

BIO REFERENCE LABORATORIES INC  
Form 10-Q  
March 12, 2007

## FORM 10-Q

# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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

For the quarterly period ended **January 31, 2007**

Commission File Number **0-15266**

## BIO-REFERENCE LABORATORIES, INC.

481 Edward H. Ross Drive, Elmwood Park, NJ 07407

(201) 791-2600

### NEW JERSEY

(State of incorporation)

22-2405059

(IRS Employer Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and 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  No

Indicate by check mark 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.

Large accelerated filer

Accelerated Filer

Non-accelerated Filer

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

Yes  No

### APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of the issuer's common stock, as of the latest practicable date: 13,598,814 shares of Common Stock (\$.01 par value) at March 9, 2007.

**BIO-REFERENCE LABORATORIES, INC.**

**FORM 10-Q**

**JANUARY 31, 2007**

**I N D E X**

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**  
**Balance Sheets as of January 31, 2007 (unaudited) and**  
**October 31, 2006.**  
  
**Statements of Operations (unaudited) for the three**  
**months ended January 31, 2007 and January 31, 2006**  
  
**Statements of Cash Flows (unaudited) for the three**  
**months ended January 31, 2007 and January 31, 2006**  
  
**Notes to financial statements (unaudited)**

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

**Item 3. Quantitative and Qualitative Disclosures About Market**  
**Risk**

**Item 4. Controls and Procedures**

**PART II. OTHER INFORMATION**

**Item 6. Exhibits**

**Signatures**

**Certifications**

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## PART I. FINANCIAL INFORMATION

Item 1

**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****[Dollars In Thousands Except Per Share Data]****ASSETS**

	<b>January 31, 2007 (Unaudited)</b>	<b>October 31, 2006</b>
<b><u>CURRENT ASSETS:</u></b>		
Cash and Cash Equivalents	\$ 9,601	\$ 8,954
Accounts Receivable - Net	72,373	67,778
Inventory	2,265	2,159
Other Current Assets	1,377	1,198
Deferred Tax Assets	5,736	4,487
<b><u>TOTAL CURRENT ASSETS</u></b>	<b>91,352</b>	<b>84,576</b>
<b><u>PROPERTY AND EQUIPMENT - AT COST</u></b>		
	26,787	22,246
<b><u>LESS: Accumulated Depreciation</u></b>	<b>9,484</b>	<b>10,162</b>
<b><u>PROPERTY AND EQUIPMENT - NET</u></b>	<b>17,303</b>	<b>12,084</b>
<b><u>OTHER ASSETS:</u></b>		
Deposits	475	646
Goodwill - Net	14,063	14,063
Intangible Assets - Net	7,864	8,170
Other Assets	984	934
<b><u>TOTAL OTHER ASSETS</u></b>	<b>23,386</b>	<b>23,813</b>
<b><u>TOTAL ASSETS</u></b>	<b>\$ 132,041</b>	<b>\$ 120,473</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

1

**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****[Dollars In Thousands Except Per Share Data]****LIABILITIES AND SHAREHOLDERS EQUITY**

	<b>January 31, 2007 (Unaudited)</b>	<b>October 31, 2006</b>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable	\$ 19,083	\$ 18,692
Accrued Salaries and Commissions Payable	4,824	4,029
Accrued Taxes and Expenses	5,068	2,257
Revolving Note Payable - Bank	17,698	16,696
Current Maturities of Long-Term Debt	1,112	839
Capital Lease Obligations - Short-Term Portion	2,205	2,069
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>49,990</b>	<b>44,582</b>
<b><u>LONG-TERM LIABILITIES:</u></b>		
Capital Lease Obligations - Long-Term Portion	2,848	2,913
Long-Term Debt- Net of Current Portion	7,798	4,181
Deferred Tax Liabilities	9	18
<b><u>TOTAL LONG-TERM LIABILITIES</u></b>	<b>10,655</b>	<b>7,112</b>
<b><u>COMMITMENTS AND CONTINGENCIES</u></b>		
<b><u>SHAREHOLDERS EQUITY:</u></b>		
Preferred Stock \$.10 Par Value; Authorized 1,059,589 shares, None Issued		
Series A Senior Preferred Stock, \$.10 Par Value; Authorized 604,078 Shares; None Issued		
Series A - Junior Participating Preferred Stock, \$.10 Par Value, Authorized 3,000 Shares; None Issued		
Common Stock, \$.01 Par Value; Authorized 35,000,000 shares; Issued and Outstanding 13,598,814 and 13,552,814 at January 31, 2007 and at October 31, 2006, respectively	136	136
Additional Paid-In Capital	39,617	39,001
Retained Earnings	31,708	29,743
Totals	71,461	68,880
Deferred Compensation	(65	) (101 )
<b><u>TOTAL SHAREHOLDERS EQUITY</u></b>	<b>71,396</b>	<b>68,779</b>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</u></b>	<b>\$ 132,041</b>	<b>\$ 120,473</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****[Dollars In Thousands Except Per Share Data]****[UNAUDITED]**

	<b>Three months ended January 31,</b>	
	<b>2007</b>	<b>2006</b>
<b><u>NET REVENUES:</u></b>	\$ 53,722	\$ 42,918
<b><u>COST OF SERVICES:</u></b>		
Depreciation and Amortization	903	804
Employee Related Expenses	13,350	10,893
Reagents and Laboratory Supplies	7,881	6,135
Other Cost of Services	5,395	4,752
<b><u>TOTAL COST OF SERVICES</u></b>	<b>27,529</b>	<b>22,584</b>
<b><u>GROSS PROFIT</u></b>	<b>26,193</b>	<b>20,334</b>
<b><u>GENERAL AND ADMINISTRATIVE EXPENSES:</u></b>		
Depreciation and Amortization	614	355
General and Administrative Expenses	15,062	12,078
Provision for Doubtful Accounts	6,929	5,904
<b><u>TOTAL GENERAL AND ADMIN. EXPENSES</u></b>	<b>22,605</b>	<b>18,337</b>
<b><u>INCOME FROM OPERATIONS</u></b>	<b>3,588</b>	<b>1,997</b>
<b><u>OTHER (INCOME) EXPENSES:</u></b>		
Interest Expense	517	272
Interest Income	(51)	(30)
<b><u>TOTAL OTHER EXPENSES - NET</u></b>	<b>466</b>	<b>242</b>
<b><u>INCOME BEFORE TAX</u></b>	<b>3,122</b>	<b>1,755</b>
Provision for Income Taxes	1,156	602
<b><u>NET INCOME</u></b>	<b>\$ 1,966</b>	<b>\$ 1,153</b>
<b><u>NET INCOME PER COMMON SHARE - BASIC:</u></b>	<b>\$ .14</b>	<b>\$ .09</b>
<b><u>WEIGHTED AVERAGE NUMBER OF SHARES - BASIC:</u></b>	<b>13,582,814</b>	<b>12,992,367</b>
<b><u>NET INCOME PER COMMON SHARE - DILUTED:</u></b>	<b>\$ .14</b>	<b>\$ .09</b>
<b><u>WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:</u></b>	<b>13,839,485</b>	<b>13,406,809</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****[Dollars In Thousands Except Per Share Data]****[UNAUDITED]**

	<b>Three months ended January 31,</b>	
	<b>2007</b>	<b>2006</b>
<b><u>OPERATING ACTIVITIES:</u></b>		
Net Income	\$ 1,966	\$ 1,153
Adjustments to Reconcile Net Income to Cash Provided by (used by) Operating Activities:		
Deferred Compensation	36	30
Depreciation and Amortization	1,517	1,159
Deferred Income Tax Benefit	(1,029 )	(168 )
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(7,201 )	(3,926 )
Provision for Doubtful Accounts	2,606	632
Inventory	(106 )	(190 )
Other Current Assets	(180 )	(132 )
Other Assets	121	(12 )
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	3,997	1,481
<b><u>NET CASH - OPERATING ACTIVITIES</u></b>	<b>1,727</b>	<b>27</b>
<b><u>INVESTING ACTIVITIES:</u></b>		
Acquisition of Intangible Assets	(28 )	
Acquisition of Property and Equipment	(1,623 )	(555 )
<b><u>NET CASH - INVESTING ACTIVITIES</u></b>	<b>(1,651 )</b>	<b>(555 )</b>
<b><u>FINANCING ACTIVITIES:</u></b>		
Payments of Long-Term Debt	(209	