on our existing deferred tax balances and the one-time transition tax under Staff Accounting Bulletin No. 118 ("SAB 118"). We have also included current year impacts of the Tax Reform Act in our tax provision.

In Fiscal 2017, the Company recognized the provisional tax impact related to the revaluation of deferred tax assets and liabilities and included these amounts in its financial statements for Fiscal 2017. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the Tax Reform Act, the Company revalued its net U.S. deferred income tax assets and liabilities at December 31, 2017 from $5,400,000 to $3,600,000, a decrease of $1,800,000. In addition, the deferred income tax asset valuation allowance increased by 1,800,000 as a result of the reduction in the corporate income tax rate. The ultimate impact in Fiscal 2017 did not differ materially from the provisional amounts.

A reconciliation of the U.S. Federal statutory income tax rate to the effective income tax rate is as follows:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Tax expense at federal statutory rate	(21%)	(34%)
State tax expense, net of federal tax effect	0%	0%
Permanent timing differences	0%	0%
Deferred income tax asset valuation allowance	(21%)	(298%)
Effective change in tax rate due to Tax Reform Act	0%	332%
Effective income tax rate	0%	0%

Significant components of the Company's deferred income tax assets are as follows:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Inventory	$9,000	$ 13,000
Inventory allowance	70,000	130,000
Allowance for doubtful accounts	9,000	13,000
Accrued compensation	22,000	18,000
Stock based compensation	168,000	165,000
Deferred wages payable	43,000	29,000
Depreciation—Property, Plant & Equipment	(6,000)	(10,000)
Sales tax reserve	0	0
Net operating loss carry-forward	3,569,000	3,261,000
Total gross deferred income tax assets	3,884,000	3,619,000
Less deferred income tax assets valuation allowance	(3,884,000)	(3,619,000)
Net deferred income tax assets	0	$ 0

The valuation allowance for deferred income tax assets as of December 31, 2018 and December 31, 2017 was $3,884,000 and $3,619,000, respectively. The net change in the deferred income tax assets valuation allowance was $265,000 for Fiscal 2018. The net change in the deferred income tax assets valuation allowance was $1,583,000 for Fiscal 2017. The Company believes that it is more likely than not that the deferred tax assets will not be realized.

As of December 31, 2018, the prior three years remain open for examination by the federal or state regulatory agencies for purposes of an audit for tax purposes.

At December 31, 2018, the Company had Federal net operating loss carry-forwards for income tax purposes of approximately $3,569,000. The Company's net operating loss carry-forwards begin to expire in 2019 and continue to expire through 2035. In assessing the realizability of deferred income tax assets, management considers whether or not it is more likely than not that some portion or all deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

The Company's ability to utilize the operating loss carry-forwards may be subject to an annual limitation in future periods pursuant to Section 382 of the Internal Revenue Code of 1986, as amended, if future changes in ownership occur.

The Company recognizes potential interest and penalties related to income tax positions as a component of the provision for income taxes on operations. The Company does not anticipate that total unrecognized tax benefits will materially change in the next twelve months.

NOTE G – OTHER INCOME / EXPENSE

Other expense in Fiscal 2018 consisted of interest income, interest expense associated with our credit facilities (our line of credit and equipment loan with Crestmark Bank, and our loan and security agreement and term loan with Cherokee Financial, LLC) partially offset by other income related to gains on certain liabilities. Other expense in Fiscal 2017 consisted of interest expense associated with our credit facilities (our line of credit and equipment loan with Crestmark Bank, and our loan and security agreement with Cherokee Financial, LLC) partially offset by other income related to gains on certain liabilities.

NOTE H – STOCKHOLDERS' EQUITY

[1] Stock option plans: The Company currently has two non-statutory stock option plans, the Fiscal 2001 Non-statutory Stock Option Plan (the "2001 Plan") and the 2013 Equity Compensation Plan (the "2013 Plan"). Both plans have been adopted by our Board of Directors and approved by our shareholders. Both the 2001 Plan and the 2013 Plan have options available for future issuance. Any common shares issued as a result of the exercise of stock options would be new common shares issued from our authorized issued shares.

[2] Stock options: During Fiscal 2018, the Company issued options to purchase 80,000 shares of common stock and during Fiscal 2017, the Company issued options to purchase 40,000 shares of common stock. Options issued in Fiscal 2018 were all issued under the 2001 Plan and were issued to four non-employee members of our board of directors. Options issued in Fiscal 2017 were all issued under the 2001 Plan and were issued to two non-employee members of our board of directors.

As of December 31, 2016, there were 2,222,000 options issued and outstanding under the 2001 Plan. There were no options issued under the 2013 Plan, making the total issued and outstanding options 2,222,000 as of December 31, 2018. Of the total options issued and outstanding, 2,142,000 were fully vested as of December 31, 2018. As of December 31, 2018, there were 1,495,000 options available for issuance under the 2001 Plan and 4,000,000 options available under the 2013 Plan.

Stock option activity for Fiscal 2018 and Fiscal 2017 is summarized as follows: (the figures contained within the tables below have been rounded to the nearest thousand)

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value as of December 31, 2017	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value as of December 31, 2016
Options outstanding at beginning of year	2,147,000	$0.13		2,107,000	$0.13	
Granted	80,000	$0.10		40,000	$0.13	
Exercised	0	NA		0	NA	
Cancelled/expired	(5,000)	$0.26		0	NA	
Options outstanding at end of year	2,222,000	$0.13	$3,000	2,147,000	$0.13	$10,000
Options exercisable at end of year	2,142,000	$0.13		1,647,000	$0.13	

The following table presents information relating to stock options outstanding as of December 31, 2018:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Shares	Weighted Average Exercise Price
$0.07 - $0.11	955,000	$0.10	6.97	580,000	$0.10
$0.12 - $0.15	815,000	$0.13	6.78	690,000	$0.13
$0.16 - $0.26	377,000	$0.19	4.30	377,000	$0.19
TOTAL	2,147,000	$0.13	6.43	1,647,000	$0.13

The following table summarizes weighted-average assumptions using the Black-Scholes option-pricing model used on the date of the grants issued during Fiscal 2018 and Fiscal 2017:

	Year Ended December 31	
	2018	2017
Volatility	79%	81%
Expected term (years)	10 years	10 years
Risk-free interest rate	2.90%	2.16%
Dividend yield	0%	0%

The Company recognized $10,000 in share based payment expense related to stock options in Fiscal 2018 and $43,000 in share based payment expense related to stock options in Fiscal 2017. As of December 31, 2018, there was approximately $3,000 of total unrecognized share based payment expense related to stock options. This cost is expected to be recognized over 5 months.

[3] Warrants:

Warrant activity for Fiscal 2018 and Fiscal 2017 is summarized as follows. Any common shares issued as a result of the exercise of warrants would be new common shares issued from our authorized issued shares.

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value as of December 31, 2017	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value as of December 31, 2016
Warrants outstanding at beginning of year	2,060,000	$0.18		2,060,000	$0.18	
Granted	0	NA		0	NA	
Exercised	0	NA		0	NA	
Cancelled/expired	(60,000)	$0.18		0	NA	
Warrants outstanding at end of year	2,000,000	$0.18	None	2,060,000	$0.18	None
Warrants exercisable at end of year	2,000,000	$0.18		2,060,000	$0.18	

The Company recognized $0 in debt issuance and deferred finance costs related to the issuance of these warrants outstanding in Fiscal 2018 and Fiscal 2017. As of December 31, 2018, there was $0 of total unrecognized debt issuance costs associated with the issuance of the above warrants outstanding.

NOTE I – COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

[1] Operating leases: The Company leases office and R&D/production facilities in New Jersey under a non-cancellable operating lease through December 31, 2019. The Company also leases office support equipment through July 2022. At December 31, 2018, the future minimum rental payments under these operating leases are as follows:

2019	$ 35,000
2020	3,000
2021	3,000
2022	2,000
2023	0
Thereafter	0
	$ 43,000

Rent expense was $43,000 in Fiscal 2018 and $46,000 in Fiscal 2017.

[2] Employment agreements: The Company has an employment agreement in place with its Chief Executive Officer/Principal Financial Officer, Melissa Waterhouse. The employment agreement with Ms. Waterhouse provides for a $160,000 annual salary. It automatically renews unless either party gives advance notice of 60 days. The employment agreement contains severance provisions; in the event the Company terminates Ms. Waterhouse's employment for any reason other than cause (which is defined under the employment agreement), Ms. Waterhouse would receive severance pay equal to 12 months of her base salary at the time of termination, with continuation of all medical benefits during the twelve-month period at the Company's expense. In addition, Ms. Waterhouse may tender her resignation and elect to exercise the severance provision if she is required to relocate more than 50 miles from the Company's New York facility as a continued condition of employment, if there is a substantial change in the responsibilities normally assumed by her position, or if she is asked to commit or conceal an illegal act by an officer or member of the board of directors of the Company. In the case of a change in control of the Company, Ms. Waterhouse would be entitled to severance pay equal to two times her base salary under certain circumstances.

[3] Legal:

ABMC v. Todd Bailey

The Company has ongoing litigation in the Northern District of New York against Premier Biotech Inc., and its principal, Todd Bailey ("Bailey") (together the "Defendants") that was filed in February 2017. Bailey formerly served as the Company's Vice President of Sales and Marketing and as a sales consultant until December 23, 2016. The complaint seeks damages related to any profits and revenues that results from action taken by the Defendants related to Company customers.

In early 2017, the Company became aware of actions taken by the Defendants, including but not limited to, action taken specifically related to a Company contract with a state agency (held by the Company in excess of 10 years). The Company believes that the Defendants actions related to this customer and a RFP that was issued by the state agency resulted in the loss of the contract award to the Company and the award of the contract to Peckham Vocational Industries, Inc. (a then vendor of the Company) and Premier Biotech, Inc. in July 2017. This contract historically accounted for 10-15% of the Company's annual revenue. The Company did protest the award of the contract to Peckham and Premier Biotech, and the state agency advised the Company on July 26, 2017 that they denied the Company's protest of the award. The Company continued to hold a contract with the agency through September 30, 2017.

After the award of the contract, the Company amended its complaint against the Defendants to show actual damages caused by the Defendants and to show proprietary and confidential information (belonging to the Company) used by the Defendants in their response to the RFP. This confidential information belonging to the Company enabled the Defendants to comply with specifications of the RFP and undercut the Company's pricing. The Defendants filed a response to the court opposing the Company's supplemental motion and the Company filed reply papers to the Defendants response on November 2, 2017.

In January 2018, the court ruled on the motion to dismiss (that was filed by the Defendants in 2017). The court found that there was jurisdiction over the Defendants. The court did not rule on the other motions before them. In February 2018, the Company filed a motion for reconsideration and for leave to serve a supplemental/ amended complaint. The new filing addressed (among other things) the Company's intent to further supplement its complaint based on additional (subsequent) damage alleged by the Company on the part of the Defendants. In September 2018, the court ruled on the motions filed in February 2018. The court granted in part and denied in part our motions for reconsideration. More specifically, our motions supplementing claims of the Bailey's breach of contract and damages related to the same, and Bailey's misappropriation of the Company's trade secrets were granted. The Company's motions related to unjust enrichment and tortious interference were not granted. Defendants' motion to dismiss was once again denied. The Company filed its supplemental motions as required on October 12, 2018. On November 1, 2018, the Defendants filed their response to our supplemental motions. In January 2019, an initial conference was held to discuss the case management plan and exchange mandatory disclosures. On January 31, 2019, the court referred the case for participation in the Mandatory Mediation Program. The deadline for completion of mediation was set for May 31, 2019.

In January 2019, Bailey's complaint previously filed in Minnesota was transferred as a counter-claim in the Company's complaint against Bailey. Bailey is seeking deferred commissions of $164,000 he alleges are owed to him by the Company. These amounts were originally deferred under a deferred compensation program initiated in 2013; a program in which Bailey was one of the participants. The Company has responded to the Bailey counterclaim and believes these amounts are not due to Bailey given the actions indicated in the Company's litigation. Given the stage of the litigation, management is not yet able to opine on the outcome of its complaint or the counterclaim.

[4] Financial Advisory Agreement: The Company entered into a Financial Advisory Agreement with Landmark Pegasus, Inc. ('Landmark"). Under the Financial Advisory Agreement, Landmark provides certain financial advisory services to the Company for a minimum period of 6 months (which period originally commenced on January 17, 2014 and through a number of extensions and agreements, was extended through December 31, 2018. As consideration for these services under the last extension executed on August 1, 2018, the Company paid Landmark a retainer fee consisting of 277,778 restricted shares of common stock and the Company will pay Landmark a "success fee" for the consummation of each and any transaction closing during the term of the Financial Advisory Agreement and for 24 months thereafter, inclusive of a sale or merger, between the Company and any party first introduced to the Company by Landmark, or for any other transaction not originated by Landmark but for which Landmark provides substantial support in completing during the term of the Agreement. For certain transactions, the success fee will be paid part upon consummation of a transaction and part paid over a term of not more than five years; all other transactions would be paid upon consummation of the transaction.

As a result of the retainer fees being paid in restricted shares and the resulting percentage of common share ownership, Landmark filed a Schedule 13G in October 2016 related to its ownership of the Company's common stock. Apart from his status as a shareholder and with respect to the Agreement, there is no material relationship between the Company and Landmark.

NOTE J - SUBSEQUENT EVENT

On February 25, 2019 (the "Closing Date"), the Company entered into an agreement dated (and effective) February 13, 2019 (the "Agreement") with Cherokee under which Cherokee is providing the Company with a loan in the amount of $200,000. The Agreement extends the Company's current Term Loan with Cherokee in the amount of $150,000 and provides the Company with an additional $50,000 in gross proceeds; $48,000 in net proceeds after Cherokee's legal fees in connection with the financing. The Company utilized the net proceeds to pay a portion of the $75,000 principal reduction payment under the Company's Loan and Security Agreement with Cherokee (with the remaining $27,000 being paid with cash on hand).

NOTE J - SUBSEQUENT EVENT (continued)

The annual interest rate under the new term loan is 18% paid quarterly in arrears with the first interest payment being due on May 15, 2019. The loan is required to be paid in full on February 15, 2020 unless paid off earlier (with no penalty) at the Company's sole discretion. In connection with the Loan Agreement, the Company issued 200,000 restricted shares of common stock to Cherokee in the first quarter of the year ending December 31, 2019.

In the event of default, this includes, but is not limited to, the Company's inability to make any payments due under the Agreement, Cherokee has the right to increase the interest rate on the financing to 20%, automatically add a delinquent payment penalty of $20,000 to the outstanding principal and the Company would be required to issue an additional 200,000 shares of restricted common stock.

NOTE L- SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in one reportable segment.

Information concerning net sales by principal geographic location is as follows:

	Year Ended December 31, 2018	Year Ended December 31, 2017
United States	$ 3,411,000	$ 4,344,000
North America (not domestic)	56,000	102,000
Europe	133,000	127,000
Asia/Pacific Rim	25,000	30,000
South America	246,000	309,000
Africa	1,000	2,000
	$ 3,872,000	$ 4,914,000

EXHIBIT 31.1/EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Melissa A. Waterhouse, certify that:

1. I have reviewed this annual report on Form 10-K of American Bio Medica Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Melissa A. Waterhouse
Melissa A. Waterhouse
Chief Executive Officer (Principal Executive Officer)
Principal Financial Officer
Principal Accounting Officer

Date: April 16, 2019

EXHIBIT 32.1/EXHIBIT 32.2
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of American Bio Medica Corporation (the "Company") on Form 10-K for the period ending December 31, 2018 as filed with the Securities and Exchange Commission on April 16. 2019 (the "Report"), I, Melissa A. Waterhouse, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Melissa A. Waterhouse
Melissa A. Waterhouse
Chief Executive Officer (Principal Executive Officer)
Principal Financial Officer
Principal Accounting Officer

April 16, 2019

(LEFT BLANK INTENTIONALLY)

THIS PAGE LEFT BLANK INTENTIONALLY

PROXY STATEMENT

Year Ended December 31, 2018

AMERICAN BIO MEDICA CORPORATION

122 Smith Road
Kinderhook, New York 12106

April 26, 2019

Dear Shareholder:

You are cordially invited to attend the 2019 Annual Meeting of Shareholders of American Bio Medica Corporation (the "Company") on Thursday, June 20, 2019, at 10:00 a.m. at the Company's corporate offices located at 122 Smith Road, Kinderhook, New York 12106 (the "Annual Meeting").

In addition to the formal items of business to be conducted at the Annual Meeting, management will report on the operations and activities of the Company and you will have an opportunity to ask questions. Directors and officers of the Company will be present to respond to any questions you may have.

This booklet includes the Notice of Annual Meeting, Notice of Internet Availability of Proxy Materials and Proxy Statement. The Proxy Statement describes the business we will conduct at the Annual Meeting and provides information about the Company that you should consider when you vote your shares.

It is important that your stock be represented at the meeting. Whether or not you plan to attend the meeting in person, we hope that you will vote on matters to be considered. You may vote your proxy via the Internet or by telephone. If you received a printed copy of your proxy materials, you may also vote by mail by signing, dating and returning your proxy card in the envelope provided.

On behalf of the Board of Directors and the employees of American Bio Medica Corporation, I thank you for your continued support and look forward to seeing you at the Annual Meeting.

Sincerely yours,

Melissa A. Waterhouse
Chief Executive Officer
Principal Financial Officer

AMERICAN BIO MEDICA CORPORATION

122 Smith Road
Kinderhook, New York 12106

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS & NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Date: **June 20, 2019**
Time: **10:00 a.m., Eastern Standard Time**
Place: **Company's Corporate Offices**
122 Smith Road
Kinderhook, New York 12106

At our 2019 Annual Meeting, we will ask you to:

1. Elect One (1) "Class I" director for a three (3) year term commencing upon their election and until their successor shall be elected and duly qualified (the terms of office of the other directors do not expire until 2020 or 2021). The following director is being nominated:

Chaim Davis

2. Ratify the selection by the Company's Audit Committee of UHY, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019.

3. Approve a non-binding advisory resolution regarding the compensation of the Company's Named Executive Officer.

4. Transact any other business as may properly come before the Annual Meeting.

You may vote at the Annual Meeting if you were a shareholder of American Bio Medica Corporation at the close of business on April 23, 2019 (the "Record Date").

By Order of the Board of Directors

Melissa A. Waterhouse
Chief Executive Officer
Principal Financial Officer

Kinderhook, New York
April 26, 2019

You are cordially invited to attend the Annual Meeting. Our Board strongly encourages you to exercise your right to vote. Your vote is important. Voting early helps ensure that we receive a quorum of shares necessary to hold the annual meeting. Please sign, date and mark the enclosed proxy card promptly and return it in the enclosed envelope, or follow the instructions on the proxy card for internet and telephone voting. Returning the proxy card will not prevent you from voting in person if you attend the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON JUNE 20, 2019

Our financial and other information is contained in our Annual Report on Form 10-K for the year ended December 31, 2018. Pursuant to rules promulgated by the United States Securities and Exchange Commission, we have elected to provide access by notifying you of the availability of our proxy materials on the Internet. This proxy statement and our Form 10-K for the year ended December 31, 2018, are available at our web site at http://www.abmc.com/investor/proxy2019.html

General

American Bio Medica Corporation is a New York corporation (the "Company"). The term "Annual Meeting", as used in this Proxy Statement, includes any adjournment or postponement of such meeting.

We have sent you this Proxy Statement and enclosed proxy card because the Board of Directors is soliciting your proxy to vote at the Annual Meeting. This Proxy Statement summarizes the information you will need to know to cast an informed vote at the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares. You may simply complete, sign and return the enclosed proxy card to vote, or you may cast your vote via telephone or the Internet. This process is described below in the section titled "Voting".

We began mailing this Proxy Statement, the Notice of Annual Meeting and the enclosed proxy card on or about May 10, 2019 to all shareholders entitled to vote. In this mailing, we are also including our Annual Report on Form 10-K for the year ended December 31, 2018; however, the Annual Report is not part of the proxy solicitation material.

Shareholders entitled to vote; Record Date

If you owned common stock of the Company at the close of business on April 23, 2019, (the "Record Date"), you are entitled to vote at the Annual Meeting, or any adjournments thereof. On the Record Date, the Company had one class of voting shares outstanding – common shares, $.01 par value per share ("common shares") and there were 32,518,361 shares of common stock outstanding and no shares of preferred stock outstanding.

Procedure for Submitting Shareholder Proposals

In order to be included in the Company's proxy statement for the 2020 Annual Meeting, shareholder nominations for directors and/or shareholder proposals for the next Annual Meeting of Shareholders must be received (in writing) by the Company's Corporate Secretary at its Corporate Offices located at 122 Smith Road, Kinderhook, New York 12106, on or before December 21, 2019, must not exceed 500 words, and must otherwise comply with the requirements of Rule 14a-8 adopted pursuant to the Securities Exchange Act of 1934 (the "Exchange Act").

With respect to shareholder proposals and director nominations submitted for the 2020 Annual Meeting of Shareholders that are outside the process of Rule 14a-8, these proposals must be received by the Company at its Corporate Offices no earlier than January 20, 2020 and no later than March 6, 2020.

Shareholder proposals received outside of these time frames will be considered untimely for consideration at the 2020 Annual Meeting.

The Company has not received any shareholder proposals or shareholder nominations for directors for this Annual Meeting.

Voting

You are entitled to one vote at the Annual Meeting for each common share of the Company that you owned as of the Record Date. The number of shares you own (and may vote) is listed on your proxy card. You can vote your shares using one of the following methods:

Voting by attending the meeting. A shareholder may vote his or her shares in person at the Annual Meeting. A shareholder planning to attend the meeting should bring proof of identification for entrance to the meeting. If your shares are not registered in your own name, you will need appropriate documentation to confirm your ownership to vote at the Annual Meeting. Examples of such documentation include a broker's statement, letter or other document that will confirm your ownership of shares of the Company.

Voting by proxy card. All shares entitled to vote and represented by properly executed proxy cards received prior to the Annual Meeting and not revoked, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxy cards. If no instructions are indicated on a properly executed proxy card, the shares represented by that proxy card will be voted as recommended by the Board of Directors. If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the enclosed proxy card and acting thereunder generally will have discretion to vote on those matters in accordance with their best judgment. The Company does not currently anticipate that any other matters will be raised at the Annual Meeting.

Submitting Proxies Via the Internet or by Telephone. Many shareholders who hold their shares through a broker or bank may have the option to submit their proxies or voting instructions via the Internet or by telephone. If your shares are held in "street name", you should check the voting instruction card that has been provided to you by your broker and follow the instructions that have been provided for Internet or telephone voting on that card.

You are invited to attend the meeting; however, to ensure your representation at the meeting, you are urged to vote via the Internet or telephone, or mark, sign, date and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any shareholder of record attending the meeting may vote in person even if he or she has voted via the Internet or telephone, or returned a proxy card. By voting in person, you automatically revoke any prior proxy given by Internet, telephone or proxy card.

For the election of directors, the nominee who receives the most votes will be elected to the one (1) available seat on the Board (i.e. by a plurality of votes cast). If you return a signed proxy form indicating your abstention or attend the Annual Meeting but choose to abstain from voting on any proposal (revoking your proxy), you will be considered present at the Annual Meeting and not voting in favor of the proposal. Since most proposals pass only if they receive favorable votes from a majority of votes present at the Annual Meeting, the fact that you are abstaining and not voting in favor of a proposal will have the same effect as if you had voted against the proposal.

Holders of common shares are not entitled to cumulative voting rights.

Effect of Broker Non-Votes

Certain shareholder nominees (such as brokers, banks and other nominees) have the discretion to vote on routine matters, such as the ratification of the selection of our independent registered public accounting firm, unless you instruct otherwise; but they do not have authority to vote on non-routine matters, such as the election of directors.

A "broker non-vote" occurs when your broker submits a proxy for your shares but does not indicate a vote for a particular proposal because the broker does not have authority to vote on that proposal and has not received voting instructions from you. "Broker non-votes" are not counted as votes for or against the proposal in question or as abstentions, and are not counted to determine the number of votes present for the particular proposal.

If your broker holds shares in your name and delivers this proxy statement to you, the broker is entitled to vote your shares on Proposal 2; Ratification of Independent Registered Public Accounting Firm, even if the broker does not receive voting instructions from you. Without your instructions, the broker is not entitled to vote your shares on Proposal 1: Election of Directors or Proposal 3; Approval a non-binding advisory resolution regarding the compensation of the Company's Named Executive Officer. We encourage you to provide instructions to your broker, bank or other nominee. This ensures your shares will be voted at the meeting.

A broker non-vote would have no effect on the outcome of Proposal 1 because only a plurality of votes cast is required to elect a director.

Quorum

A quorum of shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of common stock entitled to vote are represented in person or by proxy at the Annual Meeting, a quorum will exist. Abstentions and broker non-votes will be considered present for purposes of determining the presence of a quorum.

Revocability of Proxy/Dissenter's Right of Appraisal

Any proxy card given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. A proxy card may be revoked (1) by filing with the Corporate Secretary of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation or a duly executed proxy card, in either case dated no later than the prior proxy card relating to the same shares, or (2) by attending the Annual Meeting and voting or abstaining in person (although attendance at the Annual Meeting will not of itself revoke a proxy). Any written notice of revocation or subsequent proxy card must be received by the Corporate Secretary of the Company prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to the Corporate Secretary of the Company or should be sent so as to be delivered to American Bio Medica Corporation, 122 Smith Road, Kinderhook, New York 12106, Attention: Corporate Secretary.

The Board is not proposing any action for which the laws of the State of New York, our Certificate of Incorporation and/or our Bylaws, as amended from time to time, provide a right of a shareholder to obtain appraisal of or payment for such shareholder's shares.

Solicitation of Proxies

The Company will pay the costs of soliciting proxies from its shareholders. Directors, officers or employees of the Company may solicit proxies by mail, telephone, and other electronic forms of communication or in person without additional compensation.

The Company will also reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. Arrangements may also be made with brokerage firms or other custodians, nominees or fiduciaries for the forwarding of soliciting material to the beneficial owners of common shares of the Company held of record by such persons; and the Company will reimburse such respective banks, brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses incurred by them. Broadridge Financial Solutions, Inc. has been retained to assist in soliciting proxies at a fee of approximately $5,000 including distribution costs and other costs and expenses.

Householding of Proxy Materials

Some banks, brokers, and other intermediaries may participate in the practice of "householding" proxy statements, annual reports and related notices. This rule allows us to send a single copy of this proxy statement to any household at which two (2) or more of our shareholders reside, if we believe that the shareholders are members of the same family. This rule benefits both the Company and its shareholders as it reduces the volume of duplicate information received at a shareholder's house and helps reduce our expenses. Each shareholder, however, will continue to receive individual proxy cards or voting instructions forms. Shareholders that have previously received a single set of disclosure documents may request their own copy by contacting their bank, broker or other intermediary. We will also deliver a separate copy of this proxy statement to any shareholder upon written request to American Bio Medica Corporation, Attn: Corporate Secretary, 122 Smith Road, Kinderhook, New York 12106.

DISCUSSION OF PROPOSALS RECOMMENDED BY BOARD

Proposal No. 1

Election of Directors

General

The current bylaws of the Company allow for a classified or staggered board. The Company's Board of Directors is divided into three classes serving staggered terms. During the year ended December 31, 2018, the Company's Board of Directors was fixed at five (5) members.

The director with their term expiring at this Annual Meeting is Chaim Davis, a Class I director. As of the date of this report, the other members of the Board of Directors are Jean Neff and Diane J. Generous (both Class II directors with terms expiring in June 2020) and Melissa A. Waterhouse (our Chief Executive Officer/Principal Financial Officer) and Peter Jerome; both Class III directors with terms expiring in June 2021. On March 20, 2018, Mr. Davis was appointed as Chairman of the Board of Directors.

The Board of Directors, upon the recommendation of the Nominating Committee has nominated Chaim Davis to serve as a director until the 2022 Annual Meeting of Shareholders and until his successor has been duly elected and qualified. It is the intention of the persons named as proxies in the accompanying proxy, unless instructed otherwise, to vote for Chaim Davis. If Chaim Davis should become unavailable to serve, the proxy may be voted for the election of a substitute nominee as may be designated by the Board of Directors. The Board of Directors has no reason to believe that Chaim Davis will be unable to serve if elected.

Name	Age	Term Expires	Position(s) held	Director Since
Chaim Davis	41	2019	Director and Chairman of the Board	2017

The principal occupation and business experience of Chaim Davis during at least the last five (5) years is set forth below.

Chaim Davis was appointed to our Board of Director in June 2017 and was appointed as Chairman of the Board of Directors in March 2018. Since July 2005, Mr. Davis has been the Managing Member of Revach Group, LLC, the general partner of Revach Fund L.P. ("Revach"), a sector-specific life science fund focusing on micro to mid cap companies, which he founded in 2005. He has also served as a consultant to other hedge funds including Gem Partners, KOM Capital Management and Maot Group. From 2010 to 2014, he served as a director and a member of the audit and compensation committees of AtheroNova Inc. (OTCBQ: AHRO). Since April 2013, Mr. Davis has also served on the Board of Directors of Entera Bio, a clinical stage biopharmaceutical company. Mr. Davis received his B.A. from Columbia University.

The Board of Directors unanimously recommends a vote "FOR" the nominee for election as director.

INFORMATION ABOUT THE BOARD OF DIRECTORS

Directors that are not nominees

The Company's Board of Directors currently consists of five (5) members. One (1) member is being nominated for election at this Annual Meeting, and the principal occupation and business experience during at least the last five (5) years of the nominee is presented above. The other four (4) members are:

Name	Age	Term Expires	Position(s) held	Director Since
Jean Neff	76	2020	Director and Corporate Secretary	2008
Diane Generous	59	2020	Director	2014
Melissa A. Waterhouse	48	2021	Chief Executive Officer, Principal Financial Officer and Director	2014
Peter Jerome	50	2021	Director	2018

The principal occupation and business experience during at least the last (five) 5 years of the other four (4) directors is set forth below.

Jean Neff was appointed to our Board of Directors in February 2008 and, until her retirement in early 2014, she was the Sr. Vice President Mid-Atlantic Region of Solstas Lab Partners. She served as the Sr. Vice President of New Business Development of the Occupational Testing Services division of Laboratory Corporation of America, from 1991 until 2007. She received her B.S. in Biology from Mercer University. Ms. Neff provides decades of experience in administration, sales and management making her well qualified as a member of the Board.

Diane J. Generous was appointed to our Board of Directors in December 2014. Ms. Generous is the daughter of Edmund Jaskiewicz, our President and Chairman Emeritus. Ms. Generous is an attorney with over 25 years in strategic fundraising, development and advocacy communications. She received her JD from George Washington University and her BA in Economics from Duke University. Since January 2005, she has been a principal of Generous Associates, a consulting firm that provides political and non-profit strategies and fundraising services.

Melissa A. Waterhouse joined the Company in 1997. Since that time she has held various management positions in Investor Relations, Marketing, Public Relations and Corporate Compliance. She served as our Corporate Secretary from September 2003 until her interim appointment as Chief Executive Officer and Chief Financial Officer in October 2013. In June 2014, Ms. Waterhouse was appointed as Chief Executive Officer, Principal Financial Officer and was appointed to the Board of Directors.

Peter Jerome was appointed to our Board of Directors in January 2018. Since February 2016, Mr. Jerome has been the Senior Director, Finance of Taconic Biosciences, Inc., a company that develops and produces animal research models for pharmaceutical and biotechnology companies worldwide. Prior to his position with Taconic Biosciences, Inc., Mr. Jerome served as the Chief Financial Officer for CMP Pharma, Inc., a niche pharmaceutical company and Chief Financial Officer for Tyratech, Inc., a life science company. Mr. Jerome received his B.S in accounting and computer information systems from Manhattan College and has been a certified public accountant since 1994.

Chairman Emeritus

Edmund M. Jaskiewicz served as one of our directors from 1992 until his resignation in December 2014 and he continues to serve as President of our corporation. Mr. Jaskiewicz is a lawyer-engineer. He has practiced international patent and corporate law as a sole practitioner since 1963. He received his J.D. from George Washington University Law School and his B.S. in Engineering from the University of Connecticut.

Information Related to Non-Employee Director Stock Options Outstanding as of December 31, 2018

Name	Number of Securities Underlying Unexercised Options (#) Exercisable [1]	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Diane J. Generous	20,000	0	$0.12	06/19/25
	20,000	0	$0.15	06/24/26
	20,000	0	$0.13	06/15/27
	20,000	0	$0.10	06/21/28
Jean Neff	20,000	0	$0.12	06/19/24
	20,000	0	$0.12	06/19/25
	20,000	0	$0.15	06/24/26
	20,000	0	$0.13	06/15/27
	20,000	0	$0.10	06/21/28
Chaim Davis	50,000[2]	0	$0.18	04/23/23
	20,000	0	$0.10	06/21/28
Peter Jerome	20,000	0	$0.10	06/21/28

1) Includes options exercisable within 60 days of April 20, 2018.

2) The option grant issued to Mr. Davis was granted on April 26, 2013 (prior to his appointment to the Board of Directors) in connection with consulting services provided to the Company. The option vested over 2 years in equal installments and was fully vested as of April 26, 2015.

COMPENSATION OF DIRECTORS

DIRECTOR COMPENSATION[1]					
Name	Fees Earned or Paid in Cash ($)[2]	Option Awards ($)	Stock Awards ($)	All Other Compen-sation ($)	Total ($)
Diane J. Generous	$ 7,500[3]	$ 1,600[4]	$ 0	$ 0	$ 9,100
Jean Neff	$ 3,750[5]	$ 1,600[4]	$ 0	$ 0	$ 5,350
Chaim Davis	$ 2,500[6]	$ 1,600[4]	$6,500[7]	$ 0	$ 10,600
Peter Jerome	$ 7,500[3]	$ 1,600[4]	$ 0	$ 0	$ 9,100

1) There were no Non-Equity Incentive Plan Compensation, or Non-Qualified Deferred Compensation Earnings issued or earned by members of the Board of Directors in the year ended December 31, 2018. These columns have been omitted.

2) This figure does not include any reimbursed out-of-pocket expenses related to a Director's attendance at a meeting of the Board of Directors or committee of the Board of Directors.

3) Includes fees actually paid for attendance of three (3) regularly scheduled, in person meetings of the Board of Directors.

4) The aggregate grant date fair value of the options, computed in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 718 was $0.08, and the value of the options totaled $1,600. The fair value of the stock option grant issued was estimated utilizing the Black-Scholes option-pricing model using the following weighted average assumptions: dividend yield of 0%; risk-free interest rate of 2.90%; expected life of 10 years; and stock price volatility of 79.2%.

5) Includes fees actually paid for telephonic attendance of three (3) regularly scheduled, in person meetings of the Board of Directors.

6) Includes fee for attendance of one (1) regularly scheduled, in person meeting of the Board of Directors. Mr. Davis received stock awards for his attendance at the other two (2) meeting held within the year ended December 31, 2018

7) Mr. Davis received his board meeting attendance fees in shares of restricted common stock in lieu of cash. See "Narrative to Director Compensation Table". The fair value of the restricted shares was computed in accordance with FASB ASC Topic 718 as full value awards; therefore, the market value of the underlying stock on the date of the grant was used to determine the value.

NOTE: Melissa A. Waterhouse does not receive any compensation for her services as a member of the Board of Directors, or her attendance at meetings of the Board of Directors. Chairman Emeritus & President Edmund M. Jaskiewicz may attend meetings at the invitation of the Board of Directors but does not receive any compensation for his attendance at board meetings and he is not reimbursed for any out-of-pocket expenses related to his attendance at board meetings.

Narrative to Director Compensation Table

Throughout the year ended December 31, 2018, directors who are not employees ("Non-Employee Directors") of the Company received a fee of $2,500 per meeting for attending meetings of the Board of Directors in person and were reimbursed for out-of-pocket expenses submitted in connection with attending such meetings.

Members who attended in person meetings of the Board of Directors telephonically received 50% of this compensation, or $1,250. Three (3) regular in-person meetings were held during the year ended December 31, 2018. However, the board informally met telephonically several times throughout the year ended December 31, 2018.

Non-Employee board members are not paid for their attendance at Committee meetings of the Board of Directors; however, Non-Employee Directors are reimbursed for any out of pocket expenses they may incur in attending telephonic meetings of the Board of Directors or meetings of the Committees of the Board of Directors.

On March 22, 2018, the Non-Employee Directors agreed, and the Board of Directors therefore resolved, to offer a director compensation structure for attendance at meetings of the Board of Directors that would consist of payment in cash only, restricted common shares of Company stock or a combination of both; solely at the option of the Non-Employee director. In the year ended December 31, 2018, only one board member (Chaim Davis) chose payment in the form of restricted stock for his attendance at two (2) of the meetings of the Board of Directors.

No member of the Board of Directors has a compensation arrangement that differs from those of other members of the Board of Directors.

Proposal No. 2

Ratification of Independent Registered Public Accounting Firm

On January 6, 2016, the Company engaged UHY, LLP ("UHY") as its independent registered public accounting firm to perform audit services in connection with the Company's year ended December 31, 2015, and UHY has continued as the Company's independent registered public accounting firm since that engagement. On December 31, 2018, the Company re-engaged UHY, LLP ("UHY") as its independent registered public accounting firm to perform audit services for the year ended December 31, 2018 and to conduct reviews of unaudited quarterly financial information through the quarter ending September 30, 2019. The decision to engage UHY was approved by the Audit Committee of the Board of Directors. Prior to UHY's engagement, the Company did not consult with UHY and receive either written or oral advice from UHY that was an important factor considered by the Company in reaching a decision as to the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on the Company's financial statements. In addition, the Company had not consulted with UHY concerning any matter that was the subject of a disagreement or a reportable event, each as described in Item 304(a)(1)(iv) and Item 304(a)(1)(v) of Regulation S-K.

The Company is asking its shareholders to ratify the selection of UHY, LLP as its independent registered public accounting firm. Although ratification is not required by the Company's By-laws or otherwise, the Company's Board of Directors is submitting the Audit Committee's selection of UHY to our shareholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different principal registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders. If the appointment of UHY is not ratified, the Audit Committee will evaluate the basis for the shareholders' vote when determining whether to continue the firm's engagement.

Representatives of UHY will attend the Annual Meeting and will have an opportunity to make a statement and/or to respond to appropriate questions from shareholders.

Audit Fees

Year Ended December 31, 2018

The audit engagement fee for the year ended December 31, 2018 (pursuant to our engagement letter) was $66,000 which included up to 500 audit hours. Any additional time required to complete the audit will be billed at an agreed upon hourly rate. As of the date of this report, we have been billed $63,000 in connection with the audit of the year ended December 31, 2018.

The fees for the review of interim financial information included in each of the Company's Form 10-Q's for the year ended December 31, 2018 (pursuant to our engagement letter) were $27,000 which included 65 review hours. Any additional time required to complete the reviews were billed at an agreed upon hourly rate. In the year ended December 31, 2018, we were billed $37,000 in connection with UHY's review of our quarterly financial information.

Year Ended December 31, 2017:

The audit engagement fee for the year ended December 31, 2017 (pursuant to our engagement letter) was $66,000 which included up to 500 audit hours. Any additional time required to complete the audit were billed at an agreed upon hourly rate. The aggregate fees billed by UHY to the Company for the year ended December 31, 2017 for the audit of financial statements was $78,000.

The fees for the review of interim financial information included in each of the Company's Form 10-Q's for the year ended December 31, 2017 (pursuant to our engagement letter) were $18,000. In the year ended December 31, 2017, we were billed $23,000 in connection with UHY's review of our quarterly financial information. We were also billed $2,000 for the review of our Proxy Statement for the year ended December 31, 2017 (in the year ended December 31, 2018).

Audit Related Fees

There were no audit related fees billed by UHY to the Company in the year ended December 31, 2018 or December 31, 2017.

Tax Fees

The tax engagement fee for the year ended December 31, 2018 and December 31, 2017 was $9,000 for each year.

All Other Fees

There were no other fees billed by UHY to the Company for the years ended December 31, 2018 or December 31, 2017.

There were no other fees billed by UHY for services rendered to the Company other than the services described herein and the Audit Committee has considered whether the provision of these services is compatible with maintaining the independence of our public accountants.

Pursuant to SEC Rule 210.2-01I(7)(i), the Company's Audit Committee approved the engagement of UHY prior to UHY rendering audit or non-audit services. 100% of the services performed by UHY were also approved.

The Board of Directors unanimously recommends a vote "FOR" the ratification of our independent registered public accounting firm for the year ending December 31, 2019.

Proposal No. 3

To approve, a non-binding advisory resolution, REGARDING the compensation of the company's Named Executive Officer

The compensation of our Chief Executive Officer/Principal Financial Officer Melissa A. Waterhouse ("Named Executive Officer") is described under the heading "Executive Compensation". It is highly recommended that shareholders review the "Executive Compensation" as well as the "Narrative Disclosure Related to Summary Compensation", and the "Compensation Committee Report"; all of which are set forth later within this Proxy Statement. (Note: The "Narrative Disclosure Related to Summary Compensation" includes information related to change in control and severance provisions in the Named Executive Officer's employment contracts).

In accordance with Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the adopted changes to Section 14A of the Securities Exchange Act of 1934 (the "Exchange Act"), we are providing the Company's shareholders with an opportunity to vote on a non-binding advisory resolution to approve the

compensation of our Named Executive Officer. At the Company's Annual Meeting of Shareholders held on June 20, 2013, it was approved by shareholder vote that this Proposal with respect to an advisory vote on Named Executive Officer compensation be submitted in the Proxy Statement for shareholder vote every three years.

This proposal, commonly known as a "Say-on-Pay" proposal, gives you as a shareholder the opportunity to provide an advisory vote on the Company's executive compensation as disclosed in this Proxy Statement through the following resolution:

"RESOLVED, that the Shareholders of American Bio Medica Corporation (the "Company") approve, on an advisory basis, the overall compensation of the Company's Named Executive Officer, as described under the heading "Executive Compensation" set forth later in this Proxy Statement."

This advisory vote is non-binding on the Company and our Board of Directors. However, the Board of Directors values open dialogue with the Company's shareholders on the issue of executive compensation and other corporate governance issues. The Company and its Board of Directors encourages all shareholders to vote on this matter.

Required Vote: Approval of this resolution requires the affirmative vote of a majority of the votes cast at the 2019 Annual Meeting. While this vote is required by law, it will not be binding on the Company or our Board of Directors, nor will it create or imply any changes in the fiduciary duties of, or impose any additional fiduciary duties on the Company or our Board of Directors. The Compensation Committee of the Board of Directors will however, take into account the outcome of the vote when considering future executive compensation.

The Board of Directors unanimously recommends a vote "FOR" the resolution set forth in Proposal No. 3. Unless otherwise instructed, validly executed proxies will be voted "FOR" this resolution.

EXECUTIVES

Executive Officer

As of the date of this report and throughout the year ended December 31, 2018, our sole executive officer is Melissa A. Waterhouse. Although Mr. Jaskiewicz continues to serve as the President of the corporation, he is not in charge of any principal business unit, division or function within the company, and he does not perform any policy making function. Ms. Waterhouse also serves as a member of our Board of Directors and her biography can be found under "Information about our Board of Directors".

Additional Senior Management

In addition to Ms. Waterhouse, the following table sets forth the names, ages, positions/offices held, the term of the positions/offices held of additional senior management.

Name	Age	Position(s) held	Since
Douglas Casterlin	71	Vice President, Operations	2012
Scott H. Hutton, Ph.D.	62	Vice President, Sales & Marketing	2014

Douglas Casterlin has served as our Vice President, Operations since July 2012. Mr. Casterlin originally joined the Company in 1997. He left the Company from 2004 until 2008. Mr. Casterlin has over 30 years experience in manufacturing and production.

Scott D. Hutton, Ph.D. re-joined us in 2014; however, he has over 10 years of service with ABMC. He was appointed as Director of Sales & Marketing in November 2014 and as Vice President of Sales and Marketing in November 2016. Dr. Hutton has 20 years of experience in the drug testing industry, and has negotiated numerous state contracts as well as contracts with Fortune 500 Companies. Prior to being in the drug testing industry, Dr. Hutton had over 15 years of law enforcement and corrections management experience.

EXECUTIVE COMPENSATION

The following table sets forth for the years ended December 31, 2018 and December 31, 2017, the compensation paid by the Company to its principal executive officer ("PEO") and also the "Named Executive Officer". Ms. Waterhouse was the sole executive officer in both the years ended December 31, 2018 and December 31, 2017. There were no additional individuals for whom disclosure would have been provided but for the fact that the individuals were not serving as executive officers of the Company at year end December 31, 2018.

SUMMARY COMPENSATION TABLE[1]

Name and principal position	Year Ended	Salary ($)	Option Awards ($)	All Other Compen-sation ($)	Total ($)
Melissa A. Waterhouse Chief Executive Officer (PEO) Principal Financial Officer	12/31/18 12/31/17	$138,855[2] $138,000[4]	$ 0 $ 0	$25,235[3] $22,3188[5]	$164,090 $160,318

1) There were no amounts paid to the named executive officer related to Bonuses, Stock Awards, Non-Equity Incentive Plan Compensation or Nonqualified Deferred Compensation Earnings; therefore, these columns of the table have been omitted.

2) Ms. Waterhouse's salary in the year ended December 31, 2018 was $160,000 under her employment contract; however in the year ended December 31, 2018, 20% of Ms. Waterhouse's salary was deferred through September 30, 2018 and 10% of her salary was deferred from October 1, 2018 through December 31, 2018. As December 31, 2018, the Company owed Ms. Waterhouse $83,000 in deferred compensation.

3) Consists of $25,087 for health insurance premiums and $148 for premiums paid, by the Company for Ms. Waterhouse's benefit, for long-term disability and life insurance, both of which are provided to all employees of the Company.

4) Ms. Waterhouse's salary in the year ended December 31, 2017 was $160,000 under her employment contract; however in the year ended December 31, 2017, 20% of Ms. Waterhouse's salary was deferred under the Company's salary deferral program. This amount includes $10,000 in deferral paybacks made to Ms. Waterhouse in the year ended December 31, 2017 (against previously deferred amounts). At December 31, 2017, the Company owed Ms. Waterhouse $54,813 in deferred compensation.

5) Consists of $21,431 for health insurance premiums and $887 for premiums paid, by the Company for Ms. Waterhouse's benefit, for long-term disability and life insurance, both of which are provided to all employees of the Company.

Narrative Disclosure Related to Summary Compensation

Melissa A. Waterhouse, Chief Executive Officer (PEO)/Principal Financial Officer

Ms. Waterhouse entered into an employment agreement with the Company on June 19, 2014 providing for an annual salary of $160,000, health and dental benefits and participation in any management bonus program adopted by the Company. Ms. Waterhouse's employment agreement has severance and change in control provisions. Under the agreement, termination from the Company for any reason other than cause results in severance being paid to Ms. Waterhouse. Such severance equals twelve (12) months of Ms. Waterhouse's base salary at the time of separation, with continuation of all medical benefits during the twelve-month period at the Company's expense. Additionally, under the employment agreement, Ms. Waterhouse may resign her position and elect to exercise the severance provision at her option under the following circumstances:

1) If she is required to relocate by the Company or its Board of Directors more than 50 miles from the Company's New York corporate facility as a condition of continued employment; or

2) If there is a substantial change in the responsibilities normally assumed by a Chief Executive Officer or Principal Financial Officer at the direction of the Board of Directors.

In addition, the Company provides Ms. Waterhouse with the same benefits offered to other employees, including long-term disability and life insurance, at the Company's expense. Ms. Waterhouse's employment agreement also contains change in control provisions which gives Ms. Waterhouse the option to resign and receive a lump sum severance payment equal to two (2) times her annual base salary at the time of the change in control, which option must be exercised within ten (10) days following the change in control.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning the outstanding equity awards of the Named Executive Officer at year-end December 31, 2018:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END
OPTION AWARDS[1]

Name	Number of Securities Underlying Unexercised Options (#) Exercisable[2]	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Melissa A. Waterhouse	25,000	0	$0.09	12/31/20
Chief	25,000	0	$0.26	02/21/23
Executive	200,000	0	$0.14	06/25/23
Officer (PEO)	250,000	0	$0.12	06/29/25
Principal	750,000	0	$0.11	01/29/26
Financial Officer				

1) No Stock Awards were outstanding for any of the Named Executive Officers in the year ended December 31, 2018, and therefore the Stock Awards portion of the table has been omitted. Furthermore, because there were no Equity Incentive Plan Awards outstanding for the Named Executive Officer, this column was omitted as well.

2) Includes options that are exercisable within 60 days of April 23, 2019.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company, through its Board of Directors, attempts to review all related party transactions to ensure fairness to the Company and proper disclosure under SEC rules. Additionally, the Board of Directors conducts annual reviews of each director to determine such director's independence. We also require our executive officers and directors to complete a questionnaire that is intended to identify transactions or potential transactions that require disclosure under SEC rules or create a potential conflict of interest. Furthermore, our Code of Ethics contains provisions related to actual or apparent conflicts of interest between personal and professional relationships. A copy of the Company's Code of Ethics can be found on its website located at www.abmc.com as noted under "Code of Ethics".

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of April 23, 2019 there were 32,518,361 common shares outstanding of which 32,518,361 common shares are entitled to vote at the Annual Meeting. The following table sets forth, as of April 23, 2019, the beneficial ownership of the Company's common shares by (i) each director, (ii) each nominee for director, (iii) the Named Executive Officer, (iv) all directors and executive officers of the Company as a group, and (v) each shareholder, known to management of the Company, to beneficially own more than five percent (5%) of the outstanding common shares.

The number and percentage of shares beneficially owned is determined under the rules of the United States Securities and Exchange Commission ("SEC"), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within sixty (60) days after April 23, 2019 through the exercise of any stock option, exchange of exchangeable shares or other right. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned. Unless otherwise noted, the address of each person is c/o American Bio Medica Corporation, 122 Smith Road, Kinderhook, New York 12106.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership *	Percent of Class
Common	Chaim Davis	2,652,451[1]	8.14%
Common	Melissa A. Waterhouse	1,250,000[2]	3.70%
Common	Jean Neff	100,000[3]	**
Common	Diane J. Generous	122,6000[4]	**
Common	Peter Jerome	20,000(5)	**
Common	Directors and Executive Officers as a group (5 persons)	4,145,051[5]	12.18%
Common	MP Biomedicals LLC	4,378,601[6]	14.57%
Common	John J. Moroney	4,481,628[7]	12.98%
Common	Edmund M. Jaskiewicz	3,433,420[8]	10.45%

* Unless otherwise noted, the number of shares noted for each individual is based upon information obtained from their Section 16(a) or Rule 13d filings with the SEC.

** Less than one percent (1%).

1) Includes 107,813 shares issued to Chaim Davis in connection with his attendance at two (2) meetings of our Board of Directors in the year ended December 31, 2018 and one (1) meeting of our Board of Directors in the year ending December 31, 2019, as well as 2,449,915 shares in the name of Revach Fund, LP. (Chaim Davis is a managing member of Revach Group, LLC which operates as the general partner of the Revach Fund, LP). Also includes 24,723 shares held by Mr. Davis directly prior to his appointment to our Board of Directors and 70,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

2) Includes 1,250,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

3) Includes 100,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

4) Includes 80,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

5) Includes 20,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

6) Includes an aggregate of 1,520,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

7) Information based on the last Section 16(a) filing made by MP Biomedicals LLC on December 22, 2015. The address for MP Biomedical LLC is 3 Hutton Centre Drive, Suite 100, Santa Ana, California 92707.

8) Information based on last Section 16(a) filing made by John J. Moroney, a principal of Landmark Pegasus, Inc. The address for Mr. Moroney is 118 Pegasus Drive, Jupiter, FL 33477. Includes 2,000,000 common shares subject to warrants exercisable within 60 days of April 23, 2019.

9) Mr. Jaskiewicz resigned from the Board of Director on December 17, 2014, however he continues to attend board meetings at the invitation of the Board of Directors as Chairman Emeritus and is the President of the corporation. Includes 330,000 common shares subject to stock options exercisable within 60 days of April 23, 2019.

CORPORATE GOVERNANCE

General Information related to the Board of Directors & Attendance at Meetings

The Board of Directors oversees our business and monitors the performance of our management. The Board of Directors does not involve itself in the day-to-day operations of the Company. Our executive officer and management oversee our day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meetings of the Board, which are typically held on a quarterly basis. Special meetings may be held from time to time to consider matters for which approval of the Board of Directors is desirable or is required by law. Our directors also discuss business and other matters with our key executive and our principal external advisors (legal counsel, independent auditors, and other consultants) when necessary.

The Board of Directors held three (3) regular meetings during the year ended December 31, 2018. Each director attended 100% of the meetings of the Board of Directors in the year ended December 31, 2018.

Directors are expected to prepare themselves for and attend all meetings of the Board of Directors, Annual Meetings of Shareholders and the meetings of the committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting. Jean Neff was unable to attend our Annual Meeting of Shareholders held in June 2018.

Board Leadership Structure and Role in Risk Oversight

Board Leadership Structure

Over the last several years, the Company has had different individuals holding the positions of Chairman of the Board and Chief Executive Officer. The Board of Directors believes this structure is appropriate for the Company because it provides the Board of Directors with capable leadership and allows the Chief Executive Officer to focus on the day-to-day business of running the Company while the Chairman leads the Board of Directors. The independent directors meet in executive sessions in connection with regular meetings of the Board of Directors. Melissa Waterhouse serves as our Chief Executive Officer, and Chaim Davis serves as our Chairman of the Board.

Role in Risk Oversight

The role of our Board of Directors in our Company's risk oversight process includes receiving regular reports from management on areas of material risk to our Company, including operational, financial, legal and regulatory, and strategic risks. The full Board of Directors (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from either the Chief Executive Officer or from the member of management responsible for the function from which the risk arises so that it can understand and assess the Company's ongoing risk identification, risk management and risk mitigation strategies. When a committee receives a report regarding a previously unidentified risk, the chairman of the relevant committee reports on the discussion to the full Board of Directors. This enables the Board of Directors and its committees to coordinate the risk oversight role and consult with management about implementation of appropriate risk management and mitigation measures. Our Board of Directors also administers its risk oversight function through the required approval by the Board (or a committee of the Board) of significant transactions and other material decisions, and regular periodic reports from the Company's independent registered public accounting firm and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal controls and financial reporting.

Independent Directors

Our common shares are currently trading on the OTC Markets, Inc., under their OTC Pink Open Marketplace. The OTC Pink Marketplace offers trading in a wide range of equities through any broker. We are classified as an OTC Pink company with "current information". Companies with this designation follow the International Reporting Standard and make their filings publicly. In our case, we are current in all of our reporting requirements. Although the OTC Pink Marketplace does not have requirements related to director independence, we use NASDAQ's listing standards and SEC rules and regulations to determine the independence of our directors.

For a director to be independent under NASDAQ listing standards, the director must be a person other than an executive officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the Company's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Under NASDAQ's listing standards, a "Family Member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home. The following persons cannot be considered independent:

- a director who is, or at any time during the past three (3) years was, employed by the Company;
- a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of $120,000 during any period of twelve (12) consecutive months within the three (3) years preceding the determination of independence, other than the following: (i) compensation for board or board committee service; (ii) compensation paid to a Family Member who is an employee (other than an executive officer) of the Company; or (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

In addition to the requirements stated above, audit committee members are also subject to additional, more stringent independence requirements under NASDAQ listing standards and SEC rules, which disqualify:

- a director who is a Family Member of an individual who is, or at any time during the past three (3) years was, employed by the Company as an executive officer;
- a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three (3) fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more, other than the following: (i) payments arising solely from investments in the Company's securities; or (ii) payments under non-discretionary charitable contribution matching programs;
- a director of the Company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three (3) years any of the executive officers of the Company serve on the compensation committee of such other entity; or
- a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three (3) years.

Furthermore, in addition to the independence requirements discussed above, independent Audit Committee members may not, other than in their capacity as a member of the Audit Committee, the Board of Directors or any other board committee:

- accept, directly or indirectly, any consulting, advisory, or other compensatory fees from the Company other than for services as a board member; or
- be an affiliated person of the Company.

The Board of Directors has determined that Jean Neff, Diane J. Generous, Chaim Davis and Peter Jerome are independent directors under NASDAQ's listing standards. As of the date of this report, the majority of the Board of Directors is independent as there are currently five (5) members on the Board of Directors.

In accordance with NASDAQ's listing standards, independent directors meet in executive session when required in conjunction with regularly scheduled meetings of the Board of Directors, outside of the presence of non-independent directors.

Code Of Ethics

The Company has adopted a Code of Ethics that applies to all employees, including but not limited to the principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions. The Board of Directors will review the Code of Ethics on a regular basis and propose or adopt additions or amendments to the Code of Ethics as appropriate. A copy of the Company's Code of Ethics can be found on its website located at www.abmc.com, under the section title "Corporate" and the subsection titled "Governance". A copy of the Code of Ethics may also be obtained free of charge by sending a written request to American Bio Medica Corporation, Attention: Corporate Secretary, 122 Smith Road, Kinderhook, New York 12106.

Committees of the Board of Directors

The Board of Directors of the Company has established the following committees:

Nominating Committee

The Nominating Committee currently consists of three (3) members, all of which the Board has determined are independent as defined by NASDAQ listing requirements and SEC rules and regulations. As of the date of this report, the Nominating Committee consists of three (3) members, Jean Neff, Diane J. Generous and Chaim Davis. Diane J. Generous serves as the Chairman of this Committee.

The Nominating Committee is governed by a charter it has adopted. A copy of the Nominating Committee charter can be found on the Company's website at www.abmc.com, under the section title "Corporate" and the subsection titled "Governance". A copy can also be obtained free of charge by sending a written request to American Bio Medica Corporation, Attn: Corporate Secretary, 122 Smith Road, Kinderhook, New York 12106. There have been no material changes to the Nominating Committee Charter since it was last filed as an exhibit to the Company's Proxy Statement filed on May 12, 2004.

The purpose of the Nominating Committee is to review, and make recommendations related to, qualified candidates for election to the Board of Directors. In carrying out these functions, the Nominating Committee considers a candidate's mix of skills, experience, character, commitment and diversity of background, all in the context of the requirements of the Board of Directors at that point in time. Each candidate should be prepared to participate fully in activities of the Board of Directors, including attendance at, and active participation in, meetings of the Board of Directors, and not have other personal or professional commitments that would, in the Nominating Committee's judgment, interfere with or limit such candidate's ability to do so.

Additionally, in determining whether to recommend a director for re-election, the Nominating Committee considers the director's record of attendance at Board of Directors and Committee meetings and participation in and contributions to the activities of the Board of Directors. The Nominating Committee has no stated specific, minimum qualifications that must be met by a candidate for a position on our Board of Directors. The Nominating Committee does, however, believe it appropriate for at least one (1) member of the Board to meet the criteria for an "Audit Committee Financial Expert" as defined by SEC rules, and for a majority of the members of the Board to meet the definition of "independent director" within the meaning of applicable NASDAQ listing standards, even though such criteria may not be required by OTC Markets Group.

The Nominating Committee's methods for identifying candidates for election to the Board of Directors (other than those proposed by the Company's shareholders, as discussed below) include the solicitation of ideas for possible candidates from a number of sources, including: members of the Board of Directors, the Company's executives, individuals personally known to the members of the Board of Directors and other research. The Nominating Committee also has authority to select and compensate a third-party search firm to help identify candidates, if it deems it advisable to do so.

The Nominating Committee will consider nominees recommended by its shareholders. Shareholders may submit nominations to the Nominating Committee in care of Corporate Secretary, American Bio Medica Corporation, 122 Smith Road, Kinderhook, New York 12106. To be timely for consideration at our next Annual Meeting of Shareholders, the Corporate Secretary must receive a shareholder's nomination notice at the Company's principal executive offices, at the address set forth above, no later than December 21, 2019. The Nominating Committee will consider all candidates identified through the processes described above, whether identified by the committee or by a shareholder, and will evaluate each of them on the same basis. There have not been any material changes to the procedures by which shareholders may recommend nominees to the Company's board of directors since our last disclosure related to this issue.

The Nominating Committee met one (1) time in the year ended December 31, 2018 and the slate of Directors was determined upon the recommendation of the Board's non-management directors (other than the non-management director that is one of the nominees standing for re-election). All members of the Nominating Committee attended this meeting.

Audit Committee

The OTC Pink Marketplace does not have requirements related to audit committee composition or audit committee charters. The Company's Audit Committee was comprised of four (4) members starting in January 2018, all of which the Board determined are independent directors, (as independence is defined in NASDAQ Rule 5605(a)(2) of the NASDAQ listing standards, as applicable). Peter Jerome was appointed as Chairman of the Audit Committee in January 2018. As of the date of this report, the Audit Committee consists of Jean Neff, Diane J. Generous, Chaim Davis and Peter Jerome.

The Board of Directors has adopted an Audit Committee charter. A copy of the Audit Committee Charter can be found on the Company's website at www.abmc.com, under the section title "Corporate" and the subsection titled "Governance". A copy can also be obtained free of charge by sending a written request to American Bio Medica Corporation, Attn: Corporate Secretary, 122 Smith Road, Kinderhook, New York 12106. There have been no material changes to the Audit Committee Charter since it was last filed as an exhibit to the Company's Proxy Statement filed on May 12, 2004.

This Committee makes recommendations to the Board of Directors with respect to the Company's financial statements and the appointment of independent auditors, reviews significant audit and accounting policies and practices, meets with the Company's independent public accountants concerning, among other things, the scope of audits and reports, and reviews the performance of the overall accounting and financial controls of the Company. The Audit Committee formally met four (4) times and informally met several times in the year ended December 31, 2018. The Audit Committee charter requires four (4) Audit Committee meetings per year. In the year ended December 31, 2018, Jean Neff and Diane J. Generous each attended 75% of the formal meetings and Chaim Davis and Peter Jerome attended 100% of the formal meetings.

Audit Committee Financial Expert

At least one (1) member of the Audit Committee must be financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The individual must have an understanding of generally accepted accounting principles and financial statements, the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves, experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of

accounting issues comparable to those issues raised by the Company's financial statements, an understanding of internal control over financial reporting, and an understanding of audit committee functions. Such attributes would be acquired through education and experience as a principal accounting or financial officer, controller, public accountant or auditor or experience actively supervising such positions, or experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements. Peter Jerome was appointed to the Board of Directors and the Audit Committee in January 2018 and he meets the requirements of a financial expert. Peter Jerome serves as the Chairman of the Audit Committee as of the date of this report.

Audit Committee Report

The Audit Committee reviews the Company's financial reporting process on behalf of the Company's Board of Directors. Management has the primary responsibility for the Company's financial statements and the reporting process. The Company's independent registered public accountants are responsible for expressing an opinion on the conformity of the Company's audited financial statements to generally accepted accounting principles upon completion of their audit.

In this context, the Audit Committee reviewed and discussed with management and the independent public accountants the Company's audited financial statements for the year ended December 31, 2018 (the "Audited Financial Statements"). The Audit Committee has discussed with the independent registered public accountants the matters required to be discussed by statement of Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol.1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accountants required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accountant's communications with the audit committee concerning independence, and has discussed with the independent registered public accountant the independent registered public accountant's independence.

Based on reviews and discussions with the independent registered public accountants, the Audit Committee recommended to the Board of Directors that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

The Audit Committee members do not serve as professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditors. The Committee serves a board-level oversight role where it receives information from, consults with and provides its views and directions to, management and the independent public accountants on the basis of the information it receives and the experience of its members in business, financial and accounting matters.

The Audit Committee

Peter Jerome, Chairman
Jean Neff
Diane J. Generous
Chaim Davis

Compensation and Option Committees

The Compensation Committee makes recommendations to the Board of Directors relating to salaries, bonuses and other compensation and benefits of executive officers, and reviews and advises management regarding benefits and other terms and conditions of compensation of management. The Compensation Committee is also responsible for reviewing the outcome of the shareholder advisory vote on executive compensation. The Company's Option Committee is a sub-committee of the Compensation Committee and administers the Company's stock option plans. The Compensation Committee does not have a charter. The Compensation Committee formally met one (1) time in the year ended December 31, 2018. All members attended the formal meeting.

As of the date of this report, the Compensation Committee consists of Jean Neff, Diane J. Generous and Chaim Davis. Jean Neff serves as the Chairman of the Compensation Committee.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee during the year ended December 31, 2018 served as an officer or employee of the Company or had any relationship requiring disclosure by the Company (except that Diane J. Generous is the daughter of the former Chairman of our Board of Directors and President of the Corporation, Edmund Jaskiewicz).

Compensation Committee Report

The compensation of the Company's sole executive officer; its chief financial officer/ principal financial officer, is recommended for determination to the Board of Directors by the Compensation Committee. In addition to recommending the executive salaries and bonus arrangements, the Compensation Committee recommends policies and guidelines for the determination of other benefits by the Board of Directors.

General. Compensation of the Company's executive officers is intended to attract, retain and reward persons who are essential to the corporate enterprise. The fundamental policy of the Company's executive compensation program is to offer competitive compensation to executive officers that appropriately rewards the individual executive officer's contribution to corporate performance. Compensation is determined primarily by reference to compensation packages for similarly situated executive officers of companies of similar size or in comparable lines of business with which the Company expects to compete for executive officer talent and with reference to the revenues, gross profits and other financial criteria of the Company. In establishing base salaries, the Committee also assesses subjective qualitative factors to discern a particular executive officer's relative value to the corporate enterprise. The Compensation Committee utilizes subjective criteria for evaluation of individual performance and relies substantially on the executive officers in doing so. The Committee focuses on two primary components of the Company's executive officer compensation program, each of which is intended to reflect individual and corporate performance: base salary compensation and bonus program based upon profitability of the Company.

Cash Compensation. Executive officers' base salaries are determined primarily by reference to compensation packages for similarly situated executive officers of companies of similar size or in comparable lines of business with which the Company expects to compete for executive officer talent and with reference to the revenues, gross profits and other financial criteria of the Company. In accordance with these criteria, the salary of the Chief Executive Officer/Principal Financial Officer was established in her employment agreement. The employment agreement of the Chief Executive Officer/Principal Financial Officer was filed as an exhibit to the Current Report on Form 8-K filed with the SEC on June 24, 2014.

Bonus Programs. The Company does not currently have any bonus programs in place. In the past, the Company has implemented bonus programs in which executive officers, senior management and certain mid-level managers were eligible to participate. There have not been bonuses paid to anyone in the Company under any bonus plans, including the named executive officer for more than 10 years. The Company continues to evaluate additional bonus programs to compensate its executive officers, senior management and mid-level managers. Any future bonus programs are expected to be based upon the Company's sales and profitability and/or the market value of the Company's securities. The Company may also adopt other ad hoc bonus programs as appropriate to provide incentives for particular officers or management employees to meet specific goals.

Stock Options. The Company does utilize stock options as a form of long-term incentive compensation. The Company has no plans to widely issue stock options but, will reserve the issuance of stock options for special circumstances.

In reviewing and approving the Chief Executive Officer's compensation for the year ended December 31, 2018, the Board did not retain a compensation consultant. The

Board of Directors considered the same criteria detailed herein with respect to executive officers in general and determined Melissa A. Waterhouse's compensation.

The Compensation Committee

Jean Neff, Chair
Diane J. Generous
Chaim Davis

Communications with Directors and Committees

Shareholders may communicate with members of the Company's Board of Directors and its Committees by writing to American Bio Medica Corporation, 122 Smith Road, Kinderhook, New York 12106, Attn: Corporate Secretary. The Corporate Secretary will disseminate the communication(s) to the appropriate individual(s).

Section 16(a) Beneficial Ownership Reporting Compliance

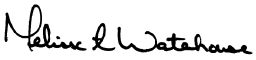
Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than ten percent (10%) of a registered class of the Company's equity securities (a listing of which can be found in the table above), to file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater than ten percent (10%) shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to the Company as of the date of this report, all executive officers and directors complied with all Section 16 (a) requirements during the year ended December 31, 2018. We are unable to confirm that all ten percent (10%) beneficial holders complied with all Section 16(a) requirements during the year ended December 31, 2018.

Other Matters

The Board of Directors is not aware of any matter to be presented for action at the Annual Meeting other than the matters set forth herein. Should any other matter requiring a vote of shareholders arise, the proxies confer upon the person or persons entitled to vote the shares represented by such proxies the authority to vote the proxies in their discretion.

BY ORDER OF THE BOARD OF DIRECTORS



Melissa A. Waterhouse
Chief Executive Officer
Principal Financial Officer

April 26, 2019

(LEFT BLANK INTENTIONALLY)