FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2011-10-17** | Period of Report: **2011-08-31**
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FILER

BURZYNSKI RESEARCH INSTITUTE INC
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Business Address
12000 RICHMOND AVE
HOUSTON TX 77082

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2011

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-23425

Burzynski Research Institute, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**76-0136810**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

9432 Old Katy Road, Suite 200, Houston, Texas 77055
(Address of principal executive offices)

(713) 335-5697
(Registrant' s telephone number)

(Former name, former address, and former fiscal year, if changed since last report)

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 Web site, 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer' s classes of common stock, as of the latest practicable date: As of August 31, 2011, 131,448,444 shares of the Registrant' s Common Stock were outstanding.

BURZYNSKI RESEARCH INSTITUTE, INC.

Form 10-Q

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Item 1. Financial Statements

BURZYNSKI RESEARCH INSTITUTE, INC.
BALANCE SHEETS

	August 31, 2011 (Unaudited)	February 28, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 22,475	$ 17,476
TOTAL CURRENT ASSETS	22,475	17,476
Property and equipment, net of accumulated depreciation of $18,649 and $18,295 at August 31, 2011 and February 28, 2011, respectively	3,766	4,120
TOTAL ASSETS	$ 26,241	$ 21,596
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 3,217	$ 39,223
Accrued liabilities	33,332	33,628
CURRENT AND TOTAL LIABILITIES	36,549	72,851
Commitments and contingencies	–	–
Stockholders' deficit		
Common stock, $.001 par value; 200,000,000 shares authorized, 131,448,444 issued and outstanding at August 31, 2011 and February 28, 2011, respectively	131,449	131,449
Additional paid-in capital	97,587,576	94,260,707
Retained deficit	(97,729,333)	(94,443,411)
TOTAL STOCKHOLDERS' DEFICIT	(10,308)	(51,255)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 26,241	$ 21,596

See accompanying notes to financial statements.

BURZYNSKI RESEARCH INSTITUTE, INC.

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended August 31,	
	2011	2010
Operating expenses		
Research and development	$ 1,740,742	$ 1,122,339
General and administrative	44,096	82,022

Depreciation	177	189
Total operating expenses	1,785,015	1,204,550
Net loss before provision for income tax	(1,785,015)	(1,204,550)
Provision for income tax	–	–
NET LOSS	$ (1,785,015)	$ (1,204,550)
Loss per share information:		
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	131,448,444	131,388,444

	Six Months Ended August 31,	
	2011	2010
Operating expenses		
Research and development	$ 3,175,396	$ 2,420,725
General and administrative	110,172	158,776
Depreciation	354	372
Total operating expenses	3,285,922	2,579,873
Net loss before provision for income tax	(3,285,922)	(2,579,873)
Provision for income tax	–	–
NET LOSS	$ (3,285,922)	$ (2,579,873)
Loss per share information:		
Basic and diluted loss per common share	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	131,448,444	131,388,444

See accompanying notes to financial statements.

BURZYNSKI RESEARCH INSTITUTE, INC.
STATEMENT OF STOCKHOLDERS' DEFICIT
For the Six Months ended August 31, 2011
(UNAUDITED)

	Common Stock		Additional		Total Stockholders'
	Shares	Amount	Paid-in Capital	Retained Deficit	Deficit
Balance February 28, 2011	131,448,444	$ 131,449	$ 94,260,707	$ (94,443,411)	$ (51,255)
Cash contributed by S.R. Burzynski, M.D., Ph.D.	–	–	276,904	–	276,904
FDA clinical trial expenses paid directly by S.R. Burzynski, M.D., Ph.D.	–	–	3,049,965	–	3,049,965
Net loss	–	–	–	(3,285,922)	(3,285,922)
Balance August 31, 2011	131,448,444	$ 131,449	$ 97,587,576	$ (97,729,333)	$ (10,308)

See accompanying notes to financial statements.

BURZYNSKI RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months Ended August 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,285,922)	$ (2,579,873)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	354	372
FDA clinical trial expenses paid directly by S.R. Burzynski, M.D., Ph.D.	3,049,965	2,295,872
Changes in operating assets and liabilities		
Accounts payable	(36,006)	54,781
Accrued liabilities	(296)	584
NET CASH USED BY OPERATING ACTIVITIES	(271,905)	(228,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution of capital	276,904	226,598
NET CASH PROVIDED BY FINANCING ACTIVITIES	276,904	226,598
NET INCREASE (DECREASE) IN CASH	4,999	(1,666)
CASH AT BEGINNING OF PERIOD	17,476	18,122

CASH AT END OF PERIOD	$ 22,475	$ 16,456

See accompanying notes to financial statements

BURZYNSKI RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A. BASIS OF PRESENTATION

The financial statements of Burzynski Research Institute, Inc., a Delaware corporation (the "Company"), include expenses incurred directly by S.R. Burzynski, M.D., Ph.D. ("Dr. Burzynski") within his medical practice, related to the conduct of U.S. Food and Drug Administration ("FDA") approved clinical trials for Antineoplaston drugs used in the treatment of cancer. These expenses have been reported as research and development costs and as additional paid-in capital. Cash contributions received from Dr. Burzynski have also been reported as additional paid-in capital, which are used to fund general operating expenses. Expenses related to Dr. Burzynski' s medical practice (unrelated to the clinical trials) have not been included in these financial statements. Dr. Burzynski is the President, Chairman of the Board and owner of over 80% of the outstanding stock of the Company, and also is the inventor and original patent holder of certain drug products known as "Antineoplastons," which he has licensed to the Company.

The Company and Dr. Burzynski have entered into various agreements which provide the Company the exclusive right in the United States, Canada and Mexico to use, manufacture, develop, sell, distribute, sublicense and otherwise exploit all the rights, titles and interest in Antineoplaston drugs used in the treatment of cancer, once an Antineoplaston drug is approved for sale by the FDA.

The Company is primarily engaged as a research and development facility for Antineoplaston drugs being tested for the use in the treatment of cancer. The Company is currently conducting clinical trials on various Antineoplastons in accordance with FDA regulations. At this time, however, none of the Antineoplaston drugs have received FDA approval; further, there can be no assurance that FDA approval will be granted. In September 2004, the Company announced that the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for the treatment of brainstem glioma. During 2008, the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for the treatment of all gliomas.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Certain disclosures and information normally included in financial statements have been condensed or omitted. In the opinion of management of the Company, these financial statements contain all adjustments necessary for a fair presentation of financial position as of August 31, 2011 and February 28, 2011, results of operations for the three and six months ended August 31, 2011 and 2010, and cash flows for the six months ended August 31, 2011 and 2010. All adjustments are of a normal recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year. These statements should be read in conjunction with the financial statements and footnotes thereto included in the Company' s Annual Report on Form 10-K for the year ended February 28, 2011.

NOTE B. ECONOMIC DEPENDENCY

The Company has not generated significant revenues since its inception and has suffered losses from operations, has a working capital deficit and has an accumulated deficit. Dr. Burzynski has funded the capital and operational needs of the Company through his medical practice since inception, and has entered into various agreements to continue such funding.

The Company is economically dependent on its funding through Dr. Burzynski' s medical practice. A portion of Dr. Burzynski' s patients are admitted and treated as part of the clinical trial programs, which are regulated by the FDA. The FDA imposes numerous regulations and requirements regarding these patients, and the Company is subject to inspection at any time by the FDA. These regulations are complex and subject to interpretation and though it is management' s intention to comply fully with all such regulations, there is the risk that the Company is not in compliance and is thus subject to sanctions imposed by the FDA.

In addition, as with any medical practice, Dr. Burzynski is subject to potential claims by patients and other potential claimants commonly arising out of the operation of a medical practice. The risks associated with Dr. Burzynski' s medical practice directly affect his ability to fund the operations of the Company.

It is also the intention of the directors and management to seek additional capital through the sale of securities. The proceeds from such sales will be used to fund the Company' s operating deficit until it achieves positive operating cash flow. There can be no assurance that the Company will be able to raise such additional capital.

NOTE C. STOCK OPTIONS

At August 31, 2011, the Company had one stock-based employee compensation plan, which is described below.

On September 14, 1996, the Company granted 600,000 stock options, with an exercise price of $0.35 per share, to an officer who is no longer with the Company. The options vested as follows:

400,000 options	September 14, 1996
100,000 options	June 1, 1997
100,000 options	June 1, 1998

The options are valid in perpetuity. In addition, for a period of 10 years from the grant date, they increase in the same percentage of any new shares of stock issued; however, no shares were issued during such 10-year periods from the grant dates. None of the options have been exercised as of August 31, 2011.

The Company follows the fair value recognition provisions of FASB ASC 718, "Compensation − Stock Compensation." Under this method, compensation cost for all share-based payments is based on the grant-date fair value and amortized to expense over the requisite service period, generally the vesting period.

BURZYNSKI RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS - continued

NOTE C. STOCK OPTIONS-Continued

The Company did not grant any options and no options previously granted vested in any of the periods presented in these financial statements. Due to this fact, there was no effect on net loss and loss per share.

NOTE D. INCOME TAXES

The Company follows the provisions of FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes." The Company is not aware of any material unrecognized tax uncertainties as a result of tax positions previously taken.

The Company recognizes interest and penalties as interest expense when they are accrued or assessed.

The federal income tax returns of the Company for 2010, 2009, and 2008 are subject to examination by the IRS, generally for three years after they are filed.

The actual provision for income tax for the three months and six months ended August 31, 2011 and 2010, respectively, differ from the amounts computed by applying the U.S. federal income tax rate of 34% to the pretax loss as a result of the following:

	Three Months Ended August 31,	
	2011	2010
Expected income tax benefit	$ (606,905)	$ (409,547)
Effect of expenses deducted directly by Dr. Burzynski	606,905	409,543
Nondeductible expenses and other adjustments	(20,999)	14,764
Change in valuation allowance	20,999	(14,760)
State tax	–	–
Income tax expense	$ –	$ –

	Six Months Ended August 31,	
	2011	2010
Expected income tax benefit	$ (1,117,213)	$ (877,157)
Effect of expenses deducted directly by Dr. Burzynski	1,117,213	877,153
Nondeductible expenses and other adjustments	(13,973)	19,515
Change in valuation allowance	13,973	(19,514)
State tax	–	–
Income tax expense	$ –	$ –

At August 31, 2011, the Company had a net deferred tax asset of $0, which includes a valuation allowance of $359,705. The Company' s ability to utilize net operating loss carryforwards and alternative minimum tax credit carryforwards will depend on its ability to generate adequate future taxable income. The Company has no historical earnings on which to base an expectation of future taxable income. Accordingly, a valuation allowance for deferred tax assets has been provided. At August 31, 2011, the Company had net operating loss carryforwards available to offset future income in the amount of $917,250, which may be carried forward and will expire if not used between 2012 and 2032 in varying amounts.

NOTE E. SUBSEQUENT EVENTS

The Company has no subsequent events to disclose in accordance with FASB ASC 855-10, "Subsequent events."

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

The following is a discussion of the financial condition of the Company as of August 31, 2011, and the results of operations comparing the three and six months ended August 31, 2011 and August 31, 2010. It should be read in conjunction with the financial statements and the notes thereto included elsewhere in this report and in conjunction with the Annual Report on Form 10-K for the year ended February 28, 2011.

Introduction

The Company was incorporated under the laws of the State of Delaware in 1984 in order to engage in the research, production, marketing, promotion and sale of certain medical chemical compounds composed of growth-inhibiting peptides, amino acid derivatives and organic acids which are known under the trade name "Antineoplastons." The Company believes Antineoplastons are useful in the treatment of human cancer and is currently conducting Phase II clinical trials of Antineoplastons relating to the treatment of cancer. The Company has generated no significant revenue since its inception, and does not expect to generate any operating revenues until such time, if any, Antineoplastons are approved for use and sale by the FDA. The Company' s sole source of funding is S.R. Burzynski, M.D., Ph.D. ("Dr. Burzynski"), the Company' s President and Chief Executive Officer. Dr. Burzynski funds the Company' s operations from his medical practice pursuant to certain agreements between Dr. Burzynski and the Company. Funds received by the Company from Dr. Burzynski are reported as additional paid-in capital to the Company.

The Company is primarily engaged as a research and development facility of drugs currently being tested for the use in the treatment of cancer, and provides consulting services. The Company is currently conducting two FDA-approved clinical trials. The Company holds the exclusive right in the United States, Canada and Mexico to use, manufacture, develop, sell, distribute, sublicense and otherwise exploit all the rights, titles and interest in Antineoplaston drugs used in the treatment and diagnosis of cancer, once an Antineoplaston drug is approved for sale by the FDA.

In September 2004, the Company announced that the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for treating patients with brainstem gliomas. During 2008, the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for the treatment of all gliomas.

On January 13, 2009, the Company announced that the Company had reached an agreement with the FDA for the Company to move forward with a pivotal Phase III clinical trial of combination Antineoplaston therapy plus radiation therapy in patients with newly diagnosed, diffuse, intrinsic brainstem gliomas ("DBSG"). The agreement was made under the FDA' s Special Protocol Assessment procedure, meaning that the design and planned analysis of the Phase III study is acceptable to support a regulatory submission seeking new drug approval. On February 1, 2010, the Company entered into an agreement with Cycle Solutions, Inc., dba ResearchPoint ("ResearchPoint") to initiate and manage a pivotal Phase III clinical trial of combination Antineoplastons A10 and AS2-1 plus radiation therapy (RT) in patients with newly-diagnosed DBSG. ResearchPoint has secured interest and commitments from a number of sites selected. Upon completion of this assessment, a randomized, international phase III study will commence. The study' s objective is to compare overall survival of children with newly-diagnosed DBSG who receive combination Antineoplastons A10 and AS2-1 plus RT versus RT alone.

Results of Operations

Three Months Ended August 31, 2011 Compared to Three Months Ended August 31, 2010

Research and development costs were approximately $1,741,000 and $1,122,000 for the three months ended August 31, 2011 and 2010, respectively. The increase of $619,000 or 55% was due to increases in personnel costs of $2,000, material costs of $535,000, consulting and quality control costs of $25,000, facility and equipment costs of $49,000, and other research and developments costs of $8,000.

General and administrative expenses were approximately $44,000 and $82,000 for the three months ended August 31, 2011 and 2010, respectively. The decrease of $38,000 or 46% was due to decreases in legal and professional fees of $35,000, and other general and administrative expenses of $3,000.

The Company had net losses of approximately $1,785,000 and $1,205,000 for the three months ended August 31, 2011 and 2010, respectively. The increase in the net loss from 2010 to 2011 is primarily due to the increases in research and development costs due to increases in personnel costs, material costs, consulting and quality control costs, facility and equipment costs, and other research and development costs, offset by decreases in general and administrative expenses due to decreases in legal and professional fees and other general and administrative costs.

Six Months Ended August 31, 2011 Compared to Six Months Ended August 31, 2010

Research and development costs were approximately $3,175,000 and $2,421,000 for the six months ended August 31, 2011 and 2010, respectively. The increase of $754,000 or 31% was due to increases in personnel costs of $1,000, material costs of $681,000, consulting and quality control costs of $25,000, facility and equipment costs of $46,000, and other research and developments costs of $1,000.

General and administrative expenses were approximately $110,000 and $159,000 for the six months ended August 31, 2011 and 2010, respectively. The decrease of $49,000 or 31% was due to decreases in legal and professional fees of $43,000, and other general and administrative expenses of $6,000.

The Company had net losses of approximately $3,286,000 and $2,580,000 for the six months ended August 31, 2011 and 2010, respectively. The increase in the net loss from 2010 to 2011 is primarily due to the increases in research and development costs due to increases in personnel costs, material costs, consulting and quality control costs, facility and equipment costs, and other research and development costs, offset by decreases in general and administrative expenses due to decreases in legal and professional fees and other general and administrative costs.

Liquidity and Capital Resources

The Company' s operations have been funded entirely by contributions from Dr. Burzynski and from funds generated from Dr. Burzynski' s medical practice. Effective March 1, 1997, the Company entered into a Research Funding Agreement with Dr. Burzynski (the "Research Funding Agreement"), pursuant to which the Company agreed to undertake all scientific research in connection with the development of new or improved Antineoplastons for the treatment of cancer and Dr. Burzynski agreed to fund the Company' s Antineoplaston research for that purpose. Under the Research Funding Agreement, the Company hires such personnel as is required to conduct Antineoplaston research, and Dr. Burzynski funds the Company' s research expenses, including expenses to conduct the clinical trials. Dr. Burzynski also provides the Company laboratory and research space as needed to conduct the Company' s

research activities. The Research Funding Agreement also provides that Dr. Burzynski may fulfill his funding obligations in part by providing the Company such administrative support as is necessary for the Company to manage its business. Dr. Burzynski pays the full amount of the Company' s monthly and annual budget of expenses for the operation of the Company, together with other unanticipated but necessary expenses which the Company incurs. In the event the research results in the approval of any additional patents for the treatment of cancer, Dr. Burzynski shall own all such patents, but shall license to the Company the patents based on the same terms, conditions and limitations as are in the current license between Dr. Burzynski and the Company.

The amounts which Dr. Burzynski is obligated to pay under the agreement shall be reduced dollar for dollar by the following: (1) any income which the Company receives for services provided to other companies for research and/or development of other products, less such identifiable marginal or additional expenses necessary to produce such income, or (2) the net proceeds of any stock offering or private placement which the Company receives during the term of the agreement up to a maximum of $1,000,000 in a given Company fiscal year.

The Research Funding Agreement, as amended, contains an annual automatic renewal provision providing for an additional one-year term, unless one party notifies the other party at least thirty days prior to the expiration of the then current term of the agreement of its intention not to renew the agreement. Subject to the foregoing, the term of the Research Funding Agreement was renewed and extended until February 28, 2012. It is expected that the Research Funding Agreement will continue to renew each year prospectively unless terminated under the provisions of the agreement.

The Research Funding Agreement automatically terminates in the event that Dr. Burzynski owns less than fifty percent of the outstanding shares of the Company, or is removed as President and/or Chairman of the Board of the Company, unless Dr. Burzynski notifies the Company in writing of his intention to continue the agreement notwithstanding this automatic termination provision.

The Company estimates that it will spend approximately $3,200,000 during the remaining two quarters of the fiscal year ending February 28, 2012. The Company estimates that ninety-five percent (95%) of this amount will be spent on research and development and the continuance of FDA-approved clinical trials. While the Company anticipates that Dr. Burzynski will continue to fund the Company' s research and FDA-related costs, there is no assurance that Dr. Burzynski will be able to continue to fund the Company' s operations pursuant to the Research Funding Agreement or otherwise. The Company believes Dr. Burzynski will be financially able to fund the Company' s operations for at least the next year. In addition, Dr. Burzynski' s medical practice has successfully funded the Company' s research activities over the last 25 years and, in 1997, his medical practice was expanded to include traditional cancer treatment options such as chemotherapy, gene-targeted therapy, immunotherapy and hormonal therapy in response to FDA requirements that cancer patients utilize more traditional cancer treatment options in order to be eligible to participate in the Company' s Antineoplaston clinical trials. As a result of the expansion of Dr. Burzynski' s medical practice, the financial condition of the medical practice has improved Dr. Burzynski' s ability to fund the Company' s operations.

The Company may be required to seek additional capital through equity or debt financing or the sale of assets until the Company' s operating revenues are sufficient to cover operating costs and provide positive cash flow; however, there can be no assurance that the Company will be able to raise such additional capital on acceptable terms to the Company. In addition, there can be no assurance that the Company will ever achieve positive operating cash flow.

Forward-Looking Statements

Certain matters discussed in this quarterly report, except for historical information contained herein, may constitute "forward-looking statements" that are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements provide current expectations of future events based on certain assumptions. These statements encompass information that does not directly relate to any historical or current fact and often may be

identified with words such as “anticipates,” “believes,” “expects,” “estimates,” “intends,” “plans,” “projects” and other similar expressions. Management’ s expectations and assumptions regarding Company operations and other future results are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements.

Item 4. Controls and Procedures

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company’ s management, including the Company’ s principal executive officer (who is also the Company’ s principal financial officer), of the effectiveness of the Company’ s disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934, as amended. Based on that evaluation, the Company’ s principal executive officer (who is also the Company’ s principal financial officer) concluded that the Company’ s disclosure controls and procedures are effective in timely alerting him to material information required to be included in periodic filings with the Securities and Exchange Commission. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. There were no significant changes in the Company’ s internal controls or in other factors that could significantly affect internal controls over financial reporting that occurred during the fiscal quarter ended August 31, 2011 that have materially affected or are reasonably likely to materially affect our internal controls subsequent to that date.

PART II − OTHER INFORMATION

Item 1. Legal Proceedings

The Company’ s activities are subject to regulation by various governmental agencies, including the FDA, which regularly monitor the Company’ s operations and often impose requirements on the conduct of its clinical trials and other aspects of the Company’ s business operations. The Company’ s policy is to comply with all such regulatory requirements. From time to time, the Company is also subject to potential claims by patients and other potential claimants commonly arising out of the operation of a medical practice. The Company seeks to minimize its exposure to claims of this type wherever possible.

Currently, the Company is not a party to any material pending legal proceedings. Moreover, the Company is not aware of any such legal proceedings that are contemplated by governmental authorities with respect to the Company or any of its properties.

Item 6. Exhibits

3.1 Certificate of Incorporation of the Company, as amended (incorporated by reference from Exhibits 3(i) − (iii) to Form 10-SB filed with the Securities and Exchange Commission on November 25, 1997 (File No. 000-23425)).

3.2 Amended Bylaws of the Company (incorporated by reference from Exhibit 3(iv) to Form 10-SB filed with the Securities and Exchange Commission on November 25, 1997 (File No. 000-23425)).

31.1 Certification of Chief Executive Officer and Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as amended, filed herewith.

32.1 Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BURZYNSKI RESEARCH INSTITUTE, INC.

By: /s/ Stanislaw R. Burzynski

Stanislaw R. Burzynski,
President, Secretary, Treasurer and
Chairman of the Board of Directors
(Chief Executive Officer and
Principal Financial Officer)

Date: October 17, 2011

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934 (Section 302 of the Sarbanes-Oxley Act of 2002)

I, Stanislaw R. Burzynski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burzynski Research Institute, Inc. ("BRI");

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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of BRI as of, and for, the periods presented in this quarterly 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 BRI 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 BRI is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designated such internal control over financial reporting, or caused such internal control over financial reporting to be designated under my 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 BRI' s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

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

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

(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 BRI' 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 BRI' s internal control over financial reporting.

Date: October 17, 2011

/s/ Stanislaw R. Burzynski

Stanislaw R. Burzynski,
President, Secretary, Treasurer and
Chairman of the Board of Directors
(Chief Executive Officer and
Principal Financial Officer)

EXHIBIT 32.1

Certification of Chief Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. § 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Burzynski Research Institute, Inc. (the "Company") on Form 10-Q for the period ended August 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 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.

A signed original of this written statement required by Section 906 has been provided to Burzynski Research Institute, Inc. and will be retained by Burzynski Research Institute, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: October 17, 2011

/s/ Stanislaw R. Burzynski

Stanislaw R. Burzynski
President, Secretary, Treasurer
and Chairman of the Board of Directors
(Chief Executive Officer and
Principal Financial Officer)

STATEMENTS OF OPERATIONS (USD $)	3 Months Ended		6 Months Ended	
	Aug. 31, 2011	Aug. 31, 2010	Aug. 31, 2011	Aug. 31, 2010
Operating expenses				
Research and development	$ 1,740,742	$ 1,122,339	$ 3,175,396	$ 2,420,725
General and administrative	44,096	82,022	110,172	158,776
Depreciation	177	189	354	372
Total operating expenses	1,785,015	1,204,550	3,285,922	2,579,873
Net loss before provision for income tax	(1,785,015)	(1,204,550)	(3,285,922)	(2,579,873)
Provision for income tax	0		0	
NET LOSS	$ (1,785,015)	$ (1,204,550)	$ (3,285,922)	$ (2,579,873)
Loss per share information:				
Basic and diluted loss per common share (in dollars per share)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding, basic (in shares)	131,448,444	131,388,444	131,448,444	131,388,444
Weighted average number of common shares outstanding, diluted (in shares)	131,448,444	131,388,444	131,448,444	131,388,444

STATEMENT OF STOCKHOLDERS' DEFICIT (USD $)	Total	Common Stock	Additional Paid-in Capital	Retained Deficit
Balance at Feb. 28, 2011	$ (51,255)	$ 131,449	$ 94,260,707	$ (94,443,411)
Balance (in shares) at Feb. 28, 2011		131,448,444		
Increase (Decrease) in Stockholders' Equity				
Cash contributed by S.R. Burzynski, M.D., Ph.D.	276,904		276,904	
FDA clinical trial expenses paid directly by S.R. Burzynski, M.D., Ph.D.	3,049,965		3,049,965	
Net loss	(3,285,922)			(3,285,922)
Balance at Aug. 31, 2011	$ (10,308)	$ 131,449	$ 97,587,576	$ (97,729,333)
Balance (in shares) at Aug. 31, 2011		131,448,444		

BALANCE SHEETS (USD $)	Aug. 31, 2011	Feb. 28, 2011
Current assets		
Cash and cash equivalents	$ 22,475	$ 17,476
TOTAL CURRENT ASSETS	22,475	17,476
Property and equipment, net of accumulated depreciation of $18,649 and $18,295 at August 31, 2011 and February 28, 2011, respectively	3,766	4,120
TOTAL ASSETS	26,241	21,596
Current liabilities		
Accounts payable	3,217	39,223
Accrued liabilities	33,332	33,628
CURRENT AND TOTAL LIABILITIES	36,549	72,851
Commitments and contingencies		
Stockholders' deficit		
Common stock, $.001 par value; 200,000,000 shares authorized, 131,448,444 issued and outstanding at August 31, 2011 and February 28, 2011, respectively	131,449	131,449
Additional paid-in capital	97,587,576	94,260,707
Retained deficit	(97,729,333)	(94,443,411)
TOTAL STOCKHOLDERS' DEFICIT	(10,308)	(51,255)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 26,241	$ 21,596

STOCK OPTIONS

6 Months Ended
Aug. 31, 2011

STOCK OPTIONS
STOCK OPTIONS

NOTE C. STOCK OPTIONS

At August 31, 2011, the Company had one stock-based employee compensation plan, which is described below.

On September 14, 1996, the Company granted 600,000 stock options, with an exercise price of $0.35 per share, to an officer who is no longer with the Company. The options vested as follows:

400,000 options	September 14, 1996
100,000 options	June 1, 1997
100,000 options	June 1, 1998

The options are valid in perpetuity. In addition, for a period of 10 years from the grant date, they increase in the same percentage of any new shares of stock issued; however, no shares were issued during such 10-year periods from the grant dates. None of the options have been exercised as of August 31, 2011.

The Company follows the fair value recognition provisions of FASB ASC 718, “Compensation − Stock Compensation.” Under this method, compensation cost for all share-based payments is based on the grant-date fair value and amortized to expense over the requisite service period, generally the vesting period.

The Company did not grant any options and no options previously granted vested in any of the periods presented in these financial statements. Due to this fact, there was no effect on net loss and loss per share.

BASIS OF PRESENTATION	6 Months Ended Aug. 31, 2011

BASIS OF PRESENTATION

BASIS OF PRESENTATION

NOTE A. BASIS OF PRESENTATION

The financial statements of Burzynski Research Institute, Inc., a Delaware corporation (the "Company"), include expenses incurred directly by S.R. Burzynski, M.D., Ph.D. ("Dr. Burzynski") within his medical practice, related to the conduct of U.S. Food and Drug Administration ("FDA") approved clinical trials for Antineoplaston drugs used in the treatment of cancer. These expenses have been reported as research and development costs and as additional paid-in capital. Cash contributions received from Dr. Burzynski have also been reported as additional paid-in capital, which are used to fund general operating expenses. Expenses related to Dr. Burzynski' s medical practice (unrelated to the clinical trials) have not been included in these financial statements. Dr. Burzynski is the President, Chairman of the Board and owner of over 80% of the outstanding stock of the Company, and also is the inventor and original patent holder of certain drug products known as "Antineoplastons," which he has licensed to the Company.

The Company and Dr. Burzynski have entered into various agreements which provide the Company the exclusive right in the United States, Canada and Mexico to use, manufacture, develop, sell, distribute, sublicense and otherwise exploit all the rights, titles and interest in Antineoplaston drugs used in the treatment of cancer, once an Antineoplaston drug is approved for sale by the FDA.

The Company is primarily engaged as a research and development facility for Antineoplaston drugs being tested for the use in the treatment of cancer. The Company is currently conducting clinical trials on various Antineoplastons in accordance with FDA regulations. At this time, however, none of the Antineoplaston drugs have received FDA approval; further, there can be no assurance that FDA approval will be granted. In September 2004, the Company announced that the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for the treatment of brainstem glioma. During 2008, the FDA awarded orphan drug status to Antineoplastons A10 and AS2-1 for the treatment of all gliomas.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Certain disclosures and information normally included in financial statements have been condensed or omitted. In the opinion of management of the Company, these financial statements contain all adjustments necessary for a fair presentation of financial position as of August 31, 2011 and February 28, 2011, results of operations for the three and six months ended August 31, 2011 and 2010, and cash flows for the six months ended August 31, 2011 and 2010. All adjustments are of a normal recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year. These statements should be read in conjunction with the financial statements and footnotes thereto included in the Company' s Annual Report on Form 10-K for the year ended February 28, 2011.

INCOME TAXES

6 Months Ended
Aug. 31, 2011

INCOME TAXES
INCOME TAXES

NOTE D. INCOME TAXES

The Company follows the provisions of FASB ASC 740-10, "Accounting for Uncertainty in Income Taxes." The Company is not aware of any material unrecognized tax uncertainties as a result of tax positions previously taken.

The Company recognizes interest and penalties as interest expense when they are accrued or assessed.

The federal income tax returns of the Company for 2010, 2009, and 2008 are subject to examination by the IRS, generally for three years after they are filed.

The actual provision for income tax for the three months and six months ended August 31, 2011 and 2010, respectively, differ from the amounts computed by applying the U.S. federal income tax rate of 34% to the pretax loss as a result of the following:

	Three Months Ended August 31,	
	2011	2010
Expected income tax benefit	$ (606,905)	$ (409,547)
Effect of expenses deducted directly by Dr. Burzynski	606,905	409,543
Nondeductible expenses and other adjustments	(20,999)	14,764
Change in valuation allowance	20,999	(14,760)
State tax	–	–
Income tax expense	$ –	$ –

	Six Months Ended August 31,	
	2011	2010
Expected income tax benefit	$(1,117,213)	$ (877,157)
Effect of expenses deducted directly by Dr. Burzynski	1,117,213	877,153
Nondeductible expenses and other adjustments	(13,973)	19,515
Change in valuation allowance	13,973	(19,514)
State tax	–	–
Income tax expense	$ –	$ –

At August 31, 2011, the Company had a net deferred tax asset of $0, which includes a valuation allowance of $359,705. The Company' s ability to utilize net operating loss carryforwards and alternative minimum tax credit carryforwards will depend on its ability to generate adequate future taxable income. The Company has no historical earnings on which to base an expectation of future taxable income. Accordingly, a valuation allowance for deferred tax assets has been provided. At August 31, 2011, the Company had net operating loss carryforwards available to offset future income in the amount of $917,250, which may be carried forward and will expire if not used between 2012 and 2032 in varying amounts.

SUBSEQUENT EVENTS	6 Months Ended Aug. 31, 2011
SUBSEQUENT EVENTS	
SUBSEQUENT EVENTS	

NOTE E. SUBSEQUENT EVENTS

The Company has no subsequent events to disclose in accordance with FASB ASC 855-10, “Subsequent events.”

Document and Entity Information	6 Months Ended Aug. 31, 2011
Document and Entity Information	
Entity Registrant Name	BURZYNSKI RESEARCH INSTITUTE INC
Entity Central Index Key	0000724445
Document Type	10-Q
Document Period End Date	Aug. 31, 2011
Amendment Flag	false
Current Fiscal Year End Date	--02-28
Entity Current Reporting Status	Yes
Entity Filer Category	Smaller Reporting Company
Entity Common Stock, Shares Outstanding	131,448,444
Document Fiscal Year Focus	2012
Document Fiscal Period Focus	Q2

STATEMENTS OF CASH FLOWS (USD $)	6 Months Ended	
	Aug. 31, 2011	Aug. 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,285,922)	$ (2,579,873)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	354	372
FDA clinical trial expenses paid directly by S.R. Burzynski, M.D., Ph.D.	3,049,965	2,295,872
Changes in operating assets and liabilities		
Accounts payable	(36,006)	54,781
Accrued liabilities	(296)	584
NET CASH USED BY OPERATING ACTIVITIES	(271,905)	(228,264)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution of capital	276,904	226,598
NET CASH PROVIDED BY FINANCING ACTIVITIES	276,904	226,598
NET INCREASE (DECREASE) IN CASH	4,999	(1,666)
CASH AT BEGINNING OF PERIOD	17,476	18,122
CASH AT END OF PERIOD	$ 22,475	$ 16,456

ECONOMIC DEPENDENCY	6 Months Ended Aug. 31, 2011

ECONOMIC DEPENDENCY

ECONOMIC DEPENDENCY

NOTE B. ECONOMIC DEPENDENCY

The Company has not generated significant revenues since its inception and has suffered losses from operations, has a working capital deficit and has an accumulated deficit. Dr. Burzynski has funded the capital and operational needs of the Company through his medical practice since inception, and has entered into various agreements to continue such funding.

The Company is economically dependent on its funding through Dr. Burzynski' s medical practice. A portion of Dr. Burzynski' s patients are admitted and treated as part of the clinical trial programs, which are regulated by the FDA. The FDA imposes numerous regulations and requirements regarding these patients, and the Company is subject to inspection at any time by the FDA. These regulations are complex and subject to interpretation and though it is management' s intention to comply fully with all such regulations, there is the risk that the Company is not in compliance and is thus subject to sanctions imposed by the FDA.

In addition, as with any medical practice, Dr. Burzynski is subject to potential claims by patients and other potential claimants commonly arising out of the operation of a medical practice. The risks associated with Dr. Burzynski' s medical practice directly affect his ability to fund the operations of the Company.

It is also the intention of the directors and management to seek additional capital through the sale of securities. The proceeds from such sales will be used to fund the Company' s operating deficit until it achieves positive operating cash flow. There can be no assurance that the Company will be able to raise such additional capital.

BALANCE SHEETS (Parenthetical) (USD $)	Aug. 31, 2011	Feb. 28, 2011
BALANCE SHEETS		
Property and equipment, accumulated depreciation (in dollars)	$ 18,649	$ 18,295
Common stock, par value (in dollars per share)	$ 0.001	$ 0.001
Common stock, shares authorized	200,000,000	200,000,000
Common stock, shares issued	131,448,444	131,448,444
Common stock, shares outstanding	131,448,444	131,448,444