

APPLIED DNA SCIENCES INC
Form 424B3
February 24, 2009

Filed pursuant to Rule 424(b)(3)
Registration No. 333-153133
333-122848

APPLIED DNA SCIENCES, INC.
67,576,201 SHARES OF
COMMON STOCK

This prospectus relates to the resale by the selling stockholders of up to 67,576,201 shares of our common stock, which consists of (i) 16,948,877 shares of common stock issued upon the automatic conversion of secured promissory notes issued to investors in private placements during the period from March 2006 through June 2007, (ii) 657,500 shares of common stock issued to consultants in February 2006, (iii) up to 16,400,000 shares of common stock issuable upon the exercise of common stock purchase warrants issued to investors in private placements during the period from March 2006 through June 2007 at an exercise price of \$.50 per share, (iv) up to 10,400,000 shares of common stock issuable upon the exercise of common stock purchase warrants issued to employees, directors and consultants in February 2006 at an exercise price of \$.09 per share, (v) 7,220,324 shares of common stock issued upon the conversion of the promissory notes issued in connection with the January and February 2005 offering, (vi) up to 1,207,500 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of \$.60 per share, and (vii) up to 14,742,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of \$.75 per share.

The selling stockholders may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions or a combination of such methods of sale directly or through brokers. We will not receive any proceeds from the sales by the selling stockholders, but we will receive funds from the exercise of warrants held by selling stockholders, if exercised. We will pay the expenses of registering these shares.

Our shares of common stock are quoted on the OTC Bulletin Board. Our shares are quoted under the symbol "APDN.OB". On February 18, 2009, the closing sales price for our common stock on the OTC Bulletin Board was \$0.05 per share.

The purchase of the securities offered through this prospectus involves a high degree of risk. See section entitled "Risk Factors" beginning on page 4.

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The Date of This Prospectus Is February 23, 2009.

TABLE OF CONTENTS

	Page
PART I	
<u>ABOUT THIS PROSPECTUS</u>	1
<u>RISK FACTORS</u>	4
<u>USE OF PROCEEDS</u>	13
<u>MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</u>	13
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS</u>	15
<u>BUSINESS</u>	24
<u>MANAGEMENT</u>	40
<u>EXECUTIVE COMPENSATION</u>	42
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	44
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	46
<u>DESCRIPTION OF SECURITIES</u>	47
<u>INDEMNIFICATION FOR SECURITIES ACT LIABILITIES</u>	51
<u>PLAN OF DISTRIBUTION</u>	51
<u>PENNY STOCK</u>	53
<u>SELLING STOCKHOLDERS</u>	54
<u>LEGAL MATTERS</u>	60
<u>EXPERTS</u>	60
<u>AVAILABLE INFORMATION</u>	60
<u>INDEX TO FINANCIAL STATEMENTS</u>	61

Please read this prospectus carefully. It describes our business, our financial condition and results of operations. We have prepared this prospectus so that you will have the information necessary to make an informed investment decision. You should rely only on information contained in this prospectus. We have not authorized any other person to provide you with different information. The selling stockholders are offering to sell shares of our common stock and seeking offers to buy shares of our common stock only in jurisdictions where offers and sales are permitted. The

information contained in this prospectus is accurate only as of the date of the prospectus, regardless of the time the prospectus is delivered or the common stock is sold.

In this prospectus “Applied DNA,” “we,” “us” and “our” refer to Applied DNA Sciences, Inc. and its subsidiaries. Applied DNA and SigNature are the subject of our trademark applications pending registration with the United States Patent and Trademark Office. This prospectus contains other product names, trade names and trademarks of Applied DNA Sciences, Inc. and of other organizations.

ABOUT THIS PROSPECTUS

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the “risk factors” section, the financial statements and the notes to the financial statements.

Our Company

We use the DNA of plants and innovative technologies to provide anti-counterfeiting and product authentication solutions and to manufacture ingredients for personal care products and textiles. SigNature® DNA and BioMaterial™ Genotyping, our principal anti-counterfeiting and product authentication solutions, allow users to accurately and effectively protect branded products, artwork and collectibles, fine wine, digital media, financial instruments, identity cards and other official documents. Our BioActive™ Ingredients, which are being used by our customers in personal care products, such as skin care products, and in textiles, such as intimate apparel, are custom-manufactured to address a customer’s specific need.

SigNature DNA. We use the DNA of plants to manufacture highly customized and encrypted botanical DNA markers, or SigNature DNA Markers, which we believe are virtually impossible to replicate. We have embedded SigNature DNA Markers into a range of our customers’ products, including various inks, thermal ribbon, thread, varnishes and adhesives. These items can then be tested for the presence of SigNature DNA Markers through an instant field detection or a forensic level authentication. Our SigNature DNA solution provides a secure, accurate and cost-effective means for users to incorporate our SigNature DNA Markers in, and then quickly and reliably authenticate and identify, a broad range of items such as branded products, artwork and collectibles, cash-in-transit, fine wine, digital media, financial instruments, identity cards and other official documents. Having the ability to reliably authenticate and identify counterfeit versions of such items enables companies and governments to detect, deter, interdict and prosecute counterfeiting enterprises and individuals.

BioMaterial GenoTyping. Our BioMaterial GenoTyping solution refers to the development of genetic assays to distinguish between varieties or strains of biomaterials, such as cotton, wool, tobacco, fermented beverages, natural drugs and foods, that contain their own source DNA. We have developed two proprietary genetic tests (FiberTyping™ and PimaTyping™) to track American Pima cotton from the field to finished garments. These genetic assays provide the cotton industry with the first authentication tools that can be applied throughout the U.S. and worldwide cotton industry from cotton growers, mills, wholesalers, distributors, manufacturers and retailers through trade groups and government agencies.

BioActive Ingredients. Our BioActive Ingredients program began in 2007, based on the biofermentation expertise developed during the manufacturing of DNA for our SigNature DNA and BioMaterial Genotyping solutions. Our BioActive Ingredients have been used by our customers in personal care products, such as skin care products, and in textiles, such as intimate apparel.

For the year ended September 30, 2008, we generated revenues of \$873,010 and had net losses of \$6.8 million, and for the quarter ended December 31, 2008, we generated revenues of \$146,575 and had net losses of \$3.3 million. Our registered independent certified public accountants have stated in their report dated December 15, 2008, that our financial statements for the year ended September 30, 2008 were prepared assuming that we would continue as a going concern, and that they have substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary

funding from outside sources, including by the sale of our securities, obtaining loans from financial institutions, or obtaining grants from various organizations or governments, where possible.

Summary Risks

Before you invest in our stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading “Risk Factors.” We believe that the following are some of the major risks and uncertainties that may affect us:

- We have a short operating history, a relatively new business model, and have not produced significant revenues, which makes it difficult to evaluate our future prospects and increases the risk that we will not be successful;

- We have a history of losses which may continue, and which may harm our ability to obtain financing and continue our operations;
- If we are unable to obtain additional financing our business operations will be harmed or discontinued, and if we do obtain additional financing our stockholders may suffer substantial dilution;
- Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing;
- If our existing products and services are not accepted by potential customers or we fail to introduce new products and services, our business, results of operations and financial condition will be harmed;
- If we are unable to retain the services of Drs. Hayward or Liang we may not be able to continue our operations;
- The markets for our SigNature program are very competitive, and we may be unable to continue to compete effectively in this industry in the future;
- We need to expand our sales, marketing and support organizations and our distribution arrangements to increase market acceptance of our products and services;
- A manufacturer's inability or willingness to produce our goods on time and to our specifications could result in lost revenue and net losses and if we need to replace manufacturers, our expenses could increase, resulting in smaller profit margins; and
- Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Corporate Information

Our principal offices are located at 25 Health Sciences Drive, Suite 113, Stony Brook, New York 11790, and our telephone number is (631) 444-6370. We are a Delaware corporation, which was initially formed in 1983 under the laws of the State of Florida as Datalink Systems, Inc. In 1998, we reincorporated in Nevada, and in 2002, we changed our name to our current name, Applied DNA Sciences, Inc. In December 2008, we completed our reincorporation from Nevada to the State of Delaware. We maintain a website at www.adnas.com. The information contained on that website is not deemed to be a part of this prospectus.

Our corporate headquarters are located at the Long Island High Technology Incubator at Stony Brook University in Stony Brook, New York, where we established laboratories for the manufacture of DNA markers and product prototypes, and DNA authentication. To date, the company has a very limited operating history, and as a result, the company's operations have not produced significant revenues.

The Offering

Common stock offered by selling stockholders Up to 67,576,201 shares, including the following:

- 11,966,285 shares of common stock issued upon the conversion of the promissory notes issued during the period in March 2006;
- 4,982,592 shares of common stock issued upon the conversion of the promissory notes issued during the period from May and June 2006;
- 657,500 shares of common stock issued to consultants;