FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2006-08-03** | Period of Report: **2006-06-30**
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FILER

BIOCORAL INC

CIK:**919605**| IRS No.: **330601504** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-23512** | Film No.: **061000309**
SIC: **6510** Real estate operators (no developers) & lessors

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended June 30, 2006

OR

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

Commission file number 0-23512

BIOCORAL, INC.

(Exact name Registrant as specified in its charter)

Delaware	33-0601504
(State or other jurisdiction of incorporation or organization)	(IRS Employer I.D. No.)

38 rue Anatole France, Levallois-Perret, Cedex, 92594 FRANCE
(Address of principal executive offices)

011-331-4757-9843
(Issuer's telephone number, including area code)

Indicate by checkmark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 |X| No |_|

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer |_| Accelerated Filer |X| Non-Accelerated Filer |_|

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

|_| Yes |X| No

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of common stock outstanding as of July 31, 2006 was 11,353,816

BIOCORAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENT
JUNE 30, 2006

BIOCORAL, INC. AND SUBSIDIARIES

CONTENTS

PART I

Item 1. Financial Statements.

BIOCORAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	June 30, 2006 (Unaudited)	December 31, 2005
<S>	<C>	<C>
Current Assets:		
Cash	$ 196,010	$ 127,211
Investments in marketable securities	176,613	193,783
Accounts receivable, net of allowance for doubtful accounts of $2,000 & $2,300	71,276	136,076
Inventories	149,600	125,100
Prepaid expenses and other current assets	57,307	22,507
Total Current Assets	650,806	604,677
Property and equipment, net	30,300	31,300
Restricted cash held in escrow	11,049	11,049
Investment in limited partnership	10,444	10,444
Intangible assets, net	488,522	405,707
Other assets	14,333	12,633
Total Assets	$ 1,205,454	$ 1,075,810
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 729,794	$ 735,800
Current portion due to officer	154,258	136,258
Accrued interest payable	233,126	150,701
Total Current Liabilities	1,117,178	1,022,759
Due to officer, net of current portion	675,000	600,000
Long-term debt, net of current portion	2,625,600	2,300,000
Deferred employee benefits	5,300	5,000
Total Liabilities	4,423,078	3,927,759
Commitments and contingencies		
Stockholders' Deficiency:		
Preferred stock, par value $.001 per share; 1,000,000 shares authorized; none issued	--	--
Common Stock; $.001 par value; 100,000,000 shares authorized; 11,353,816 shares issued and outstanding for both periods	11,354	11,354
Additional paid-in capital	17,900,090	17,900,090
Accumulated other comprehensive loss	(602,284)	(603,447)
Accumulated deficiency	(20,526,784)	(20,159,946)
Total Stockholders' Deficiency	(3,217,624)	(2,851,949)
Total Liabilities and Stockholders' Deficiency	$ 1,205,454	$ 1,075,810

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BIOCORAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005
Net sales	$ 162,700	162,400	91,800	$ 85,400
Cost of sales	112,000	113,100	64,200	63,600
Gross Profit	50,700	49,300	27,600	21,800
Operating Expenses:				
Research and development	25,100	63,800	4,600	(37,233)
Consulting and professional fees	111,043	171,247	58,811	119,721
Depreciation and amortization	24,676	11,830	12,705	8,234
Administrative expenses	154,582	123,629	73,375	79,151
Total Operating Expenses	315,401	370,506	149,491	169,873
Loss From Operations	(264,701)	(321,206)	(121,891)	(148,073)
Other Income (Expense):				
Interest, net	(106,014)	(68,918)	(54,405)	(35,768)
Other	3,877	15,628	3,877	19,228
Total Other Income (Expense)	(102,137)	(53,290)	(50,528)	(16,540)
Net Loss	(366,838)	(374,496)	(172,419)	(164,613)
Other Comprehensive Income (Loss):				
Foreign translation gain (loss)	18,333	114,891	(9,184)	7,308
Unrealized gain (loss) on marketable securities	(17,170)	(50,458)	(25,935)	(11,086)
Comprehensive Loss	$ (365,675)	$ (310,063)	$ (207,538)	$ (168,391)
Basic and diluted net loss per share	$ (0.03)	$ (0.03)	$ (0.02)	$ (0.02)
Basic and diluted weighted average number of common shares outstanding	11,353,816	11,353,816	11,353,816	11,353,816

The accompanying notes are an integral part of these condensed consolidated financial statements.

BIOCORAL, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY
AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 (UNAUDITED)
AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss
Balance, January 1, 2004	11,297,573	11,298	17,337,292	(687,629)
Net loss				
Adjustment for capitalization of patent costs as of 01/01/04				

Other comprehensive gain - increase in market value of marketable securities	--	--	--	39,622
Other comprehensive gain - foreign currency translation	--	--	--	36,374
Total comprehensive income	--	--	--	75,996
Conversion of convertible debentures	56,246	56	562,798	--
Balance, December 31, 2004	11,353,819	11,354	17,900,090	(611,633)
Foreign currency translation gain				62,214
Unrealized loss on marketable securities				(54,028)
Other	(3)			
Net loss	--	--	--	--
Balance, 12/31/05	11,353,816	$ (20,159,946)	$ 17,900,090	$ (603,447)
Foreign currency translation gain				18,333
Unrealized loss on marketable securities				(17,170)
Net loss	--	--	--	--
Balance, 06/30/06	11,353,816	$ (20,159,946)	$ 17,900,090	$ (602,284)

<CAPTION>

<S>	Accumulated Deficiency <C>	Total Stockholders' Deficiency <C>	Comprehensive Loss <C>
Balance, January 1, 2004	(18,778,009)	(2,117,048)	$ (373,623)
Net loss	(648,622)	(648,622)	$ (648,622)
Adjustment for capitalization of patent costs as of 01/01/04		--	
Other comprehensive gain - increase in market value of marketable securities	--	39,622	39,622
Other comprehensive gain - foreign currency translation	--	36,374	36,374
Total comprehensive income	(648,622)	(2,689,674)	(572,626)
Conversion of convertible debentures	--	562,854	--
Balance, December 31, 2004	(19,426,631)	(2,126,820)	(572,626)
Foreign currency translation gain		62,214	62,214
Unrealized loss on marketable securities		(54,028)	(54,028)
Other			
Net loss	(885,787)	(885,787)	(885,787)
Balance, 12/31/05	$ (20,159,946)	$ (2,851,949)	$ (877,601)
Foreign currency translation gain		18,333	18,333
Unrealized loss on marketable securities		(17,170)	(17,170)
Net loss	(366,838)	(366,838)	(366,838)
Balance, 06/30/06	$ (20,526,784)	$ (3,217,624)	$ (365,675)

</TABLE>

BIOCORAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (366,838)	$ (374,496)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	24,676	11,829
Provision for doubtful accounts	(300)	(400)
Change in operating assets and liabilities:		
Accounts receivable	65,100	(1,500)
Inventories	(24,500)	24,900
Prepaid expenses and other current assets	(34,800)	(6,117)
Other assets	(1,700)	2,087
Accounts payable	(6,006)	38,290
Current portion due to officer	18,000	12,000
Accrued interest payable	82,425	68,250
Due to officer, net of current portion	75,000	112,500
Deferred employee benefits	300	(44,100)
Net cash (used in) provided by operating activities	(168,643)	(156,757)
Cash flows from investing activities:		
Capital expenditures	(101,491)	(106,807)
Increase in restricted cash held in reserve account by bank	--	--
Net cash (used in) provided by investing activities	(101,491)	(106,807)
Cash flows from financing activities:		
Proceeds from long-tem debt	325,600	300,000
Effects of changes in exchange rates on cash	13,333	991
Increase (decrease) in cash	68,799	37,427
Cash, beginning of period	127,211	129,508
Cash, end of period	$ 196,010	$ 166,935
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ --	$ 300
Income taxes	$ --	$ --

</TABLE>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BIOCORAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006
(UNAUDITED)

NOTE 1 - DESCRIPTION OF BUSINESS

Biocoral, Inc. ("Biocoral") was incorporated under the laws of the State of Delaware on May 4, 1992. Biocoral is a holding company that conducts its operations primarily through its wholly-owned French subsidiaries. Biocoral, Inc., together with its subsidiaries are referred to collectively herein as the "Company."

The Company's operations are in several business segments which consist primarily of research and development, manufacturing and marketing of patented high technology biomaterials, bone substitute materials made from coral and other orthopedic, oral and maxillo-facial products, including products marketed under the trade name of Biocoral. Most of the Company's operations are conducted from Europe. The Company has obtained regulatory approvals to market its products throughout Europe, Canada and certain other countries. The Company owns various patents for its products which have been registered and issued in the United States, Canada, Japan, Australia and various countries throughout Europe. However, the Company has not applied for the regulatory approvals needed to market its products in the United States.

NOTE 2 - LIQUIDITY

The Company had net losses of approximately $366,800 and $374,500 for the six months ended June 30, 2006 and 2005, respectively and has a negative cash flow from operations of $168,643 and $156,757 for the six months ended June 30, 2006 and 2005, respectively. Management believes that it is likely that the Company will continue to incur net losses through at least twelve months. The Company also had a working capital deficiency and stockholders' deficiency approximately $466,400 and $3,217,600 at June 30, 2006. During 2006, the Company received approximately $318,000 relating to the issuance of the 7% convertible promissory notes payable (See Note 5). In addition, the Company had as of June 30, 2006 approximately $176,600 of investments in available-for-sale securities. Management believes that these funds will provide sufficient working capital to operate through 2006.

NOTE 3 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The accompanying condensed consolidated financial statements are presented in United States dollars under accounting principles generally accepted in the United States of America.

(B) Principal of Consolidation

The accompanying condensed consolidated financial statements include all of the accounts of Biocoral, Inc. and all of its wholly-owned subsidiaries as of and for the period ended June 30,, 2006 and 2005. Cabestan, Inc., 3H and Immo Distribution are not operating subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

NOTE 3 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(C) Interim Condensed Consolidated Financial Statements

The accompanying condensed consolidated financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information read the audited financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K as amended for the year ended December 31, 2005. The results of operations for the six-months ended June 30, 2006 are not necessarily indicative of the operating results that may be expected for the full year.

(D) Stock Based Compensation

The Company has adopted Statement of Financial Accounting Statement ("SFAS") No. 148, "Accounting for Stock-Based Compensation-Transition and

Disclosure" ("SFAS 148"). SFAS 148 amends SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The Company has adopted the fair value method of accounting as discussed in SFAS 123 as of January 1, 2003. Accordingly, stock options and warrants, when issued, will be recorded in accordance with the terms of that document.

In accordance with SFAS 148 the accompanying table represents the effect on net loss and net loss per share had compensation cost for the Company's stock based compensation been determined consistent with SFAS 123:

<TABLE>
<CAPTION>

	Six-Months Ended June 30, 2006	Six-Months Ended June 30, 2005
<S>	<C>	<C>
Net loss (as reported)	$ (366,838)	$ (374,496)
Deduct: Additional stock based compensation expense determined under the fair value based method for all awards granted, modified or settled during the period, net of related taxes	--	--
Pro forma net loss	$ (366,838)	$ (374,496)
Basic, as reported	$ (0.03)	$ (0.03)
Basic, pro forma	$ (0.03)	$ (0.03)

</TABLE>

(E) Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates

NOTE 3 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(F) Per Shares Data

Basic and diluted net loss per common share for all periods presented is computed based on the weighted average number of common shares outstanding as defined by statement of Financial Accounting Standard, No. 128, "Earning Per Shares". Common stock equivalents have not been included in the computation of diluted loss per shares since the effect would be anti-dilutive.

(G) Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 4 - INVESTMENTS IN MARKETABLE SECURITIES

The Company classified its investments in marketable securities as available for sale, and those that intend to hold for more than one year as non-current. Unrealized holding gains and losses are reported as a separate component of stockholders' deficiency as part of accumulated other comprehensive income (loss) until realized.

The cost and fair market value of marketable securities available-for-sale consisted of the following:

	June 30, 2006		December 31, 2005	
	Cost	Fair Value	Cost	Fair Value
	(Unaudited)			
Equity securities	$ 646,057	$ 176,613	$ 646,057	$ 193,783

NOTE 5 - LONG TERM DEBT

Long-term debt consisted of the following at June 30, 2006 and December 31, 2005:

	March 31, 2006	December 31, 2005
	(Unaudited)	
6% convertible promissory notes payable	$ 700,000	$ 700,000
7% convertible promissory notes payable	1,918,000	1,600,000
	2,618,000	2,300,000
Less current portion	--	--
	$ 2,618,000	$ 2,300,000

During 2006, the Company received $318,000 in connection with the subscription of the 7% convertible promissory notes. The Company will pay a 7% commission on $318,000 which was sold in January 2006 and June 2006.

NOTE 6 - RELATED PARTY

As of June 30, 2006, and December 31, 2005, the Company owed its president $675,000 and $600,000, respectively, for accrued compensation and $154,258 and $136,258, respectively, of expenses mainly related to travel expenses. These amounts have been included in due to officer in the accompanying balance sheets as of June 30, 2006 and December 31, 2005. The president has deferred receipt of his cash compensation for services performed during 2005 and has agreed to continue this deferral in 2006.

NOTE 7 - SEGMENT AND GEOGRAPHIC INFORMATION

Information about the Company's assets and sales in different geographic locations is as follows:

	June 30, 2006	December 31, 2005
	(Unaudited)	
Total Assets:		
United States	$ 793,254	$ 714,610
France	412,200	361,200
	$1,205,454	$1,075,810

The following shows information about the Company's sales as of June 30, 2006 and 2005:

	June 30, 2006	June 30, 2005
	(Unaudited)	(Unaudited)
Net Sale:		
France	$ 85,100	$ 81,200
Other European countries	60,400	61,100
Others	17,200	20,100
	$ 162,700	$ 162,400

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and notes included in the financial statement contained elsewhere in this quarterly report and in conjunction with our discussion and analysis in our annual report on Form 10-K, as amended.

Summary of Significant Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to accounts receivable, property and equipment, stock based compensation and contingencies. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The assumptions and bases for estimates used in preparing our consolidated financial statements are set forth as significant accounting policies in Note 3 of the notes to the consolidated financial statements included in this annual report and are summarized below:

Intangible Assets. Intangible assets consist of acquired new patents, expenses incurred on approval of patents and on the successful defense of approved new patents. Amortization is computed using the straight-line method over the estimated period of benefit. The valuation of these intangible assets is based upon estimates as to the current value of each new patent and the period of benefit and such estimates are subject to fluctuations. The value of a particular new patent could fluctuate based upon factors, such as competing technology or the creation of new applications, which are not accounted for in developing, but could affect, the estimates used.

We owned through our wholly-owned subsidiary twelve patent titles in various countries in Europe, Canada, the United States, Japan, Australia, and Switzerland. We own approximately 165 patents which have thus far been granted by various countries by their official government patent office, including most European Community countries, Canada, Australia, Japan and in the United States by the US Department of Commerce Patent and Trademark Office. In addition, we have more than 54 patent applications pending around the world. The cost of acquisition, expenses incurred on most of our approved patents and on the successful defenses of most of these patents are fully amortized in our subsidiary financial statement and are not included in Intangible Assets in our financial statement.

Allowance for Doubtful Accounts. We estimate uncollectibility of trade accounts receivable by analyzing historical bad debts, customer concentrations, customer creditworthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. We consider these factors to be the best available indicators of the likelihood of collection of trade accounts receivable. However, they are subject to uncertainty, and collectibility cannot be precisely determined.

Investment in Limited Partnership. We own an investment in a limited partnership, which is accounted for under the equity method of accounting. Under this method, the initial investment is recorded at cost. Subsequently, the investment is increased or decreased for our pro-rata share of the partnership's income and losses. No ready trading market exists for this partnership interest by which we can determine with any certainty its value. Moreover, because it is initially valued at cost, which in turn is based upon negotiations between us and the limited partnership, this initial valuation may or may not reflect the value which an independent third party would assign to the partnership interest. This investment is illiquid, and, should we determine to liquidate it, the proceeds received may vary greatly from the valuation reflected on our balance sheet.

Results of Operation for the Six Months Ended June 30, 2006 Compared to the Six Months Ended June 30, 2005.

As discussed below, our operations are conducted outside the United States of

America, and as such, our functional currency is the Euro and not the US Dollar. In order to comply with accounting principles generally accepted in the United States of America, our financial statements, as well as the following discussion regarding our results of operations are in terms of U.S. dollars. Accordingly, part of the variance in revenues and expenses discussed below is due to the fluctuating exchange rates in addition to the other factors discussed.

Net sales, which are solely attributable to our wholly-owned French subsidiary, totalled approximately $162,700 for the six months ended June 30, 2006, an increase of approximately $300 or 0,20 %, from approximately $162,400 for the six months ended June 30, 2005. Actually, net sales totalled approximately 131,500 euros for the six months ended June 30, 2006 or an increase of approximately 4,400 euros, or 3,46 % from approximately 127,100 euros for the six months ended June 30, 2005.

Cost of sales was approximately $112,000 for the six months ended June 30, 2006, a decrease of approximately $1,100, or almost 1%, from approximately $113,100 for the six months ended June 30, 2005. The gross profit percentage for the six months ended June 30, 2006 and 2005 was approximately 31% and 30%, respectively.

Research and development expenses were approximately $25,100 for the six months ended June 30, 2006, a decrease of approximately $38,700, or 61%, from approximately $63,800 for the six months ended June 30, 2005. This decrease is principally due to the capitalization of certain costs incurred during the six months ended June 30, 2006 relating to our development of a new generation of products.

Consulting and professional fees were approximately $111,050 for the six months ended June 30, 2006, a decrease of approximately $60,200, or 35% from approximately $171,200 for the six months ended June 30, 2005. This decrease is principally due to an extra quarterly charge owed to one of the officers of the company which was not recorded initially for 2003 during the six months ended June 30, 2005.

Administrative expenses were approximately $154,600 for the six months ended June 30, 2006 an increase of approximately $30,900, or 25%, from approximately $123,700 for the six months ended June 30, 2005. The increase was mostly attributable to various administrative office expenses and foreign currency adjustments.

Total other income (expense) was an expense of approximately $ (106,000) for the six months ended June 30, 2006; an increase of approximately $37,000, or 53%, from an expense of approximately $(69,000) for the six months ended June 30, 2005. This increase resulted primarily from an increase in interest expense due to the issuance of additional notes payable.

As a result of the above, our net loss for the six months ended June 30, 2006 totalled approximately $366,800 or $.03 per share compared to a net loss of approximately $374,500, or $.03 per share for the six months ended June 30, 2005. These losses per share were based on weighted average common shares outstanding of 11,353,816 for the six-month ended June 30, 2006 and 2005, respectively.

Results of Operations for Three Months Ended June 30, 2006 Compared to the Three Months Ended June 30, 2005

Net sales, which are solely attributable to our wholly-owned French subsidiary, totalled approximately $91,800 for the three months ended June 30, 2006, an increase of approximately $6,400, or 7,5 %, from approximately $85,400 for the three months ended June 30, 2005. This increase in net sales is primarily attributable to sales of maxillo-facial products in France related to the gaining of distributor margin, as the company took over the direct sales of maxillo-facial products.

Cost of sales was approximately $64,200 for the three months ended June 30, 2006, an increase of approximately $600 or 1%, from approximately $63,600 for the three months ended June 30, 2005 The gross profit percentages for the three months ended June 30, 2006 and 2005 were approximately 30% and 26%, respectively.

Research and development expenses were approximately $4,600 for the three months ended June 30, 2006, an increase of approximately $41,800 or 900% from approximately $(37,200) for the three months ended June 30, 2005. This increase is principally due to classification, during the quarter ended June 30, 2006, of costs relating to our patents as intangible assets. There were no such classification during the current quarter ended June 30, 2005 since the costs relating to patents were classified as research and development.

Consulting and professional fees were approximately $58,800 for the three months ended June 30, 2006, a decrease of approximately $60,900, or 51%, from approximately $119,700 for the three months ended June 30, 2005. This decrease is principally due to an extra quarterly charge owed to one of the officers of the company which was not recorded initially for 2003 during the six months ended June 30, 2005.

Administrative expenses were approximately $73,400 for the three months ended June 30, 2006, a decrease of approximately $5,800, or 7%, from approximately $79,200for the three months ended June 30, 2005 due primarily to a decrease in various administrative expenses, the exchange rate and to the reversal of certain past estimates that management has decided were too high.

Total other income (expense) was a net expense of approximately $(54,400) for the three months ended June 30, 2006; an increase of approximately $18,600, or 52%, from an expense of approximately $(35,800) for the three months ended June 30, 2005. This increase resulted primarily from an increase in interest expense due to the issuance of additional notes payable.

As a result of the above, our net loss for the three months ended June 30, 2006 totalled approximately $172,400 or $.02 per share, compared to a net loss of approximately $164,600 or $..02 per share for the three months ended June 30, 2005. These losses per share were based on weighted average common shares outstanding of 11,353,816, for the three months ended June 30, 2006 and 2005, respectively.

Financial Condition, Liquidity and Capital Resources

As shown in the accompanying consolidated financial statements, we had net losses of approximately $366,800 and $374,500 for the six months ended June 30, 2006 and 2005, respectively. Management believes that it is likely that we will continue to incur net losses through at least end of 2006. We had a working capital deficiency and stockholders' deficiency of approximately $466,400 and $3,217,600 at June 30, 2006, respectively.

Between February and June 2006, the Company received approximately $318,000 relating to the issuance of the 7% convertible promissory notes payable. In addition, the Company had as of June 30, 2006 approximately $176,600 of investments in available-for-sale securities. Management believes that these funds will provide sufficient working capital to operate for at least the next twelve months.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates, foreign currency exchange rates and commodity prices. We do not enter into derivatives or other financial instruments for hedging or speculative purposes. However, we do invest in Euro-denominated marketable securities which are subject to market and exchange-rate risk, and we are generally subject to fluctuations in the Euro/Dollar exchange rate for that portion of our operations which are conducted in Euros.

Exchange Rate Exposure

We conduct much of our business operations (and incur substantially all of our operating costs other than professional and consulting fees) through our European subsidiaries in Euros and, as such, are exposed to risk resulting from the fluctuation of exchange rates between the Euro and the US Dollar. We do not engage in any

hedging or other transactions for the purpose of minimizing this risk. However, we do invest in certain Euro-denominated marketable securities as discussed below. (See "Item 2 -- Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of the effect of Euro/Dollar fluctuations on our results of operations.)

Marketable Securities

A portion of our Euro/Dollar exchange rate exposure arises from our investment in marketable securities. We classify our investments in marketable securities as available for sale, and those that we intend to hold for more than one year as non-current. Unrealized holding gains and losses are reported as a separate component of stockholders' deficiency, as part of accumulated other comprehensive income (loss), until realized.

The cost and fair market value of marketable securities available-for-sale consisted of the following:

	June 30, 2006		December 31, 2005	
	Cost	Fair Value	Cost	Fair Value

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	(Unaudited)			
Equity securities	$ 646,057	$ 176,613	$ 646,057	$ 193,783
	=========	=========	=========	=========

Item 4. Controls and Procedures

a) Disclosure controls and procedures. Based upon an evaluation, conducted by Nasser Nassiri, our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, Mr. Nassiri concluded that our disclosure controls and procedures were effective as of June 30, 2006 in timely notifying him of information the Company is required to disclose in its periodic SEC filings and in ensuring that this information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations.

(b) Internal controls. During the six months ended June 30, 2006, there were no significant changes in our internal accounting controls or in other factors that materially affected our internal controls over financial reporting.

PART II

Item 1. Legal Proceedings.

None

Item 1A. Risk Factors.

There are no material changes to the risk factors disclosed under Item 1A to Part I of our Form 10-K for the year ended December 31, 2005 which we filed on March 31, 2006 and amended on April 19, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During 2006, we received approximately $318,000 in connection with subscription of 7% convertible promissory notes.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) 31 Rule 13a-14(a)/15d-14(a) Certification of Nasser Nassiri.

32 Section 1350 Certification of Nasser Nassiri.

(b) Reports on Form 8-K:

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 31, 2006

BIOCORAL, INC.

/s/ Nasser Nassiri

Nasser Nassiri, Chairman, CEO
and Principal Accounting Officer

EXHIBIT 31

CERTIFICATIONS

I, Nasser Nassiri, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Biocoral, Inc. (the "registrant"):

2. Based on my knowledge, this quarterly 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. I am 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 registrant and have:

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

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

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant'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. I have disclosed, based on my 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.

Date: July 31, 2006

/s/ Nasser Nassiri

Nasser Nassiri
Chief Executive Officer and the
Principal Financial and Accounting Officer

EXHIBIT 32

BIOCORAL, INC.

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 Quarterly Report of Biocoral, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nasser Nassiri, the Chief Executive Officer and Principal Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(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 result of operations of the Company.

/s/ Nasser Nassiri

Nasser Nassiri
Chief Executive Officer and
the Principal Financial and
Accounting Officer

Date: July 31, 2006