BIOCLINICA INC
Form 10-K
February 27, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

Commission File No. 001-11182

BIOCLINICA, INC.

(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**11-2872047** (I.R.S. Employer Identification No.)
826 Newtown-Yardley Road, Newtown, Pennsylvania (Address of principal executive offices)	**18940-1721** (Zip Code)

(267) 757-3000

(Registrant s telephone number,

including area code)

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

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.00025 par value per share	NASDAQ Global Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes:o No: x

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

Indicate by check mark if 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: x No: o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website; if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes: x No:o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark if 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 , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes: oNo: x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was $63.3 million on June 30, 2011, the last business day of the registrant s most recently completed second fiscal quarter, based on the close price on that date.

Indicate the number of shares outstanding of each of the registrant s classes of common equity, as of January 31, 2012:

Class	Number of Shares
Common Stock, $.00025 par value	15,645,794

The following documents are incorporated by reference into the Annual Report on Form 10-K: Portions of the Registrant s definitive Proxy Statement for its 2012 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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PART I

Item 1. Business.

Overview

BioClinica®, Inc., referred to herein as BioClinica , we , us and our , provides integrated clinical research technology solutions to pharmaceutical biotechnology, and medical device companies, and other organizations such as contract research organizations, or CROs, engaged in global clinical studies. Our products and services include: medical image management, electronic data capture, clinical data management, interactive voice and web response, clinical trial supply forecasting tools, clinical trial management systems, and electronic image transport and archive solutions. By supplying enterprise-class software and hosted solutions accompanied by expert services to fully utilize these tools, we believe that our offerings provide our clients, large and small, improved speed and efficiency in the execution of clinical studies, with reduced clinical and business risk.

Our solutions support clinical stage research and development, or R&D, functions for our clients, and specifically, the collection, cleaning, and reporting of data related to their clinical trials. For large pharmaceutical and biotechnology companies, outsourcing these services to BioClinica is a cost effective alternative to the fixed cost model associated with internal drug development. Moreover, these large companies can benefit from BioClinica s technical resource pool, broad therapeutic expertise, and global infrastructure to support simultaneous multi-country clinical trials. For smaller companies, BioClinica provides the focused expertise and the manpower that they simply may not have in-house to pursue the resource-intensive clinical stages of drug development.

Our vision is to build critical mass in the complementary disciplines of clinical research related to data collection and processing especially those which can benefit from our information technology products and support services and to integrate these offerings in ways that yield efficiency and value for our clients. Our goal is to provide demonstrable benefits to sponsor clients through this strategy, that is, more reliable, faster and less expensive drug development. We believe that the outsourcing of these services should continue to increase in the future because of continued pressure on clinical trial sponsors, including factors such as: the need to more tightly manage costs, capacity limitations, reductions in marketing exclusivity periods, the desire to reduce development time, increased globalization of clinical trials, productivity challenges, imminent patent expirations, and more stringent regulation. We believe these trends will continue to create opportunities for companies like BioClinica that are focused on improving the efficiency of drug and medical device development.

Our Business

We view our operations and manage our business as one operating segment. Our extensive customer base includes all of the top 20 global pharmaceutical companies measured by revenue and many small and middle-market life sciences companies, as well as CROs.

BioClinica s clinical trial solutions enhance pharmaceutical and biotech companies ability to collect, clean (i.e., verify and ensure accuracy), process, and store the vast quantities of data generated in clinical trials. Through the use of our proprietary software and associated services, our

customers see the results of their clinical trials sooner and more accurately than through alternate methods. We believe our forecasting, simulation, and reporting tools improve our clients ability to manage their clinical trials and significantly reduce cost and risk inherent in clinical development. Our Medical Imaging Solutions support the collection and processing of clinical data, but specifically those related to medical images. The large size of digital image files requires rigorous processes to manage this data. We have developed proprietary expert software applications and services to make

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image collection both accurate and efficient. BioClinica s Medical Imaging Solutions also assist clients with the design and management of the medical imaging component of clinical trials and with the analysis and regulatory submission. Our systems enable us to contract with the foremost independent radiologists and other medical specialists who are involved in clinical trials to review medical image data in an entirely digital format and make highly precise measurements and biostatistical inferences to evaluate the efficacy and safety of pharmaceuticals, biologics, or medical devices. The resulting data enables our clients and regulatory reviewers, primarily the U.S. Food and Drug Administration, or the FDA, and comparable European agencies, to evaluate product efficacy and safety.

Acquisitions have been, and may continue to be, an important component of BioClinica s growth strategy.

On March 25, 2010, we acquired substantially all of the assets of privately held TranSenda International, LLC, or TranSenda. TranSenda was a provider of clinical trial management software, or CTMS, solutions. TranSenda s suite of web-based, Office-Smart CTMS solutions creates efficiencies for trial operations through interoperability with Microsoft Office tools. With this acquisition, we enhanced our ability to serve customers throughout the clinical research process with technologies that include improved efficiencies by reducing study durations and costs through integrated operational management.

On September 16, 2009, BioClinica acquired Tourtellotte Solutions, Inc., a private Massachusetts software firm. Tourtellotte Solutions supply chain simulation software added a new enterprise-class offering to our product line, and their interactive voice, or IVR, interactive web, or IWR, technology developments greatly advanced BioClinica s capabilities in this area.

On August 27, 2009, we acquired the CardioNow unit of Agfa HealthCare. With this addition, BioClinica now offers electronic transport solutions to facilitate the blinding, sharing, tracking, and archiving of medical images for multi-center clinical trials as part of its suite of imaging services. Imaging tracking information can also be integrated with other clinical trial data to further simplify and enhance the clinical trial process for life science companies.

On January 6, 2009, we sold our CapMed division to MBI Benefits, Inc., an indirectly owned subsidiary of Metavante Technologies, Inc. This division included the Personal Health Record, or PHR, software and the patent-pending Personal HealthKey technology. The sale of CapMed enables us to focus on our core clinical trials solutions business.

We were incorporated in Delaware in 1987 under the name Wise Ventures, Inc. Our name was changed to Bio-Imaging Technologies, Inc. in 1991 and was changed to BioClinica, Inc. in 2009. We changed the company name to BioClinica, Inc. in 2009 to better reflect our expanded products and services. The address of our principal executive offices is 826 Newtown-Yardley Road, Newtown, Pennsylvania, 18940, and our telephone number is 267-757-3000. Our Internet website is www.bioclinica.com. We make available on our Internet website all of our public filings with the Securities and Exchange Commission, or SEC. However, nothing on our Internet website is intended to be incorporated by reference into this Form 10-K or any other filing made by us with the SEC. The public may read or copy any filings that BioClinica, Inc. files with the SEC at the SEC Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. The SEC maintains an internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC. The website is http://www.sec.gov. The public can also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

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Target Markets

Our primary target market is comprised of pharmaceutical, biotechnology, and medical device companies with products in any stage of clinical development (Phase I, Phase II, Phase III, or Phase IV). Though our experience spans a wide range of therapeutic areas, we also target the largest areas of clinical research with customized products and services to support the precise requirements of these projects. Our therapeutic areas of expertise include: oncology, musculoskeletal conditions, and cardiology, plus central nervous system, neurovascular, and metabolic diseases.

Our Solutions and Services

The processes and technology incorporated into our offerings are designed to provide clients with the ease of use and scalability to handle large global trials as well as the flexibility, speed, and efficiency necessary to support smaller or early phase trials. The conduct of clinical trials for new drugs, biological products, and medical devices is regulated by the FDA and other regulatory bodies. Our products and services are designed to help our clients to operate in a manner that is compliant with applicable regulations and follows applicable regulatory guidance.

Medical Imaging Solutions

BioClinica provides a broad array of medical imaging management solutions to support clinical development. Medical image data are received by us from clinical trial sites located throughout the world. We have developed systems and procedures for data tracking and quality control that we believe to be of significant value to our clients. Our facilities in the U.S. and Europe are equipped with specialized hardware and software for the digitization of films and translation of digital data, enabling data to be standardized, regardless of its source. We believe our ability to handle most commercially available image file formats is a valuable technical asset and an important competitive advantage in gaining new business from large, global, multi-center clinical trials.

We have also developed image analysis software to measure key indicators of drug efficacy in different organs and disease states. The results from image analysis derived in our facilities can be transmitted electronically to our clients for regulatory submission. In addition, clients can use our image analysis software to determine patient eligibility for their clinical trials. Our information management services focus on providing specialized solutions for improving the quality, speed, and flexibility of image data management for clinical trials. We believe that utilizing our BioReadTM system offers numerous advantages over conventional film-based medical image reading scenarios, including increased reading speed, greater standardization of image reading, and reduced error in the capture of reader interpretations.

Using our BioRead system, independent medical specialists can review medical image data from clinical trials in a digital format. The BioRead system displays all modalities of medical image data, regardless of source equipment. In addition, the systems display either translated digital data or digitized films. Such image reviews are often required during clinical trials to evaluate patients responses to therapy or to determine if patients qualify for studies. By using the BioRead system to read and evaluate image data, medical specialists achieve greater reading speed than is possible with a manual film-based system and can perform evaluations in a more objective, reproducible manner.

We have also developed remote BioRead systems that are located on the premises of the individual medical specialists who are engaged by the sponsor to perform the analysis of the medical image data.

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Historically, the BioRead systems have been utilized to determine efficacy of the compounds being studied.

BioClinica assists clients in the design and management of the medical imaging component of clinical trials for all modalities, which includes computerized tomography, or CT, magnetic resonance imaging, or MRI, radiography, dual energy x-ray absorptiometry, or DXA/DEXA, positron emission tomography, or PET, single photon emission computerized tomography, or SPECT, quantitative coronary angiography, or QCA, cardiac MRI and CT, intravascular ultrasound, or IVUS, peripheral quantitative angiography, or QVA, central nervous system, or CNS, MRI, and ultrasound. We offer our clients therapeutic expertise in areas including oncology, musculoskeletal conditions, and cardiology, plus central nervous system, neurovascular, and metabolic diseases.

BioClinica WebSend provides our clients with a streamlined electronic transport solution to facilitate the blinding, sharing, tracking, and archiving of medical images for multi-center clinical trials as part of our suite of imaging services. Most clinical studies use courier services to transport large medical image files a process that can be slow, cumbersome, and prone to error. BioClinica WebSend provides investigator sites with a simple tool to complete transmittal forms with full validation of protocol-specific requirements and send large image studies directly to BioClinica in minutes via an Internet connection. BioClinica extends WebSend functionality to facilitate electronic sharing, tracking, analysis, and archiving of medical images for single or multi-center clinical trials with imaging endpoints.

Clients are increasingly using imaging criteria for inclusion/exclusion criteria. This use requires extremely rapid turn-around reads. We believe that the combination of WebSend and BioRead offers the optimal tool for this work because it allows us, at our client s discretion, to provide the images to an expert in the field to facilitate the review of the images from the expert s remote location, with the utmost possible speed in transport. Imaging information can also be integrated with BioClinica Express electronic data capture, or EDC, to further simplify and enhance the clinical trial process and improve the visibility of clinical data for life science companies.

Electronic Data Capture (EDC)

BioClinica ExpressTM EDC is an EDC technology platform that automates expensive, time-consuming, paper-based clinical trial processes and scales securely, reliably, and cost-effectively for global clinical trials involving large numbers of clinical sites and patients. The Express system integrates EDC functionality with clinical data management system features into a single solution that replaces traditional paper-based methods. Using our proprietary software, clients collect, clean, and manage their clinical data completely in electronic format. This technology-enabled process improves data quality and allows our sponsors to see the results of their clinical trials faster than conventional paper-based methods. Electronic versions of case report forms, or eCRFs, are made available to each research site participating in the clinical trial via the Internet. The Express system also allows the import and integration of clinical data from other sources during the course of the trial to help to reduce the imprecision and inefficiencies of waiting until the end of the trial to get a full and accurate analysis of the efficacy and safety of the investigational compound.

IVR/IWR Interactive Response Solutions

BioClinica Trident IWR is a next-generation interactive voice response IVR/IWR system that was released in 2010. It is parameter-driven, built specifically for the web, and is able to support rapid, flexible customization that supplies greater control over cost and data than legacy clinical

IVR systems. Process knowledge and expertise in IVR/IWR, simulation and forecasting, and clinical supplies combined with other innovations, has led to the development of Trident IWR.

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Trident IWR s unique interface provides clinical operations personnel with an intuitive way to directly set up, monitor, and maintain randomization and supplies for their clinical trials, in a fraction of the time previously required. Trident IWR delivers rapid study setup with no programming, while supporting multiple concurrent studies. Trident IWR eliminates the need to design and create a new database for each new trial, and it provides custom data reporting and metrics. Trident IWR also offers an innovative integration with BioClinica Optimizer that unifies planning and execution systematically, extending clients precision and control over these complex processes.

Clinical Supply Forecasting and Optimization

BioClinica Optimizer clinical supply forecasting and optimization is a product that allows biopharmaceutical companies to simulate, forecast, and optimize their clinical supply chain. Optimizer allows clients to design unlimited supply chain scenarios and vary relevant study parameters from a global level down to a site level. Simulated results can be analyzed and modified to create the ideal clinical supply chain. Simulation is a process that replicates a real-world system or environment in order to predict actual behavior. Simulating study scenarios can help identify and mitigate supply crisis, study delays, and unnecessary overages. Optimizer helps define the minimum thresholds for site stock and local country depots using specific shipping lead times. Finding the maximum unpredictable demand over time allows users to change their minimum stock levels as the study progresses, e.g. dropping off as enrollment or other unpredictable events become complete. BioClinica offers Optimizer both through software licensing and as an outsourced service to make these benefits accessible to organizations of any size.

Clinical Trial Management Systems, or CTMS

BioClinica OnPoint CTMS is an application that helps sponsors and CROs better manage business and operational processes for clinical trials by capturing and manipulating the trial data electronically. BioClinica OnPoint includes: applications to manage data related to clinical sites, personnel, subjects, and clinical supplies; scheduling, tracking, and monitoring performance; site payments; study document management; vendors; and more.

BioClinica OnPoint leverages Microsoft® SharePoint, Microsoft® Office, and BioClinica technologies to provide superior team collaboration, connectivity, and efficiency in a multi-site environment; it is the only CTMS capable of fully utilizing the Microsoft Office environment. OnPoint also interfaces with a variety of systems, such as EDC and IVR/IWR systems, to fully integrate all clinical operational data. The CTMS product line also includes the BioClinica Clinical Payment Manager. Most financial systems do not have the functions or the flexibility needed to efficiently track payments specific to clinical trials; and manual payment calculation can involve extensive sorting through trial activity and contracts a process that takes time, limits visibility and is often prone to error. This results in one of the leading complaints of investigators a lack of timely and accurate payments. Offered as both a stand-alone system or fully integrated with BioClinica CTMS, Clinical Payment Manager also works with Microsoft Office software to further maximize efficiency.

Data Management

BioClinica Express clinical data management services support the accurate collection, verification, and analysis of clinical data. The data management team designs eCRFs and data management plans to ensure that data are collected in compliance with both the study protocol and applicable regulatory requirements. Prior to data lock, BioClinica personnel screen the data to detect errors, omissions, and other deficiencies in completed

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eCRFs. Data management personnel review, code, reconcile serious adverse events, and assist with the resolution of any data-related problems. Clients can utilize these services to augment their organization for an entire trial or to manage unexpected resource situations. Other clients choose to completely outsource the data management function in lieu of direct staff.

Additional Services

Our products are supported by comprehensive consulting, training services, and application hosting and support capabilities to support clinical trials on a global scale. In addition to our U.S. headquarters, we have offices with service personnel in the Netherlands, France and India.

Application Hosting Services. Other than our internal medical imaging systems, our software products are available to customers through software licensing arrangements and as hosted application solutions with technical and training support services.

Consulting Services. We provide technical consulting in the evaluation of the sites that may participate in clinical trials. We also provide consulting services to our clients regarding regulatory issues involved in the design, execution, analysis, and submission of medical image data in clinical trials. BioClinica provides expertise through our deep roster of collaborative consultants, which includes board-certified radiologists, oncologists, rheumatologists, cardiologists, and other therapeutic specialists to ensure the highest quality independent review, as well as clinical trial design and deployment expertise.

Customer Support. Our multi-lingual customer and site technical support is available 24 hours per day, seven days per week, via our call center. Customer support also includes training and software maintenance. Support services are bundled within our software licenses and outsourced service offerings.

Intellectual Property

Proprietary intellectual property protection for our computer-imaging programs, processes and expertise is important to our business. We have developed certain technically-derived procedures and computer software applications that are intended to increase the effectiveness and quality of our services. We rely upon patents, trademarks, copyrights, trade secrets, know-how and continuing technological innovation to develop and maintain our competitive position. We have claimed trademark protection for BioClinica. We hold patents for the two DEXA phantoms, titled Spine and Variable Composition Phantoms , which we sell to trial sites. We cannot assure you that we can limit unauthorized or wrongful disclosures of trade secrets or otherwise confidential information. In addition, to the extent we rely on trade secrets and know-how to maintain our competitive technological position, we cannot assure you that others may not develop independently the same, similar or superior techniques. Although our intellectual property rights are important to the results of our operations, we believe that other factors, such as our independence, process knowledge, technical expertise and experience are more important, and that, overall, these technological capabilities offer significant benefits to our clients.

Government Regulation

It is our view that demand for our software products, services and hosted solutions is largely a function of the regulatory requirements associated with the investigation and approval of drugs, biologics and medical devices, as well as the monitoring of and reporting on the safety of these products. The clinical testing of drugs, biologics and medical devices is subject to regulation by the FDA and other governmental authorities worldwide.

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The use of software and services during the clinical trial process must adhere to the regulations known as Good Clinical Practices and other various codified FDA regulations, and should adhere to regulatory guidance such as the Consolidated Guidance for Industry from the International Conference on Harmonization regarding Good Clinical Practice for Europe, Japan and the United States and other guidance documents. Our products, services and hosted solutions are developed using our domain expertise and are designed to allow compliance with applicable rules and regulations and conformance with applicable guidance. The foregoing regulations and regulatory guidance are subject to change at any time. Changes in regulations and regulatory guidance to either more or less stringent conditions could adversely affect our business and the software products, services and hosted solutions we make available to our customers. Further, a material violation by us or our customers of Good Clinical Practices could result in a warning letter from the FDA, the suspension or termination of clinical trials, investigator disqualification, debarment, the rejection or withdrawal of a product marketing application, criminal prosecution or civil penalties, any of which could have a material adverse effect on our business, results of operations or financial condition.

In addition to the aforementioned regulations and regulatory guidance, the FDA has developed regulations and regulatory guidance concerning electronic records and electronic signatures. The regulations, codified as 21 CFR Part 11, are interpreted for clinical trials in a guidance document titled Computerized Systems Used in Clinical Trials . This regulatory guidance stipulates that computerized systems used to capture or manage clinical trial data must meet certain standards for attributability, accuracy, retrievability, traceability, inspectability, validity, security and dependability. Other guidance documents have been issued that also help in the interpretation of 21 CFR Part 11. We cannot assure you that the design of our software solutions, will continue to allow customers to maintain conformance with these guidelines as they develop. Any changes in applicable regulations that are inconsistent with the design of any of our software solutions or which reduce the overall level of record-keeping or other controls or performances of clinical trials, may have a material adverse effect on our business and operations. If we fail to offer solutions that allow our customers to comply with applicable regulations, it could result in the suspension or termination of on-going clinical trials, the disqualification of data for submission to regulatory authorities, or the withdrawal of approved marketing applications.

The FDA has established mandatory procedures and safety standards that apply to the clinical testing, manufacturing and marketing of drugs and medical devices. These procedures and safety standards include, among other things, the completion of adequate and well-controlled human clinical trials to establish the safety and efficacy of the drug or device for its recommended conditions or use. We advise our clients in the execution of clinical trials and other drug and device development tasks. We do not administer drugs to or utilize medical devices on patients.

The success of our business is dependent upon continued acceptance by the FDA and other regulatory authorities of the data and analyses generated by our services in connection with the evaluation of the safety and efficacy of new drugs and devices. The FDA has formal guidelines that encourage the use of surrogate measures, through submission of digital image data, for evaluation of drugs to treat life-threatening or debilitating conditions. We cannot assure you that the FDA or other regulatory authorities will accept the data or analyses generated by us in the future and, even assuming acceptance, we cannot assure you that the FDA or other regulatory authorities will require the application of imaging techniques to numbers of patients and over time periods substantially similar to those required of traditional safety and efficacy techniques.

Changes in the FDA s policy for the evaluation of therapeutic oncology agents may have a positive impact on the time to market of such therapeutics. According to FDA guidelines, approval times for new cancer therapies can be shortened if evidence of tumor shrinkage is verifiable and demonstrable through the use of objective measurement techniques. These guidelines place greater reliance on the use of medical image data to

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demonstrate objective tumor shrinkage. In addition, the FDA has implemented guidelines aimed at accelerating other therapeutic categories through the use of imaging markers as surrogate endpoints for measuring therapeutic effectiveness. We believe the FDA s initiatives to streamline and accelerate the submission and review process of therapeutic agents has had a favorable impact on our business.

We believe that our ability to achieve continued and sustainable growth will be materially dependent upon, among other factors, the continued stringent enforcement of the comprehensive regulatory framework by various government agencies. Any significant change in these regulatory requirements or the enforcement thereof, especially relaxation of standards, could adversely affect our business.

The current European market regulation is more fragmented than in the United States. However, we believe that our expertise in working with the standards of the FDA provides us with experience when working with the various European regulatory agencies.

Competition

The market for medical image management, electronic data collection, data management and other clinical trial services is highly competitive and rapidly evolving. Our clinical research technology solutions compete against specialty CROs, and to a lesser extent, universities and teaching hospitals. Certain of our technology solutions compete with internally developed solutions, general CROs, and independent providers of such services. Certain of these competitors are owned by or are divisions of larger organizations, some of which have substantially greater resources than we do. As competition increases, we will look to provide value-added services and undertake marketing and sales programs to differentiate our services based on our expertise and experience in specific therapeutic and diagnostic areas, our technical expertise, our regulatory and clinical development experience, our quality performance and our international capabilities. Our competitive position also depends upon our ability to attract and retain qualified personnel and develop and preserve proprietary technology, processes and know-how. Competition in our industry has resulted in additional pressure being placed on price, service and quality. Although we believe that we are well positioned against our competitors due to our experience in clinical trials and regulatory compliance along with our international presence, we cannot assure you that our competitors or clients will not provide or develop services similar or superior to those provided by us. This competition could have a material adverse impact on us.

Marketing and Sales

We provide and market our services on an international basis primarily to pharmaceutical, biotechnology and medical device companies. We sell our products through a direct sales force and through relationships with CROs. Our direct sales force is operated out of three U.S. field offices and two European field offices, as well as our operational facilities in Pennsylvania and Leiden, The Netherlands. In addition, follow-on sales are accomplished by the efforts of sales professionals, project managers and other consulting services professionals.

Our selling efforts are primarily focused on North America and Western Europe. Our marketing activities include exhibiting at major trade shows, advertising in trade journals and the sponsoring of industry associations.

Significant Clients

Contracts with one client, Pfizer Inc., which encompassed 21 projects, represented 19.8% of our service

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revenues for the year ended December 31, 2011. Contracts with Pfizer, Inc., which encompassed 22 projects, represented 19.9% of our service revenues for the year ended December 31, 2010. No one client represented more than 10% of our service revenues for the year ended December 31, 2009. Contracts are terminable by our clients at any time and for any reason. The loss of business from a significant client or our failure to continue to obtain new business to replace completed or canceled projects would have a material adverse effect on our business and revenues.

Business Segments and Geographic Information

We view our operations and manage our business as one operating segment, clinical trials services.

Our corporate headquarters and operational facilities are in Pennsylvania, in the United States. We also have a European facility in Leiden, the Netherlands. We manage our services for European-based clinical trials from the Leiden facility. Our European facility has similar processing and analysis capabilities as our United States headquarters. We also have a facility in Lyon, France that provides product development and research activities. We have an office in Bhubaneshwar, India to provide information technology support services.

Employees

As of December 31, 2011, we had 522 full-time employees, three of whom were executive officers.

Of our employees, as of December 31, 2011, 35 were engaged in sales and marketing, 439 were engaged in client-related projects, and 45 were engaged in administration and management. A significant number of our management and professional employees have prior industry experience. We believe that we have been successful in attracting skilled and experienced personnel; however, it remains a competitive market for recruiting such personnel. As of February 28, 2012, we have employment agreements with three of our executive officers. See Item 11. Executive Compensation . We consider relations with our employees to be good.

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Item 1A. Risk Factors.

The more prominent risks and uncertainties inherent in our business are described below. However, additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations may suffer. Any of the following factors could harm our business and future results of operations, and you could lose all or part of your investment.

Risks Related to Our Company and Business

We may incur financial losses because contracts may be delayed or terminated or reduced in scope for reasons beyond our control.

Our clients may terminate or delay their contracts for a variety of reasons, including, but not limited to:

- unexpected or undesired clinical results;
- the client s decision to terminate the development of a particular product or to end a particular study;
- insufficient patient enrollment in a study;
- insufficient investigator recruitment;
- failure to perform our obligations under the contract; or
- the failure of products to satisfy safety requirements.

In addition, we believe that companies that are regulated by the United States Food and Drug Administration, or FDA, may proceed with fewer clinical trials or conduct them without assistance of contract service organizations if they are trying to reduce costs as a result of cost containment pressures associated with healthcare reform, budgetary limits or changing priorities. These factors may cause such companies to cancel contracts with contract service organizations.

We cannot assure you that our clients will continue to use our services or that we will be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenues. Further, we cannot assure you that our clients will continue to generate consistent amounts of revenues over time.

The loss, reduction in scope or delay of a large contract or the loss or delay of multiple contracts could materially adversely affect our business.

The current extended economic downturn may adversely impact our ability to grow our business.

The current extended economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. The fallen equity markets and adverse credit markets may make it difficult for us to raise capital or procure credit in the future to fund the growth of our business, which could have a negative impact on our business and results of operations and limit our ability to pursue acquisitions.

We depend on a small number of industries and clients for all of our business, and the loss of one such significant client could cause revenues to drop quickly and unexpectedly.

We depend on research and development expenditures by pharmaceutical, biotechnology and medical device companies to sustain our business. Our operations could be materially and adversely affected if:

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- our clients businesses experience financial problems or are affected by a general economic downturn;
- consolidation in the pharmaceutical, biotechnology or medical device industries leads to a smaller client base for us; or
- clients reduce their research and development expenditures.

Contracts with one client, Pfizer Inc., which encompassed 21 projects, represented 19.8% of our service revenues for the year ended December 31, 2011. Contracts with Pfizer, Inc., which encompassed 22 projects, represented 19.9% of our service revenues for the year ended December 31, 2010. The loss of business from a significant client or our failure to continue to obtain new business to replace completed or canceled projects would have a material adverse effect on our business and revenues.

Our contracted/committed backlog may not be indicative of future results.

Our reported contracted/committed backlog of $123.1 million at December 31, 2011 is based on anticipated service revenue from uncompleted projects with clients. Backlog is the expected service revenue that remains to be earned and recognized on signed and verbally agreed to contracts. Contracts included in backlog are subject to termination by our clients at any time. In the event that a client cancels a contract, we would be entitled to receive payment for all services performed up to the cancellation date and subsequent client authorized services related to the cancellation of the project. The duration of the projects included in our backlog range from less than three months to seven years. We cannot assure you that this backlog will be indicative of future results. A number of factors may affect backlog, including:

- the variable size and duration of the projects (some are performed over several years);
- the loss or delay of projects;
- the change in the scope of work during the course of a project; and
- the cancellation of such contracts by our clients.

Also, if clients delay projects, the projects will remain in backlog, but will not generate revenue at the rate originally expected. Accordingly, the historical relationship of backlog to revenues may not be indicative of future results.

We made one acquisition in the first quarter 2010, two acquisitions in the third quarter of 2009, and may engage in future acquisitions, which may be expensive and time consuming, and from which we may not realize anticipated benefits.

On March 25, 2010, we acquired substantially all of the assets of privately held TranSenda International, LLC, headquartered in Bellevue, WA. In the third quarter of 2009, we acquired the CardioNow unit from AGFA Healthcare and substantially all of the assets of Tourtellotte

Solutions, Inc. and may acquire additional businesses, technologies and products if we determine that these additional businesses, technologies and products complement our existing business, or otherwise serve our strategic goals. Either as a result of the recent acquisitions or future acquisitions undertaken, the process of integrating the acquired business, technology or product may result in operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of our business. Moreover, we may never realize the anticipated benefits of any such acquisition. Such acquisitions could result in potentially dilutive issuances of our securities, the incurrence of debt and contingent liabilities and amortization expenses related to intangible assets, all of which could adversely affect our results of operations and financial condition.

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Loss of key personnel, or failure to attract and retain additional personnel, may cause the success and growth of our business to suffer.

Future success depends on the personal efforts and abilities of the principal members of our senior management to provide strategic direction, develop business, manage operations and maintain a cohesive and stable environment. Specifically, we are dependent upon Mark L. Weinstein, President and Chief Executive Officer, Ted I. Kaminer, Executive Vice President of Finance and Administration and Chief Financial Officer, and Peter Benton, Executive Vice President, President of eClinical Solutions. Although we have employment agreements with Mr. Weinstein, Mr. Kaminer and Mr. Benton, this does not necessarily mean that they will remain with us. Although we have executive retention agreements with our officers, we do not have employment agreements with any other key personnel. Furthermore, our performance also depends on our ability to attract and retain management and qualified professional and technical operating staff. Competition for these skilled personnel is intense. The loss of services of any key executive, or inability to continue to attract and retain qualified staff, could have a material adverse effect on our business, results of operations and financial condition. We do not maintain any key employee insurance on any of our executives.

We may not be able to effectively manage our international operations.

We maintain facilities in France, the Netherlands and India, and we may continue to expand our international operations in the future. There are significant risks associated with the establishment of foreign operations, including, but not limited to: geopolitical risks, foreign currency exchange rates and the impact of shifts in the U.S. and local economies on those rates, compliance with local laws and regulations, the protection of our intellectual property and that of our customers, the ability to integrate our corporate culture with local customs and cultures, and the ability to effectively and efficiently supply our international facilities with the required equipment and materials. If we are unable to effectively manage these risks, these locations may not produce the revenues, earnings, or strategic benefits that we anticipate which could have a material adverse affect on our business.

Our revenues, earnings and operating costs are exposed to exchange rate fluctuations.

During the year ended December 31, 2011, a portion of our service revenues were denominated in foreign currency. Our financial statements are denominated in United States dollars. In the event a greater portion of our service revenues are denominated in a foreign currency, changes in foreign currency exchange rates could affect our results of operations and financial condition. Fluctuations in foreign currency exchange rates could materially impact the operating costs of our European facilities in Leiden, the Netherlands and Lyon, France, which are primarily Euro denominated.

We may be required to record additional significant charges to earnings if our goodwill becomes impaired.

Under accounting principles generally accepted in the United States, we review our goodwill for impairment each year as of December 31 and when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of our goodwill may not be recoverable due to factors such as a decline in stock price and market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. Estimates of future cash flows are based on an updated long-term financial outlook of our operations. However, actual performance in the near-term or long-term could be materially different from these forecasts, which could impact future estimates. For example, a significant decline in our stock price and/or market capitalization may result in impairment of our goodwill valuation. We may be required to record a charge

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to earnings in our financial statements during a period in which an impairment of our goodwill is determined to exist, which may negatively impact our results of operations.

Our software products and hosted solutions are at varying stages of market acceptance and the failure of any of our products to achieve or maintain wide acceptance would harm our operating results.

We began offering our electronic data capture software solution for clinical trials in March 2008. Continued use of our current electronic data capture software products, and broad and timely acceptance of newly-introduced electronic data capture software products, as well as integrated solutions combining one or more of our software products, is critical to our future success and is subject to a number of significant risks, some of which are outside our control. These risks include:

- our customers and prospective customers desire for and acceptance of our electronic data capture, clinical data management, drug safety and interactive response technology solutions;
- our ability to meet product development and release schedules;
- our software products and hosted solutions ability to support large numbers of users and manage vast amounts of data;
- our ability to significantly expand our internal resources and increase our capital and operating expenses to support the anticipated growth and continued integration of our software products, services and hosted solutions; and
- our customers ability to use our software products and hosted solutions, train their employees and successfully deploy our technology in their clinical trial and safety evaluation and monitoring activities.

Our failure to address, mitigate or manage these risks would seriously harm our business, particularly if the failure of any or all of our software products or hosted solutions to achieve market acceptance negatively affects our sales of our other products and services.

We may be unable to adequately protect, and we may incur significant costs in defending, our intellectual property and other proprietary rights or in defending claims that we are infringing upon the intellectual property rights of others.

Our success depends on our ability to protect our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. To the extent that our intellectual property and other proprietary rights are not adequately protected, third parties might gain access to our proprietary information, develop and market products or services similar to ours or use trademarks similar to ours, each of which could materially harm our business. Existing U.S. federal and state intellectual property laws offer only limited protection. Moreover, the laws of other countries in which we market our software products, services and hosted solutions may afford little or no effective protection of our intellectual property. If we are involved in legal proceedings to enforce our intellectual property rights, to determine the validity and scope of the intellectual property or other proprietary rights of others or to defend against claims of infringement by third parties, the proceedings could be burdensome

and expensive, even if we were to prevail. Any potential infringement actions brought against us could require us to stop using the product or service which incorporates such third party intellectual property, obtain a license to use such third party intellectual property (which could be costly or unavailable) or redesign our products or services that incorporate such third party intellectual property (which could be time consuming and costly and affect the market

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acceptance of such product or service). The failure to adequately protect our intellectual property and other proprietary rights or acknowledge third party intellectual property rights may have a material adverse effect on our business, results of operations or financial condition.

Risks Related to Our Industry

Our failure to compete effectively in our industry could cause our revenues to decline.

Significant factors in determining whether we will be able to compete successfully include:

- consultative and clinical trials design capabilities;
- reputation for on-time quality performance;
- expertise and experience in specific therapeutic areas;
- the scope of service offerings;
- strength in various geographic markets;
- the price of services;
- ability to acquire, process, analyze and report data in a time-saving and accurate manner;
- ability to manage large-scale clinical trials both domestically and internationally;
- our size;
- the service and product offerings of our competitors; and
- our ability to upgrade our products, services and hosted solutions so such offerings are not deemed obsolete in comparison to the service and product offerings of our competitors.

If our services are not competitive based on these or other factors, our business, financial condition and results of operations could be materially harmed.

The biopharmaceutical services industry is highly competitive, and we face numerous competitors in our business, including hundreds of CROs. If we fail to compete effectively, we will lose clients, which would cause our business to suffer. We primarily compete against in-house

departments of pharmaceutical companies, full service CROs, small specialty CROs, and to a lesser extent, universities and teaching hospitals. Some of these competitors have substantially greater capital, technical and other resources than we do. In addition, certain of our competitors that are smaller specialized companies may compete effectively against us because of their concentrated size and focus.

Changes in outsourcing trends in the pharmaceutical and biotechnology industries could adversely affect our operating results and growth rate.

Service revenues depend greatly on the expenditures made by the pharmaceutical and biotechnology industries in research and development. Accordingly, economic factors and industry trends that affect our clients in these industries also affect our business. For example, the practice of many companies in these industries has been to hire outside organizations like us to conduct clinical research projects. This practice has grown significantly in the last decade, and we have benefited from this trend. However, if this trend were to change and companies in these industries were to reduce the number of research and development projects they outsource, our business could be materially adversely affected.

Additionally, numerous governments have undertaken efforts to control growing healthcare costs through legislation, regulation and voluntary agreements with medical care providers and pharmaceutical companies. If future regulatory cost containment efforts limit the profits that can be derived from new drug sales, our clients

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might reduce their research and development spending, which could reduce our business.

Consolidation among our customers could cause us to lose customers, decrease the market for our products and result in a reduction of our revenues.

Our customer base could decline because of industry consolidation, and we may not be able to expand sales of our products and services to new customers. Consolidation in the pharmaceutical, biotechnology and medical device industries has accelerated in recent years, and we expect this trend to continue. As these industries consolidate, competition to provide products and services to industry participants will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may try to use their market power to negotiate price reductions for our products and services. Also, if consolidation of larger current customers occurs, the combined organization may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined organization s revenues to continue to achieve growth.

The current extended economic downturn coupled with the current regulatory environment could have a negative impact on the pharmaceutical, biotechnology and medical device industries.

The current extended economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. Our revenues are contingent upon the research and development expenditures by pharmaceutical, biotechnology and medical device companies. Some companies in these industries have found it difficult to raise capital in the equity and debt markets or through traditional credit markets to fund research and development. In addition, increased regulatory scrutiny from the FDA may have increased the costs of research and development for these companies. These companies have responded to the current extended economic downturn and regulatory environment by postponing, attenuating or cancelling clinical trials projects, or portions thereof, which may reduce the need for our services. As a result, our revenues may be similarly decreased. Furthermore, while our revenues may decrease, our costs may remain relatively fixed, resulting in decreased earnings.

Failure to comply with existing regulations could result in increased costs to complete clinical trials.

Our business is subject to numerous governmental regulations, primarily relating to pharmaceutical product development and the conduct of clinical trials. In particular, we are subject to 21 CFR Part 11 of the Code of Federal Regulations that provides the criteria for acceptance by the FDA of electronic records. If we fail to comply with these governmental regulations, it could result in the termination of ongoing clinical research or the disqualification of data for submission to regulatory authorities. We also could be barred from providing clinical trial services in the future or be subjected to fines. Any of these consequences would harm our reputation, our prospects for future work and our operating results.

We may be affected by health care reform.

In March 2010, the United States Congress enacted health care reform legislation intended over time to expand health insurance coverage and impose health industry cost containment measures. This legislation may significantly impact the pharmaceutical and biotechnology industries. In addition, the U.S. Congress, various state legislatures and European and Asian governments may consider various types of health care reform in order to control growing health care costs. We are presently uncertain as to the effects of the recently enacted legislation on our business and are unable to predict what legislative proposals will be adopted in the future, if any.

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Implementation of health care reform legislation may have certain benefits but also may contain costs that could limit the profits that can be made from the development of new drugs. This could adversely affect research and development expenditures by pharmaceutical and biotechnology companies, which could in turn decrease the business opportunities available to us both in the United States and abroad. In addition, new laws or regulations may create a risk of liability, increase our costs or limit our service offerings.

In addition to healthcare reform legislation, the expansion of managed care organizations in the healthcare market may result in reduced spending on research and development. Managed care organizations efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

Changes in governmental regulation could decrease the need for the services we provide, which would negatively affect our future business opportunities.

Governmental agencies throughout the world, but particularly in the United States, strictly regulate the drug development/approval process. Our business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as relaxation in regulatory requirements or the introduction of simplified drug approval procedures or an increase in regulatory requirements that we may have difficulty satisfying could eliminate or substantially reduce the need for our services. If these changes in regulations were to occur, our business, results of operations and financial condition could be materially adversely affected. These and other changes in regulation could have a material adverse impact on our available business opportunities.

If governmental agencies do not accept the data and analyses generated by our services, the need for our services would be eliminated or substantially reduced.

The success of our business is dependent upon continued acceptance by the FDA and other regulatory authorities of the data and analyses generated by our services in connection with the evaluation of the safety and efficacy of new drugs and devices. The FDA has formal guidelines that encourage the use of surrogate measures through submission of digital image data, for evaluation of drugs to treat life-threatening or debilitating conditions. We cannot assure you that the FDA or other regulatory authorities will accept the data or analyses generated by us in the future and, even assuming acceptance, the FDA or other regulatory authorities may not require the application of imaging techniques to the number of patients and over time periods substantially similar to those required of traditional safety and efficacy techniques. If the governmental agencies do not accept data and analyses generated by our services in connection with the evaluation of new drugs and devices, the need for our services would be eliminated or substantially reduced, and, as a result, our business, results of operations and financial condition could be materially adversely affected.

In the course of conducting our business, we possess or could be deemed to possess personal medical information in connection with the conduct of clinical trials. If we fail to keep this information properly protected we could be subject to significant liability.

Our software solutions are used to collect, manage and report information in connection with the conduct of clinical trial and safety evaluation and monitoring activities. This information is or could be considered to be personal medical information of the clinical trial participants or patients. Regulation of the use and disclosure of personal medical information is complex and growing. Increased focus on individuals rights to

confidentiality of

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their personal information, including personal medical information, could lead to an increase of existing and future legislative or regulatory initiatives giving direct legal remedies to individuals, including rights to damages, against entities deemed responsible for not adequately securing such personal information. In addition, courts may look to regulatory standards in identifying or applying a common law theory of liability, whether or not that law affords a private right of action. Since we receive and process personal information of clinical trial participants and patients from customers utilizing our hosted solutions, there is a risk that we could be liable if there were a breach of any obligation to a protected person under contract, standard of practice or regulatory requirement. If we fail to properly protect this personal information that is in our possession or deemed to be in our possession, we could be subjected to significant liability.

We may be exposed to liability claims as a result of our involvement in clinical trials.

We may be exposed to liability claims as a result of our involvement in clinical trials. We cannot assure you that liability claims will not be asserted against us as a result of work performed for our clients. We maintain liability insurance coverage in amounts that we believe are sufficient for the pharmaceutical services industry. Furthermore, we cannot assure you that our clients will agree to indemnify us, or that we will have sufficient insurance to satisfy any such liability claims. If a claim is brought against us and the outcome is unfavorable to us, such outcome could have a material adverse impact on us.

In the event we are unable to satisfy regulatory requirements relating to internal control over financial reporting, or if these internal controls are not effective, our business and financial results may suffer.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our brand and operating results could be harmed. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to furnish a report by management on internal control over financial reporting, including management s assessment of the effectiveness of such control. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed, we could fail to meet our reporting obligations, and there could also be a material adverse effect on our stock price.

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Risks Related to Our Common Stock

Your percentage ownership and voting power and the price of our common stock may decrease as a result of events that increase the number of our outstanding shares.

As of December 31, 2011, we had the following capital structure (in thousands):

Common stock outstanding	15,650
Common stock issuable upon:	
Exercise of options which are outstanding	1,662
Exercise of options which have not been granted	836
Restricted stock units outstanding	427
Total common stock outstanding assuming exercise or conversion of all of the above	18,575

As of December 31, 2011, we had outstanding options to purchase 1.7 million shares of common stock at exercise prices ranging from $1.16 to $8.06 per share (exercisable at a weighted average of $5.15 per share), of which 1.2 million options were then exercisable. Exercise of our outstanding options into shares of our common stock may significantly and negatively affect the market price for our common stock as well as decrease your percentage ownership and voting power. In addition, we may conduct future offerings of our common stock or other securities with rights to convert the securities into shares of our common stock. As a result of these and other events, such as future acquisitions, that increase the number of our outstanding shares, your percentage ownership and voting power and the price of our common stock may decrease.

Shares of our common stock eligible for public sale may have a negative impact on its market price.

Future sales of shares of our common stock by existing holders of our common stock or by holders of outstanding options, upon the exercise thereof, could have a negative impact on the market price of our common stock. As of December 31, 2011, we had 15.6 million shares of our common stock issued and outstanding, substantially all of which are currently freely tradable. As additional shares of common stock become available for resale in the public market pursuant to registration statements and releases of lock-up agreements, the market supply of shares of common stock will increase, which could also decrease its market price.

We are unable to estimate the number of shares that may be sold because this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Any sale of substantial amounts of our common stock or other securities in the open market may adversely affect the market price of our securities and may adversely affect our ability to obtain future financing in the capital markets as well as create a potential market overhang.

There are a limited number of stockholders who have significant control over our common stock, allowing them to have significant influence over the outcome of all matters submitted to our stockholders for approval, which may conflict with our interests and the interests of our

other stockholders.

Our directors, officers and principal stockholders (stockholders owning 10% or more of our common stock), including Covance Inc., beneficially owned 22% of the outstanding shares of common stock and restricted stock units and stock options that could have been converted to common stock at December 31, 2011, and such

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stockholders will have significant influence over the outcome of all matters submitted to our stockholders for approval, including the election of our directors and other corporate actions. In addition, such influence by these affiliates could have the effect of discouraging others from attempting to take us over, thereby increasing the likelihood that the market price of the common stock will not reflect a premium for control.

Because we do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance further research and development and do not expect to pay any cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

Trading in our common stock may be volatile, which may result in substantial declines in its market price.

The market price of our common stock has experienced historical volatility and might continue to experience volatility in the future in response to quarter-to-quarter variations in:

- operating results;
- analysts reports;
- market conditions in the industry;
- changes in governmental regulations; and
- changes in general conditions in the economy or the financial markets.

The overall market (including the market for our common stock) has also experienced significant decreases in value in the past. This volatility and potential market decline could affect the market prices of securities issued by many companies, often for reasons unrelated to their operating performance, and may adversely affect the price of our common stock. Between January 1, 2011 and December 31, 2011, our common stock has traded at a low of $4.10 per share and a high of $5.60 per share. Between January 1, 2012 and February 22, 2012, our common stock has traded at a low of $4.25 per share and a high of $5.75 per share.

Our common stock began trading on the NASDAQ Global Market, formerly called the NASDAQ National Market, on December 18, 2003 and has a limited trading market. We cannot assure that an active trading market will develop or, if developed, will be maintained. As a result, our stockholders may find it difficult to dispose of shares of our common stock and, as a result, may suffer a loss of all or a substantial portion of their investment.

Certain provisions of our stockholder rights plan, charter and Delaware law could make a takeover more difficult and may also make it difficult for our stockholders to replace or remove our board of directors.

We have an authorized class of 3,000,000 shares of undesignated preferred stock, of which 1,250,000 shares were previously issued and converted into common stock and 36,000 shares designated as Series A Junior Participating Preferred Stock under our stockholder rights plan as previously disclosed. The remaining 1,714,000 shares may be issued by our board of directors, on such terms and with such rights, preferences and designations as the board of directors may determine. Issuance of such preferred stock, depending upon the rights, preferences and designations thereof, may have the effect of delaying, deterring or preventing a change in control of our company. In addition, we are subject to provisions of Delaware corporate law which, subject to certain exceptions, will prohibit us from engaging in any business combination with a person who, together with

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affiliates and associates, owns 15% or more of our common stock for a period of three years following the date that the person came to own 15% or more of our common stock, unless the business combination is approved in a prescribed manner. Our board of directors also adopted a stockholder rights plan, dated as of July 20, 2009, as amended and restated on March 23, 2011, similar to plans adopted by many other publicly traded companies. The stockholder rights plan is intended to protect stockholders against unsolicited attempts to acquire control of us that do not offer a fair price to our stockholders as determined by our board of directors.

These provisions of our certificate of incorporation, stockholders rights plan and of Delaware law, may have the effect of delaying, deterring or preventing a change in control of our company, may discourage bids for our common stock at a premium over market price and may adversely affect the market price, and the voting and other rights of the holders, of our common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease 60,600 square feet of office space located in Newtown, Pennsylvania. This lease expires November 2018 and provides for a fixed base rent of $95,350 per month with an annual inflation increase. We lease 9,300 square feet of additional office space located in Newtown, Pennsylvania for $8,500 per month in base rent, which expires May 2014. We also lease 36,143 square feet of office space in Audubon, Pennsylvania for $69,270 per month in base rent, which expires January 2019. In addition, we lease 11,730 square feet of office space in Leiden, the Netherlands and another 6,265 square feet in Lyon, France. These leases are denominated in the Euro and expire in April 2013 and May 2017, respectively. The base rent for the Netherlands is $19,600 per month and the base rent for Lyon is $11,600, based upon the conversion rate as of December 31, 2011, with an annual inflation increase. We periodically review our office space requirements and may increase the amount of office space we lease as needed.

Item 3. Legal Proceedings.

In the normal course of business, we may be a party to legal proceedings. We are not currently a party to any material legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

On July 8, 2009, our shareholders approved an amendment to our Certificate of Incorporation, as amended, to change our name from Bio-Imaging Technologies, Inc. to BioClinica, Inc. and to change our stock symbol from BITI to BIOC . Our common stock began trading on the NASDAQ Global Market, formerly called the NASDAQ National Market, on December 18, 2003 under the symbol BITI and now trades under the symbol BIOC . Prior to listing on the NASDAQ Global Market, our common stock was traded on the American Stock Exchange under the symbol BIT from February 25, 2003 until December 18, 2003. Our common stock was quoted on the NASD OTC Bulletin Board under the symbol BITI prior to being listed on the American Stock Exchange.

The following table sets forth the high and low sales prices for our common stock as reported on the NASDAQ Global Market for each full quarterly period within the two most recent fiscal years. Such quotations reflect interdealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

Quarter Ended	Common Stock High	Low
March 31, 2010	5.93	4.08
June 30, 2010	5.46	3.95
September 30, 2010	4.46	3.13
December 31, 2010	4.77	3.50
March 31, 2011	5.60	4.20
June 30, 2011	5.60	4.76
September 30, 2011	5.16	4.40
December 31, 2011	4.85	4.10

As of January 31, 2012, the number of holders of record of our common stock was 74 and the approximate number of beneficial holders, investors who hold our shares through brokers, of our common stock was 2,500.

We have neither paid nor declared dividends on our common stock since our inception and do not plan to pay dividends on our common stock in the foreseeable future. We expect that any earnings which we may realize will be retained to finance our growth.

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The following table provides information as of December 31, 2011 with respect to the shares of our common stock that may be issued under our existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans that have been approved by security holders	1,662,154	$ 5.15	836,458
Equity compensation plans not approved by security holders			
Total	1,662,154	$ 5.15	836,458

The following table provides information relating to our repurchase of common stock in the fourth quarter of 2011:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (1)
October 1 October 31, 2011	25,700	$ 4.51	25,700	$ 1,084,057
November 1 November 30, 2011	17,500	$ 4.43	17,500	$ 1,006,562
December 1 December 31, 2011	30,600	$ 4.34	30,600	$ 873,796
Total	73,800		73,800	

(1) On December 17, 2010, our Board of Directors authorized $2 million in funds for use in our common stock repurchase program over the following 18 months. Repurchase under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws, including Rule 10b-18. The timing of the repurchases and the exact number of shares of common stock to be purchased will be determined by the discretion of our management, and will depend upon market conditions and other factors. The program will be funded using our cash on hand and cash generated from operations. The program may be extended, suspended or discontinued at any time.

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STOCK PRICE PERFORMANCE GRAPH

Our common stock is listed for trading on the NASDAQ Global Market under the symbol BIOC . The Stock Price Performance Graph set forth below compares the cumulative total stockholder return on the common stock for the period from December 31, 2006 through December 31, 2011, with the cumulative total return of the NASDAQ U.S. Stock Index and the NASDAQ Health Services Index over the same period. The comparison assumes $100 was invested on December 31, 2006 in our common stock, in the NASDAQ U.S. Stock Index and in the NASDAQ Health Services Index and assumes reinvestment of dividends, if any.

	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2011
BioClinica, Inc.	100.00	100.25	45.41	52.48	52.48	52.73
NASDAQ U.S. Stock Index	100.00	108.45	52.30	75.12	89.18	113.81
Nasdaq Health Services Index	100.00	130.71	95.46	126.20	152.14	144.09

Source: CRSP NASDAQ Monthly Historical Industry Indexes. Copyright© NASDAQ. All rights reserved

The foregoing Stock Price Performance Graph and related information shall not be deemed soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

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Item 6. Selected Financial Data.

The following table presents selected consolidated financial data. This data is derived from historical financial information and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related footnotes included in this Form 10-K.

For the years ended,

(in thousands, except per share data and number of employees)

	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
CONTINUING OPERATIONS					
Service revenue	$ 67,993	$ 62,714	$ 57,393	$ 56,181	$ 37,543
Total revenue	83,964	75,188	72,723	69,116	47,254
Income from continuing operations before interest and taxes	4,374	4,318	4,688	8,480	4,848
Income from continuing operations, net of taxes	2,798	2,753	2,959	5,791	3,343
Basic earnings per share:					
Income from continuing operations	0.18	0.18	0.21	0.42	0.29
Diluted earnings per share:					
Income from continuing operations	0.17	0.17	0.20	0.40	0.26
Weighted average shares used to calculate earnings per share:					
Basic	15,652	15,035	14,354	13,752	11,616
Diluted	16,432	15,874	15,100	14,469	12,745
FINANCIAL POSITION					
Cash, cash equivalents	$ 12,575	$ 10,443	$ 14,570	$ 14,265	$ 17,915
Working capital	11,555	8,606	7,302	7,918	9,721
Total assets	90,063	80,029	75,337	69,208	43,057
Other liabilities	1,574	2,766	2,162	641	597
Stockholders equity	58,060	54,879	48,535	43,412	23,529
OTHER DATA					
Purchases of property and equipment and capitalized software development costs	$ 5,767	$ 7,193	$ 4,258	$ 2,916	$ 3,928
Depreciation and amortization	4,597	3,452	2,711	2,266	2,335
Number of employees	522	475	479	474	337
Restructuring charges	1,719		466		

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

BioClinica provides integrated clinical research technology solutions to pharmaceutical, biotechnology, medical device companies and other organizations such as contract research organizations, or CROs, engaged in global clinical studies. Our products and services include: medical image management, electronic image transport and archive solutions, electronic data capture, clinical data management, interactive voice and web response, clinical trial supply forecasting tools and clinical trial management software solutions. By supplying enterprise-class software and hosted solutions accompanied by expert services to fully utilize these tools, we believe that our offerings provide our clients, large and small, improved speed and efficiency in the execution of clinical studies, with reduced clinical and business risk.

Market for our Services

Our vision is to build critical mass in the complementary disciplines of clinical research related to data collection and processing especially those which can benefit from our information technology products and support services and to integrate them in ways that yield efficiency and value for our clients. Our goal is to provide demonstrable benefits to sponsor clients through this strategy, that is, faster and less expensive drug development. We believe that the outsourcing of these services should continue to increase in the future because of increased pressure on clients, including factors such as: the need to more tightly manage costs, capacity limitations, reductions in marketing exclusivity periods, the desire to reduce development time, increased globalization of clinical trials, productivity challenges, imminent patent expirations and more stringent regulation. We believe these trends will continue to create opportunities for companies like BioClinica that are focused on improving the efficiency of drug and medical device development.

Sales and Backlog

Our sales cycle, referring to the period from the presentation by us to a potential client to the engagement of us by such client, has historically ranged from three to 12 months. In addition, the contracts under which we perform services typically cover a period of three months to seven years, and the volume and type of services performed by us generally vary during the course of a project. We cannot assure you that our project revenues will be at levels sufficient to maintain profitability.

Our contracted/committed backlog, referred to as backlog, is the expected service revenue that remains to be earned and recognized on both signed and verbally agreed to contracts. In addition, our costs may increase to service our increased backlog. Our backlog as of December 31, 2011 was $123.1 million, compared to $110.7 million at December 31, 2010. Changes in backlog for the period reflect the net effect of new contract signings, addendums, cancellations, expansions, and reductions in scope of existing projects, all of which impacted our backlog at December 31, 2011.

Contracts included in backlog are subject to termination by our clients at any time. In the event that a contract is cancelled by the client, we would be entitled to receive payment for all services performed up to the cancellation date. The duration of the projects included in our backlog

range from less than three months to 60 months. We do not believe that backlog is a reliable predictor of future results because service revenues may be

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incurred in a given period on contracts that were not included in the previous reporting period s backlog and/or contract cancellations or project delays may occur in a given period on contracts that were included in the previous reporting period s backlog.

Acquisitions and Dispositions

On March 25, 2010, we acquired substantially all of the assets of privately held TranSenda International, LLC, or TranSenda. Headquartered in Bellevue, WA, TranSenda was a provider of CTMS solutions. TranSenda s suite of web-based, Office-Smart CTMS solutions create efficiencies for trial operations through interoperability with Microsoft Office tools. The CTMS solutions enable our clients to have their applications work together instead of being locked into a single suite vendor and serves as the foundation for operational data interchange among different software applications. This facilitates easier access to data with a consistent user interface and reduces training costs. With this acquisition, we enhanced our ability to serve customers throughout the clinical research process with technologies that include improved efficiencies by reducing study durations and costs through integrated operational management. The acquisition was made pursuant to an Asset Purchase Agreement, dated March 25, 2010, by and between BioClinica and TranSenda, or the Purchase Agreement. Pursuant to the terms of the Purchase Agreement, we purchased and acquired from TranSenda all right, title and interest of TranSenda in and to the Purchased Assets (as defined in the Purchase Agreement) and assumed the Assumed Liabilities (as defined in the Purchase Agreement) of TranSenda.

As consideration for the Purchased Assets and Assumed Liabilities, we paid 577,960 shares of common stock, par value $0.00025 per share, of the Company, valued at a volume weighted average price per share equal to $4.32556, and subject to a post-closing adjustment based on the Final Closing Net Working Capital (as defined in the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, 15% of the aggregate consideration is to be held in escrow to cover any potential indemnification claims under the Purchase Agreement for a period of 12 months following the Closing Date (as defined in the Purchase Agreement, which was subsequently released). As part of the Purchase Agreement, TranSenda agreed not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of BioClinica s common stock received pursuant to the Purchase Agreement for a period beginning on the date the Purchase Agreement was executed and continuing to and including the date 12 months after such date. We recorded the fair value of the acquisition of $2,468,000 based on our market value of $4.27 on March 25, 2010, the date of acquisition.

On September 15, 2009, BioClinica acquired substantially all of the assets of Tourtellotte Solutions, Inc., or Tourtellotte. Tourtellotte provided software applications and consulting services which support clinical trials in the pharmaceutical industry. The purchase price for Tourtellotte was $2.1 million in cash. Pursuant to the acquisition agreement, we agreed to pay up to an additional $3.2 million in cash and 350,000 shares of our common stock based upon achieving certain milestones, which include certain product development and revenue targets, hereinafter referred to as the earn-out . In December 2010, pursuant to obtaining certain milestones, we paid to the sellers of Tourtellotte, $1.2 million in cash and 350,000 shares of our common stock. At December 31, 2011, the fair value of the remaining cash earn-out of $2.0 million has been recorded as a liability. We used cash from operations to fund the cash purchase price for Tourtellotte.

On August 27, 2009, BioClinica acquired the CardioNow unit of Agfa Healthcare, or CardioNow. CardioNow has developed a web-based system for the secure transmission of medical cardiac images. The software was specifically developed for and marketed to the invasive cardiology departments of hospitals within the United States. BioClinica integrated and enhanced the CardioNow software and service to offer our clients a

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streamlined electronic transport solution to facilitate the blinding, sharing, tracking and archiving of medical images for multi-center clinical trials as part of our suite of imaging services. The purchase price for CardioNow consisted of cash consideration paid to Agfa Healthcare of $1 million. We paid the purchase price for CardioNow with cash from operations.

On January 6, 2009, pursuant to the asset purchase agreement by and among BioClinica and MBI Benefits, Inc., or MBI, an indirectly owned subsidiary of Metavante Technologies, Inc., or Metavante, dated as of January 6, 2009, we sold our CapMed Division, including the division s PHR software and the patent-pending Personal HealthKey technology, to Metavante. Under the terms of the agreement, Metavante paid us an upfront payment of $500,000 in cash and we were entitled to earn-out payments based upon a percentage of the gross revenues recognized by Metavante for contracts entered into with certain prospects set forth on a schedule during certain time periods in 2009 and 2010. We were entitled to receive 25% of the gross revenues recognized by Metavante during any period ending on or prior to December 31, 2010 from the sale pursuant to any contract MBI enters into with certain prospects during the first six months of 2009. Additionally, we were entitled to receive 15% of the gross revenues recognized by Metavante during any period ending on or prior to December 31, 2010 from the sale pursuant to any contract MBI enters into with certain prospects during the period commencing on July 1, 2009 and ending on December 31, 2010. At December 31, 2010, we did not receive any earn-out payments from Metavante and due to the expiration of the earn-out period we do not expect to receive any earn-out payments in the future.

Forward Looking Statements

Certain matters discussed in this Form 10-K are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as believes , expects , may , should or anticipates or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In particular, our statements regarding: our projected financial results; the demand for our services and technologies; growing recognition for the use of independent medical image review services; trends toward the outsourcing of imaging services in clinical trials; realized return from our marketing efforts; increased use of digital medical images in clinical trials; integration of our acquired companies and businesses; expansion into new business segments; the success of any potential acquisitions and the integration of current acquisitions; and the level of our backlog are examples of such forward-looking statements. The forward-looking statements include risks and uncertainties, including, but not limited to, the timing of revenues due to the variability in size, scope and duration of projects, estimates made by management with respect to our critical accounting policies, regulatory delays, clinical study results which lead to reductions or cancellations of projects and other factors, including general economic conditions and regulatory developments, not within our control. The factors discussed in this Form 10-K and expressed from time to time in our filings with the SEC could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this filing, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Critical Accounting Policies, Estimates and Risks

Our discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in accordance with generally accepted

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accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the recoverability of tangible and intangible assets, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

On an on-going basis, we evaluate our estimates. The most significant estimates relate to the recognition of revenue and profits based on the proportional performance method of accounting for fixed service contracts, accounting for acquisitions and the related goodwill and intangible assets, capitalization of software development costs, income taxes and fair value accounting for stock based compensation.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our Consolidated Financial Statements:

Revenue. Service revenues are recognized over the contractual term of our customer contracts using the proportional performance method. Service revenues are first recognized when we have a signed contract from a customer which: (i) contain fixed or determinable fees; (ii) collectability of such fees is reasonably assured; and (iii) services are performed. Any change to recognized service revenue as a result of revisions to estimated total hours are recognized in the period the estimate changes.

We enter into service contracts that contain fixed or determinable fees. The fees in the contracts are based on the scope of work we are contracted to perform; there are unitized fees per service and fixed fees with a total estimated for the contract based upon the estimated unitized service expected to be performed, as well as the service to be delivered under the fixed fee component of the contract. The units are estimated based on the information provided by the customer, and we bill the customer for actual units completed in accordance with the terms of the contract. In the event that a contract is cancelled by the client, we would be entitled to receive payment for all services performed up to the cancellation date.

We, at the request of our clients, directly contract with and pay independent radiologists, referred to as Readers, who review the client s imaging data as part of the clinical trial. The costs of the Readers and other out-of-pocket expenses are reimbursed to us and recognized gross as reimbursement revenues.

We also enter into software license contracts that permit the customer to use our software products at its site. Generally, these contracts are multiple-element arrangements since they usually provide for professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee is fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. Revenue for the software maintenance is recognized over the duration of the maintenance period.

When contracts include both professional services and software and require a significant amount of program modification or customization, installation, systems integration or related services, the professional services and license revenue is recorded based upon the estimated percentage of completion, measured in the manner described above. Changes in the estimated costs or hours to complete the contract and losses, if any, are reflected in the period during which the change or loss becomes known.

Goodwill and Other Intangible Assets, Net. Goodwill is not amortized; instead, it is tested for impairment annually (at December 31st) or more frequently if indicators of impairment exist or if a decision is made to sell a business. A significant amount of judgment is involved in determining if an indicator of

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impairment has occurred. Such indicators may include a decline in expected cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, or slower growth rates, among others. It is important to note that fair values that could be realized in an actual transaction may differ from those used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting level unit, which is defined as an operating segment or one level below an operating segment. BioClinica has one operating segment, clinical trial services, which is a single reporting unit.

We use a discounted cash flow model to estimate the current fair value of the reporting unit when testing for impairment, as management believes forecasted cash flows are the best indicator of such fair value. A number of significant assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including revenue growth rate, operating profit margins, discount rate, tax rates, capital spending, and working capital changes. We consider market participant assumptions in estimating fair value of the reporting unit. Revenue growth rate and operating profit assumptions are consistent with those utilized in our operating plan and long-term financial planning process. Management judgment is required in the determination of each assumption utilized in the valuation model, and actual results could differ from the estimates. At December 31, 2011, we conducted the required annual test of impairment. In 2011, the estimated fair values of the clinical trial services reporting unit was in excess of its carrying values, resulting in no impairment.

Capitalized Software Development. We capitalize development costs for an internal use software project once the preliminary project stage is completed, we have committed to fund the project and it is probable that the project will be completed and the software will be used to perform the function intended. We cease capitalization at such time as the computer software project is substantially complete and ready for its intended use. The determination that a software project is eligible for capitalization and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by us with respect to certain external factors including, but not limited to, anticipated future revenue, estimated economic life and changes in software and hardware technologies.

Software development costs related to products that will be sold, leased or marketed to be operated by customers on their equipment and premises are expensed as incurred and consist primarily of design and development costs of new products and significant enhancements to existing products incurred before the establishment of technological feasibility. Recoverable costs incurred subsequent to technological feasibility of new products and enhancements to existing products as well as costs associated with purchased software and software obtained through business acquisitions are capitalized and amortized over the estimated useful lives of the related products, generally five to ten years (average life is five years), using the straight-line method or the ratio of current revenue to current and anticipated revenue from such software, whichever provides the greater amortization.

Income Taxes. We evaluate the need to record a valuation allowance to reduce our deferred tax assets to an amount that is more likely than not to be realized. In assessing the need for the valuation allowance, we consider our future taxable income and on-going prudent and feasible tax planning strategies. In the event that we were to determine that, in the future, we would be able to realize our deferred tax assets in excess of its net recorded amount, an adjustment to the deferred tax asset would be made, thereby increasing net income in the period such determination was made. Likewise, should we determine that it is more likely than not that we will be unable to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged, thereby decreasing net income in the period such determination was made. We recognize

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contingent liabilities for any tax related exposures when those exposures are more likely than not to occur.

Foreign Currency Risks

Our financial statements are denominated in U.S. dollars. Fluctuations in foreign currency exchange rates could materially increase the operating costs of our facilities in the Netherlands and France, which are Euro denominated. A ten percent increase or decrease in the Euro to U.S. dollar spot exchange rate would result in a change of $87,000 and $200,000 to our net asset position, at December 31, 2011 and December 31, 2010, respectively. In addition, certain of our contracts are denominated in foreign currency. We believe that any adverse fluctuation in the foreign currency markets relating to these costs will not result in any material adverse effect on our financial condition or results of operations. In the event we derive a greater portion of our service revenues from international operations, factors associated with international operations, including changes in foreign currency exchange rates, could affect our results of operations and financial condition.

Our foreign currency financial assets and liabilities primarily consist of cash, trade receivables, prepaid expenses, fixed assets, trade payables and accrued expenses. We were in a net asset position at December 31, 2011 and December 31, 2010. An increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, if we were in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars.

We hedge our foreign currency exposure when and as appropriate to mitigate the adverse impact of fluctuating exchange rates. As of December 31, 2011 and 2010, there are no outstanding derivative positions.

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Results of Operations

Year Ended December 31, 2011 Compared with Year Ended December 31, 2010.

(in thousands)	2011	% of Total Revenue	2010	% of Total Revenue	$ Change	% Change
Service revenues	$ 67,993	81.0%	$ 62,714	83.4%	$ 5,279	8.4%
Reimbursement revenues	15,971	19.0%	12,474	16.6%	3,497	28.0%
Total revenues	83,964	100.0%	75,188	100.0%	8,776	11.7%
Cost and expenses:						
Cost of service revenues	42,217	50.3%	39,559	52.6%	2,658	6.7%
Cost of reimbursement revenues	15,971	19.0%	12,474	16.6%	3,497	28.0%
Sales and marketing expenses	8,726	10.4%	9,004	12.0%	(278)	(3.1)%
General and administrative expenses	10,172	12.1%	8,446	11.2%	1,726	20.4%
Amortization of intangible assets related to acquisitions	623	0.7%	638	0.8%	(15)	(2.4)%
Restructuring charges	1,719	2.0%		0.0%	1,719	
Merger and acquisition related costs	162	0.2%	749	1.0%	(587)	(78.4)%
Total cost and expenses	79,590	94.8%	70,870	94.3%	8,720	12.3%
Income from operations	4,374	5.2%	4,318	5.7%	56	1.3%
Interest income	8		23		(15)	(65.2)%
Interest expense	(48)	(0.1)%	(12)		(36)	(300.0)%
Income before income tax	4,334	5.2%	4,329	5.8%	5	0.1%
Income tax provision	(1,536)	(1.8)%	(1,576)	(2.1)%	40	2.5%
Net Income	$ 2,798	3.3%	$ 2,753	3.7%	$ 45	1.6%

The Consolidated Statement of Income for the twelve months ended December 31, 2010 excludes the financial results of TranSenda from the acquisition date of March 25, 2010 through March 31, 2010 due to immateriality of TranSenda s results of operations for that period.

Service revenues were $68.0 million for fiscal 2011 and $62.7 million for fiscal 2010, an increase of $5.3 million, or 8.4%. The increase in service revenues was due to an increase in work performed on the increased backlog from the prior year. Pfizer, Inc., encompassing 21 projects, represented 19.8% of our service revenue for fiscal 2011. Pfizer, Inc., encompassing 22 projects, represented 19.9% of our service revenue for fiscal 2010.

Reimbursement revenues and cost of reimbursement revenues were $16.0 million for fiscal 2011 and $12.5 million for fiscal 2010, an increase of $3.5 million, or 28.0%. Reimbursement revenues and cost of reimbursement revenues consist of payments received from the customer for

reimbursable costs. Reimbursement

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revenues and cost of reimbursement revenues fluctuate significantly over the course of any given project, and quarter to quarter variations are a reflection of this project timing. Therefore, our management believes that reimbursement revenues and cost of reimbursement revenues are not a significant indicator of our overall performance trends. At the request of our clients, we may directly pay the independent radiologists who review our client s imaging data. In such cases, per contractual arrangement, these costs are billed to our clients and are included in reimbursement revenues and cost of reimbursement revenues.

Cost of service revenues were $42.2 million for fiscal 2011 and $39.6 million for fiscal 2010, an increase of $2.6 million, or 6.7%. Cost of service revenues for fiscal 2011 and fiscal 2010 were comprised of professional salaries and benefits and allocated overhead. The increase is primarily attributable to the additional personnel to support the growth of our Trident IWR and OnPoint CTMS products. The cost of revenues as a percentage of total revenues also fluctuates due to work-flow variations in the utilization of staff and the mix of services provided by us in any given period. We expect that our cost of service revenues will increase for fiscal 2012 due to increased servicing costs to support the growth of our Trident IWR and OnPoint CTMS products.

Sales and marketing expenses were $8.7 million for fiscal 2011 and $9.0 million for fiscal 2010, a decrease of $278,000 or 3.1%. Sales and marketing expenses for fiscal 2011 and fiscal 2010 were comprised of direct sales and marketing costs, salaries and benefits and allocated overhead. The decrease is due to our hiring of marketing personnel to incur less external marketing costs. We expect that our sales and marketing costs will increase for fiscal 2012 but decrease as a percentage of total revenue going forward.

General and administrative expenses were $10.2 million for fiscal 2011 and $8.4 million for fiscal 2010, an increase of $1.7 million or 20.4%. General and administrative expenses for fiscal 2011 and fiscal 2010 consisted primarily of salaries and benefits, allocated overhead, professional and consulting services and corporate insurance. The increase is due to increased information technology personnel and costs to support our technology needs. We expect that our general and administrative expenses will increase for fiscal 2012 but decrease as a percentage of total revenue going forward.

Amortization of intangible assets related to acquisitions was $623,000 for fiscal 2011 and $638,000 for fiscal 2010, a decrease of $15,000, or 2.4%. Amortization of intangible assets related to acquisitions consisted primarily of amortization of customer backlog, customer relationships, software and non-compete intangibles acquired from the acquisitions of PDS, Tourtellotte, TranSenda and Theralys. The decrease is primarily due to the completion of the amortization of the Theralys assets. We expect that the amortization of intangible assets related to acquisitions will decrease for fiscal 2012 due to the completion of amortization of certain intangible assets.

Restructuring costs were $1.7 million for fiscal 2011 and $0 for fiscal 2010. The launch of our BioPacs imaging management system and the release of our integrated BioRead image review software further enhances the quality of our imaging corelab service offering and has enabled us to gain efficiencies by better utilizing resources across our U.S. and European operations. As a result, in 2011, we realigned our global resources to eliminate certain duplicate functions and took a total restructuring charge of $1.7 million for fiscal 2011. This restructuring charge was comprised of $656,000 in employee severance, $884,000 write-off of facility lease obligations and $179,000 in legal and other costs. We do not anticipate any additional restructuring costs for fiscal 2012.

Merger and acquisition related costs were $162,000 for fiscal 2011 and $749,000 for fiscal 2010, a decrease of $587,000, or 78.4%. Fiscal 2010 included expenses resulting directly from merger and acquisition activities for the TranSenda acquisition such as legal, accounting and other due diligence and integration costs.

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Fiscal 2011 includes $114,000 for the accretion related to the change in the fair value of the second earn-out payment associated with the Tourtellotte acquisition.

Net interest expense was $40,000 for fiscal 2011 compared to $11,000 of interest income for fiscal 2010, a decrease of $51,000. Interest income is comprised of interest income earned on our cash balance and interest expense is comprised of interest expense incurred on equipment lease obligations. The increase in expense is due to the capital lease obligations we entered into during 2011.

Our income tax provision was $1.5 million for fiscal 2011 and $1.6 million for fiscal 2010. Our effective tax rate was 35% for fiscal 2011 and 36% for fiscal 2010. The lower effective tax rate in fiscal 2011 is due to the credits for increasing research activities partially offset by a New Jersey state tax assessment related to prior years.

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Results of Operations

Year Ended December 31, 2010 Compared with Year Ended December 31, 2009.

(in thousands)	2010	% of Total Revenue	2009	% of Total Revenue	$ Change	% Change
Service revenues	$ 62,714	83.4%	$ 57,393	78.9%	$ 5,321	9.3%
Reimbursement revenues	12,474	16.6%	15,330	21.1%	(2,856)	(18.6)%
Total revenues	75,188	100.0%	72,723	100.0%	2,465	3.4%
Cost and expenses:						
Cost of service revenues	39,559	52.6%	35,630	49.0%	3,929	11.0%
Cost of reimbursement revenues	12,474	16.6%	15,330	21.1%	(2,856)	(18.6)%
Sales and marketing expenses	9,004	12.0%	8,052	11.1%	952	11.8%
General and administrative expenses	8,446	11.2%	7,414	10.2%	1,032	13.9%
Amortization of intangible assets related to acquisitions	638	0.8%	489	0.7%	149	30.5%
Restructuring charges			466	0.6%	(466)	(100)%
Merger and acquisition related costs	749	1.0%	654	0.9%	95	14.5%
Total cost and expenses	70,870	94.3%	68,035	93.6%	2,835	4.2%
Income from operations	4,318	5.7%	4,688	6.4%	(370)	(7.9)%
Interest income	23		41	0.1%	(18)	(43.9)%
Interest expense	(12)		(13)		1	7.7%
Income before income tax	4,329	5.8%	4,716	6.5%	(387)	(8.2)%
Income tax provision	(1,576)	(2.1)%	(1,757)	(2.4)%	181	(10.3)%
Net Income	$ 2,753	3.7%	$ 2,959	4.1%	$ (206)	(7.0)%

The Consolidated Statement of Income for the twelve months ended December 31, 2010 excludes the financial results of TranSenda from the acquisition date of March 25, 2010 through March 31, 2010 due to immateriality of TranSenda s results of operations for that period.

The results of operations of CardioNow and Tourtellotte are included in the Consolidated Statements of Income for the period ended December 31, 2009 from the respective acquisition dates of August 27, 2009 and September 15, 2009.

Service revenues were $62.7 million for fiscal 2010 and $57.4 million for fiscal 2009, an increase of $5.3 million, or 9.3%. The increase in service revenues was due to an increase in work performed on the increased backlog from the prior year. Pfizer, Inc., encompassing 22 projects, represented 19.9% of our service revenue for fiscal 2010. No one client accounted for more than 10% of service revenues for fiscal 2009.

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Reimbursement revenues and cost of reimbursement revenues were $12.5 million for fiscal 2010 and $15.3 million for fiscal 2009, a decrease of $2.8 million, or 18.6%. Reimbursement revenues and cost of reimbursement revenues consist of payments received from the customer for reimbursable costs. Reimbursement revenues and cost of reimbursement revenues fluctuate significantly over the course of any given project, and quarter to quarter variations are a reflection of this project timing. Therefore, our management believes that reimbursement revenues and cost of reimbursement revenues are not a significant indicator of our overall performance trends. At the request of our clients, we may directly pay the independent radiologists who review our client s imaging data. In such cases, per contractual arrangement, these costs are billed to our clients and are included in reimbursement revenues and cost of reimbursement revenues.

Cost of service revenues were $39.6 million for fiscal 2010 and $35.6 million for fiscal 2009, an increase of $4.0 million, or 11.0%. Cost of service revenues for fiscal 2010 and fiscal 2009 were comprised of professional salaries and benefits and allocated overhead. The increase is due to additional personnel from the Tourtellotte and TranSenda acquisitions. The cost of revenues as a percentage of total revenues also fluctuates due to work-flow variations in the utilization of staff and the mix of services provided by us in any given period.

Sales and marketing expenses were $9.0 million for fiscal 2010 and $8.1 million for fiscal 2009, an increase of $952,000 or 11.8%. Sales and marketing expenses for fiscal 2010 and fiscal 2009 were comprised of direct sales and marketing costs, salaries and benefits and allocated overhead. The increase is primarily due to additional personnel to increase our marketing and sales presence in the United States and Europe.

General and administrative expenses were $8.4 million for fiscal 2010 and $7.4 million for fiscal 2009, an increase of $1.0 million or 13.9%. General and administrative expenses for fiscal 2010 and fiscal 2009 consisted primarily of salaries and benefits, allocated overhead, professional and consulting services and corporate insurance. The increase is due to the inclusion of costs from the acquisition of TranSenda and increased professional fees.

Amortization of intangible assets related to acquisitions was $638,000 for fiscal 2010 and $489,000 for fiscal 2009, an increase of $149,000, or 30.5%. Amortization of intangible assets related to acquisitions consisted primarily of amortization of customer backlog, customer relationships, software and non-compete intangibles acquired from the acquisitions of PDS, Tourtellotte, TranSenda and Theralys. The increase is primarily due to the acquisition of Tourtellotte and TranSenda.

Restructuring costs were $0 for fiscal 2010 and $466,000 for fiscal 2009. In the second quarter of fiscal 2009, in order to streamline the operations and reduce costs, management decided to eliminate certain positions and consolidate redundant departments. This resulted in restructuring charges of $466,000 consisting of $439,000 in employee severance and $27,000 in other close down costs. We have paid the $466,000 in the third and fourth quarters of fiscal 2009 and nothing was left to be paid from the restructuring at December 31, 2010.

Merger and acquisition related costs were $749,000 for fiscal 2010 and $654,000 for fiscal 2009, an increase of $95,000, or 14.5%. Fiscal 2010 includes expenses of $447,000 resulting directly from merger and acquisition activities for the TranSenda acquisition such as legal, accounting and other due diligence and integration costs. Also included in this cost is $302,000 of accretion related to the change in fiscal 2010 in the fair value of the earn-out payments associated with the Tourtellotte acquisition. Fiscal 2009 includes expenses of $560,000 consisting of costs resulting directly from merger and acquisition activities for the Tourtellotte and CardioNow acquisitions such as legal, accounting and investment banking fees and other due diligence and integration costs. Also included in this cost is $94,000 of accretion related to the change in the fair value of earn-

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out payments associated with the Tourtellotte acquisition from the purchase price recorded at the date of acquisition to December 31, 2009.

Net interest income was $11,000 for fiscal 2010 and $28,000 for fiscal 2009, a decrease of $17,000, or 60.7%. Net interest income is comprised of interest income earned on our cash balance and interest expense incurred on equipment lease obligations. The decrease is due to lower average daily cash balances and lower interest rates earned on deposits.

Our income tax provision was $1.6 million for fiscal 2010 and $1.8 million for fiscal 2009. Our effective tax rate from continuing operations was 36% for fiscal 2010 and 37% for fiscal 2009. The lower effective tax rate in fiscal 2010 was due to the application of the credits for increasing research activities.

Liquidity and Capital Resources

Our principal liquidity requirements have been, and we expect will be, for working capital and general corporate purposes, including capital expenditures.

Statement of Cash Flow for the year ended December 31, 2011 compared to December 31, 2010 and December 31, 2009.

(in thousands)	**2011**	**2010**	**2009**
Net cash provided by activities from continuing operations	$ 7,726	$ 3,992	$ 7,552
Net cash used in investing activities from continuing operations	$ (5,767)	$ (8,450)	$ (7,713)
Net cash provided by (used in) financing activities from continuing operations	$ 197	$ 348	$ (43)

At December 31, 2011, we had cash and cash equivalents of $12.6 million. Working capital, defined as current assets minus current liabilities, at December 31, 2011 was $11.6 million as compared to working capital of $8.6 million at December 31, 2010 and $7.3 million at December 31, 2009.

Net cash provided by continuing operating activities was $7.7 million for fiscal 2011 compared to net cash provided by operating activities of $4.0 million for fiscal 2010. This increase from the prior year is primarily due to better cash management in our accounts payable and accrued expenses at December 31, 2011.

Net cash used in investing activities was $5.8 million for fiscal 2011 and $8.5 million for fiscal 2010. This decrease is primarily due to the cash payment of $1.3 million for the TranSenda acquisition in 2010 and the $1 million decrease in purchases of property and equipment in 2011.

Net cash provided by financing activities was $197,000 for fiscal 2011 compared to net cash provided by financing activities of $348,000 for fiscal 2010. The difference from the prior year was primarily due to our entering into $1.3 million of sale/leaseback transactions to finance the purchase of property and equipment in 2011 offset by the purchase of treasury shares for $1.1 million in fiscal 2011.

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The following table lists our cash contractual obligations as of December 31, 2011:

(in thousands)			Payments Due By Period		
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Facility rent operating leases	17,798	2,884	5,220	4,985	4,709
Employment agreements	1,970	971	999		
Earn-outs for Tourtellotte acquisition	2,000	2,000			
Capital lease	1,958	423	893	642	
Total contractual cash obligations	$ 23,726	$ 6,278	$ 7,112	$ 5,627	$ 4,709

On May 5, 2010, we entered into an unsecured, committed line of credit with PNC Bank, expiring May 5, 2012. In April 2011, the Company extended the expiration date of this line of credit to May 4, 2013. Under the credit agreement, we have the ability to borrow $7.5 million at interest rates equal to LIBOR plus 1.75%. In addition, we pay a fee of 0.25% per annum on the loan commitment regardless of usage. The credit agreement requires our compliance with certain covenants, including maintaining a minimum stockholders equity of $35 million. As of December 31, 2011, we had no borrowings under this line of credit, and we were compliant with the covenants.

Capital lease obligations consist of five equipment lease obligations with the same bank at December 31, 2011. In 2011, we entered into four capital lease obligations totaling $1.3 million consisting of sale/leaseback transactions. The lease terms are for five years with interest rates ranging from 3.04% to 3.87% per annum.

On February 22, 2012, the Company entered into an employment agreement with its President and Chief Executive Officer effective February 29, 2012 and expires on February 28, 2015. In addition, the Company has employment agreements with its Chief Financial Officer and the President of eClinical Solutions. The Chief Financial Officer s agreement expires January 31, 2013 and is renewable on an annual basis. The President of eClinical Solutions agreement expires September 30, 2012 and is renewable on an annual basis. The aggregate amount due from January 1, 2012 through the expiration under these agreements was $1,970,000.

We have neither paid nor declared dividends on our common stock since our inception and do not plan to pay dividends on our common stock in the foreseeable future.

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of or requirements for capital resources.

We anticipate that our existing capital resources together with cash flow from operations will be sufficient to meet our cash needs for the next 12 months. However, we cannot assure you that our operating results will maintain profitability on an annual basis in the future. The inherent operational risks associated with the following factors may have a material adverse effect on our future liquidity:

- our ability to gain new client contracts;

- project cancellations;
- the variability of the timing of payments on existing client contracts; and

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- other changes in our operating assets and liabilities.

We may seek to raise additional capital from equity or debt sources in order to take advantage of unanticipated opportunities, such as more rapid expansion, acquisitions of complementary businesses or the development of new services. We cannot assure you that additional financing will be available, if at all, on terms acceptable to us.

Recently Issued Accounting Statements

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) Fair Value Measurement (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. ASU 2011-04 is effective for the Company in the first quarter of fiscal 2012 and should be applied prospectively. This guidance is not expected to have a material impact on the Company s consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The issuance of ASU 2011-05 is intended to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance in ASU 2011-05 supersedes the presentation options in ASC Topic 220 and facilitates convergence of U.S. GAAP and IFRS by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders equity and requiring that all non-owner changes in stockholders equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 is effective for interim periods and years beginning after December 15, 2011 with early adoption permitted. We early adopted ASU 2011-05 and this did not have an impact on our consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued authoritative guidance that allows an entity to use a qualitative approach to test goodwill for impairment. Under this guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. In addition, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. This guidance will be effective for BioClinica s goodwill impairment tests performed after December 31, 2011 and is not expected to have a material impact on the Company s consolidated financial statements.

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Item 7a. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We invest in high-quality financial instruments, comprised of savings accounts, certificate of deposits and money market funds. Due to the short-term nature of our investments, we do not believe that we have any material exposure to interest rate risk arising from our investments.

Foreign Currency Risk

Under our current foreign exchange rate risk management policy, we monitor our exposure to variability in our cash flows resulting from the Euro denominated costs for our Netherlands and France subsidiaries. Accordingly, we had purchased monthly Euro call options in prior years and may purchase them in the future to hedge against this exposure. During the year ended December 31, 2011 and 2010, we did not purchase any Euro call options, because our foreign currency needs were generally met by the cash flow generated by our Euro denominated contracts. As of December 31, 2011, there were no outstanding derivative positions.

Upon expiration or ineffectiveness of any derivatives, we would record a gain or loss from such derivatives that are deferred in stockholders equity to cost of revenues and general and administrative expenses in the Consolidated Statement of Income based on the nature of the underlying cash flow hedged.

See Management s Discussion and Analysis of Financial Condition and Results of Operations - Foreign Currency Risks for a more detailed discussion of our foreign currency risks and exposures.

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Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors

And Shareholders of

BioClinica, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders equity, and cash flows, present fairly, in all material respects, the financial position of BioClinica, Inc. and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Philadelphia, PA
February 27, 2012

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BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)	December 31, 2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,575	$ 10,443
Accounts receivable, net of allowance for doubtful accounts of $22 and $15, respectively	16,353	11,866
Prepaid expenses and other current assets	1,743	2,501
Deferred income taxes	5,637	3,625
Total current assets	36,308	28,435
Property and equipment, net	16,186	14,029
Intangibles, net	1,808	2,430
Goodwill	34,302	34,302
Deferred income taxes	1,021	128
Other assets	796	705
Total Assets	$ 90,421	$ 80,029
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 2,422	$ 1,983
Accrued expenses and other current liabilities	5,944	4,283
Deferred revenue	13,438	13,395
Deferred income tax	526	
Current maturities of capital lease obligations	423	168
Current liability for acquisition earn-out	2,000	
Total current liabilities	24,753	19,829
Long-term capital lease obligations	1,535	710
Long-term liability for acquisition earn-out		1,886
Deferred income taxes	4,499	1,845
Other liability	1,574	880
Total liabilities	32,361	25,150
Commitments and Contingencies (see Note 10)		
Stockholders equity:		
Preferred stock- $.00025 par value; authorized 3,000,000 shares, 0 issued and outstanding at December 31, 2011 and 2010		
Common stock - $.00025 par value; authorized 36,000,000 shares, issued and outstanding 15,649,994 shares at December 31, 2011 and authorized 36,000,000 shares, issued and outstanding 15,631,664 shares at December 31, 2010	4	4
Treasury stock at cost; shares held: 233,913 at December 31, 2011 and 3,400 at December 31, 2010	(1,126)	(16)
Additional paid-in capital	49,564	48,074
Retained earnings	9,590	6,792
Accumulated other comprehensive income	28	25
Stockholders equity	58,060	54,879
Total liabilities and stockholders equity	$ 90,421	$ 80,029

The accompanying notes are an integral part of these statements.

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BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	For the year ended December 31,		
(in thousands except per share data)	**2011**	**2010**	**2009**
Service revenues	$ 67,993	$ 62,714	$ 57,393
Reimbursement revenues	15,971	12,474	15,330
Total revenues	83,964	75,188	72,723
Cost and expenses:			
Cost of service revenues	42,217	39,559	35,630
Cost of reimbursement revenues	15,971	12,474	15,330
Sales and marketing expenses	8,726	9,004	8,052
General and administrative expenses	10,172	8,446	7,414
Amortization of intangible assets related to acquisitions	623	638	489
Restructuring charges	1,719		466
Mergers and acquisitions related costs	162	749	654
Total cost and expenses	79,590	70,870	68,035
Operating income	4,374	4,318	4,688
Interest income	8	23	41
Interest expense	(48)	(12)	(13)
Income before income taxes	4,334	4,329	4,716
Income tax provision	(1,536)	(1,576)	(1,757)
Net income	$ 2,798	$ 2,753	$ 2,959
Basic income per common share	$ 0.18	$ 0.18	$ 0.21
Weighted average number of common shares	15,652	15,035	14,354
Diluted income per common share	$ 0.17	$ 0.17	$ 0.20
Weighted average number of dilutive shares	16,432	15,874	15,100

The accompanying notes are an integral part of these statements.

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BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Statements of comprehensive income

	For the year ended December 31,		
(in thousands)	**2011**	**2010**	**2009**
Net income	$ 2,798	$ 2,753	$ 2,959
Equity adjustment from foreign currency translation	3	(54)	21
Total comprehensive income	$ 2,801	$ 2,699	$ 2,980

The accompanying notes are an integral part of these statements.

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BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Common Stock Consideration for Earn-out	Accumulated (Deficit) Retained Earnings	Other Comprehensive Gain (Loss)	Stock-holders Equity
Balance at December 31, 2008	14,341	$ 4	$ 42,270	$	$	$ 1,080	$ 58	$ 43,412
Stock options exercised	38		31					31
Restricted shares issued	15							
Stock consideration for acquisitions					1,309			1,309
Stock based compensation			760					760
Tax benefit on exercise of stock options			43					43
Equity adjustment from foreign currency translation							21	21
Net income						2,959		2,959
Balance at December 31, 2009	14,394	$ 4	$ 43,104	$	$ 1,309	$ 4,039	$ 79	$ 48,535
Stock options exercised	262		122					122
Restricted shares issued	48		(55)					(55)
Stock consideration for acquisitions	350		1,309		(1,309)			
Stock issued for acquisitions	578		2,468					2,468
Stock based compensation			1,080					1,080
Purchase of treasury stock				(16)				(16)
Tax benefit on exercise of stock options			46					46
Equity adjustment from foreign currency translation							(54)	(54)
Net income						2,753		2,753
Balance at December 31, 2010	15,632	$ 4	$ 48,074	$ (16)	$	$ 6,792	$ 25	$ 54,879
Stock options exercised	173		205					205
Restricted shares issued	76		(104)					(104)
			1,369					1,369

Stock based compensation																
Purchase of treasury stock	(231)					(1,110)										(1,110)
Tax benefit on exercise of stock options					20											20
Equity adjustment from foreign currency translation													3			3
Net income											2,798					2,798
Balance at December 31, 2011	15,650	$	4	$	49,564	$ (1,126)	$		$		9,590	$	28	$		58,060

The accompanying notes are an integral part of these statements.

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BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,		
(in thousands)	**2011**	**2010**	**2009**
Cash flows from operating activities:			
Net income	$ 2,798	$ 2,753	$ 2,959
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:			
Depreciation and amortization	4,597	3,452	2,711
Provision for deferred income taxes	275	295	336
Accretion of acquisition earn-out	114	302	94
Bad debt provision	22	15	93
Stock based compensation expense	1,369	1,080	760
Changes in operating assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	(4,507)	(605)	1,802
Decrease (increase) in prepaid expenses and other current assets	761	(667)	447
Increase in other assets	(91)	(67)	(30)
Increase (decrease) in accounts payable	355	(1,848)	403
Increase (decrease) in accrued expenses and other current liabilities	1,294	(251)	(1,100)
Increase (decrease) in deferred revenue	42	(855)	(852)
Increase (decrease) in other liabilities	697	388	(71)
Net cash provided by operating activities	7,726	3,992	7,552
Cash flows used in investing activities:			
Purchases of property and equipment	(1,859)	(2,916)	(2,763)
Capitalized software development costs	(3,908)	(4,277)	(1,806)
Net cash paid for acquisition			(3,144)
Net cash paid for acquisition earn-out		(1,257)	
Net cash used in investing activities from continuing operations	(5,767)	(8,450)	(7,713)
Net cash received for sale of assets of discontinued operations			500
Net cash used in investing activities	(5,767)	(8,450)	(7,213)
Cash flows from financing activities:			
Payments under capital lease obligations	(253)		(117)
Proceeds from sale/leaseback	1,335	195	
Purchase of treasury stock	(1,110)	(15)	
Proceeds from exercise of stock options	205	122	31
Excess tax benefit related to stock options	20	46	43
Net cash provided by (used in) financing activities	197	348	(43)
Effect of exchange rate changes on cash	(24)	(17)	9
Net increase (decrease) in cash and cash equivalents	2,132	(4,127)	305
Cash and cash equivalents at beginning of period	10,443	14,570	14,265
Cash and cash equivalents at end of period	$ 12,575	$ 10,443	$ 14,570
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 47	$ 3	$ 11
Cash paid during the period for income taxes	$ 871	$ 1,775	$ 1,226

The accompanying notes are an integral part of these statements.

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Supplemental cash flow disclosure

Schedule of non cash investing and financing activities

	For the year ended December 31,		
(in thousands)	**2011**	**2010**	**2009**
Increase in property, plant and equipment acquisitions in accounts payable	$ 354	$ 20	$ 334
Value of contingent stock and cash to be used for earn-out provisions related to acquired business			$ 4,150
Equipment purchases under capital lease obligations	$ 1,335	$ 892	

Acquired business

	For the year ended December 31,		
(in thousands)	**2011**	**2010**	**2009**
Accounts receivable	$	$ 309	$ 934
Property and equipment		91	
Other assets		58	55
Intangible assets and goodwill		2,469	2,248
Current liabilities assumed		(459)	(93)
Other liabilities assumed			
Common stock issued		(2,468)	
Cash paid for acquired business, net of cash acquired of $0, $0 and $0, respectively	$	$	$ 3,144

The accompanying notes are an integral part of these statements.

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Description of Business

BioClinica provides integrated clinical research technology solutions to pharmaceutical, biotechnology, medical device companies and other organizations such as contract research organizations (CROs), engaged in global clinical studies. Our products and services include: medical image management, electronic image transport and archive solutions, electronic data capture, clinical data management, interactive voice and web response, clinical trial supply forecasting tools, and clinical trial management software solutions. By supplying enterprise-class software and hosted solutions accompanied by expert services to fully utilize these tools, we believe that our offerings provide our clients, large and small, improved speed and efficiency in the execution of clinical studies, with reduced clinical and business risk.

On January 6, 2009, we sold our CapMed division to MBI Benefits, Inc., an indirectly owned subsidiary of Metavante Technologies, Inc. This division included the Personal Health Record (PHR) software and the patent-pending Personal HealthKey technology. The sale of CapMed enables us to focus on our core clinical trial solutions business.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Oxford Bio-Imaging Research, Inc., BioClinica Holding B.V. and BioClinica Private Limited. All intercompany transactions and balances have been eliminated in consolidation.

Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries are translated into U.S. dollars at fiscal year-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the fiscal year. The resulting translation adjustments are recorded as a component of shareholders equity. Gains and losses from foreign currency transactions are included in net income.

Functional Currency

The functional currency of each of the Company s foreign operations is the local currency of the country in which the operation is located. All assets and liabilities are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates during the period. Increases and decreases in net assets resulting from foreign currency translation are reflected in stockholder s equity as a component of accumulated other comprehensive income (loss).

The equity adjustment from foreign currency translation was $3,000 and $54,000 at December 31, 2011 and 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of the Company s financial instruments, which include cash equivalents, accounts receivable, accounts payable and other accrued expenses approximate their fair values due to their short maturities. The earn-out liability from the Tourtellotte acquisition is recorded at fair value, see Note 3 for additional information.

Cash and Cash Equivalents

The Company maintains cash in excess of FDIC insurance limits in certain financial institutions. The Company considers cash equivalents to be highly liquid investments with an original maturity of three months or less.

Revenue Recognition

Service revenues are recognized over the contractual term of the Company s customer contracts using the proportional performance method. Service revenues are first recognized when the Company has a signed contract from a customer which: (i) contains fixed or determinable fees; (ii) collectability of such fees is reasonably assured; and (iii) the services were performed. Any change to recognized service revenue as a result of revisions to estimated total hours are recognized in the period the estimate changes.

The Company enters into contracts that contain fixed or determinable fees. The fees in the contracts are based on the scope of work we are contracted to perform; there are unitized fees per service and fixed fees with a total estimated for the contract based upon the estimated unitized service expected to be performed, as well as the service to be delivered under the fixed fee component of the contract. The units are estimated based on the information provided by the customer, and the Company bills the customer for actual units completed in accordance with the terms of the contract. In the event that a contract is cancelled by the client, we would be entitled to receive payment for all services performed up to the cancellation date.

The Company s revenue recognition policy for service contracts entails a number of estimates including an estimate of the total hours that are expected to be incurred on a project, which is used as the basis for determining the portion of the Company s revenue to be recognized for each

period. The revenue recognized in any period might have been materially affected if different assumptions or conditions prevailed. The timing of the Company s recognition of revenue would be revised if there were changes in the total estimated hours (other than scope changes in a project which typically result in a revision to the contract). The Company reviews its total estimated hours monthly. Provisions for losses expected to be incurred on contracts are recognized in full in the period in which it is determined that a loss will result from performance of the contractual arrangement.

Unbilled services represent revenue recognized which pursuant to contractual terms have not yet been billed to the client. In general, amounts become billable pursuant to contractual milestones or in accordance with predetermined payment schedules. Unbilled services are generally billable within one year from the respective balance sheet date and are usually billed within the next quarter from any balance sheet. Deferred revenue is recorded for cash received from clients for services that have not yet

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

been earned at the respective balance sheet date.

The Company, at the request of its clients, directly contracts with and pays independent radiologists, referred to as Readers, who review the client s imaging data as part of the clinical trial. The costs of the Readers and other out-of-pocket expenses are reimbursed to the Company and recognized gross as reimbursement revenues.

The Company also enters into software license contracts that permit the customer to use software products at its site. Generally, these contracts are multiple-element arrangements since they usually provide for professional services and ongoing software maintenance. In these instances, license fees are recognized upon the signing of the contract and delivery of the software if the license fee is fixed or determinable, collection is probable, and there is sufficient vendor specific evidence of the fair value of each undelivered element. Revenue for the software maintenance is recognized over the duration of the maintenance period.

When contracts include both professional services and software and require a significant amount of program modification or customization, installation, systems integration or related services, the professional services and license revenue is recorded based upon the estimated percentage of completion, measured in the manner described above. Changes in the estimated costs or hours to complete the contract and losses, if any, are reflected in the period during which the change or loss becomes known.

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Allowance For Doubtful Accounts

The Company maintains allowances for doubtful accounts on a specific identification method for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate, resulting in an impairment of the customers ability to make payments, additional allowances may be required. The Company does not have any off-balance-sheet credit exposure related to its customers and the trade accounts receivable do not bear interest.

	December 31,	
(in thousands)	**2011**	**2010**
Billed trade accounts receivable	14,070	11,085
Unbilled trade accounts receivable	2,283	781
Total net receivables	16,353	11,866
Allowance Rollforward:		
Balance at December 31, 2009	$ 9	
Additions	15	
Write offs (net of recoveries)	(9)	
Balance at December 31, 2010	$ 15	
Additions	22	
Write offs (net of recoveries)	(15)	
Balance at December 31, 2011	$ 22	

Property and Equipment

Property and equipment is recorded at historical cost and depreciated over the estimated useful lives of the respective assets. Amortization of leasehold improvements is provided for over the lesser of the related lease term or the useful lives of the related assets. The cost and related accumulated depreciation of assets fully depreciated, sold, retired or otherwise disposed of are removed from the respective accounts and any resulting gains or losses are included in the statements of income.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted cash flows of the operations related to the assets to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets exceeds the estimated undiscounted net cash flows. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow model. The estimated undiscounted net cash flows require significant management judgments.

Capitalized Software Development

The Company capitalizes development costs for an internal use software project once the preliminary project stage is completed, management commits to funding the project and it is probable that the project will be completed and the software will be used to perform the function intended. The Company ceases capitalization at such time as the computer software project is substantially complete and ready for its intended use. The determination that a software project is eligible for capitalization and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenue, estimated economic life and changes in software and hardware technologies.

Software development costs related to products that will be sold, leased or marketed to be operated by customers on their equipment and premises, are expensed as incurred and consist primarily of design and development costs of new products and significant enhancements to existing products incurred before the establishment of technological feasibility. Recoverable costs incurred subsequent to technological feasibility of new products and enhancements to existing products as well as costs associated with purchased software and software obtained through business acquisitions are capitalized and amortized over the estimated useful lives of the related products, generally five to ten years (average life is five years), using the straight-line method or the ratio of current revenue to current and anticipated revenue from such software, whichever provides the greater amortization.

The Company capitalized software development costs of $3,908,000, $4,277,000 and $1,806,000 for the years ended December 31, 2011, 2010 and 2009 respectively. Amortization expense related to capitalized computer software costs amounted to $1,700,000, $663,000 and $423,000 at December 31, 2011, 2010 and 2009, respectively. Capitalized software development costs are included as a component of property and equipment.

Goodwill and Other Intangible Assets

Goodwill and indefinite-lived intangible assets are tested for impairment at December 31st of each year; however, these tests are performed more frequently when events or changes in circumstances indicate the carrying value may not be recoverable. The Company s fair value methodology is based on quoted market prices, if available. If quoted market prices are not available, an estimate of fair market value is made based on prices of similar assets or other valuation methodologies including present value techniques. Definite-lived intangible assets, such as purchased and licensed technology, patents and customer lists are amortized over their estimated useful lives, generally for periods ranging from two to seven years. The Company continually evaluates the reasonableness of the useful lives of these assets.

Treasury Stock

Shares of common stock repurchased by the Company are recorded at cost as treasury stock and result in a reduction of shareholders equity in the consolidated balance sheets.

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC 740 Income Taxes, which utilizes the liability method. Deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities at currently enacted tax laws and rates. A valuation allowance is provided against the carrying value of deferred tax assets when management believes it is more likely than not that the deferred tax assets will not be realized. The Company recognizes contingent liabilities for any tax related exposures when those exposures are more likely than not to occur.

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Earnings Per Share

FASB ASC 260 Earnings Per Share requires the presentation of basic earnings per share and diluted earnings per share. Basic earnings per common share are calculated by dividing the net income available to Common Stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share is calculated by dividing net income by the weighted average number of shares of common stock outstanding, adjusted for the effect of potentially dilutive securities using the treasury stock method.

The computation of basic earnings per common share and diluted earnings per common share is as follows:

	For the year ended December 31,		
(in thousands except per share data)	**2011**	**2010**	**2009**
Net income diluted and basic	2,798	2,753	2,959
Denominator basic:			
Weighted average number of common shares	15,652	15,035	14,354
Basic income per common share	$ 0.18	$ 0.18	$ 0.21
Denominator diluted:			
Weighted average number of common shares	15,652	15,035	14,354
Common share equivalents of outstanding stock options	228	288	403
Common share equivalents of unrecognized compensation expense	552	551	343
Weighted average number of dilutive common equivalent shares	16,432	15,874	15,100
Diluted income per common share	$ 0.17	$ 0.17	$ 0.20

We excluded options to purchase 575,000, 655,000 and 656,000 shares of our common stock for the 12 months ended December 31, 2011, 2010 and 2009, respectively, since they were out-of-the-money and antidilutive.

Recently Issued Accounting Statements

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) Fair Value Measurement (ASU 2011-04), to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 changes certain fair value measurement principles and enhances the disclosure requirements particularly for level 3 fair value measurements. ASU 2011-04 is effective for the Company in the first quarter of fiscal 2012 and should be applied prospectively. This guidance is not expected to have a

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

material impact on the Company s consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The issuance of ASU 2011-05 is intended to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. The guidance in ASU 2011-05 supersedes the presentation options in ASC Topic 220 and facilitates convergence of U.S. GAAP and IFRS by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders equity and requiring that all non-owner changes in stockholders equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 is effective for interim periods and years beginning after December 15, 2011 with early adoption permitted. The Company early adopted ASU 2011-05 and this did not have an impact on its consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued authoritative guidance that allows an entity to use a qualitative approach to test goodwill for impairment. Under this guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. In addition, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. This guidance will be effective for BioClinica s goodwill impairment tests performed after December 31, 2011 and is not expected to have a material impact on the Company s consolidated financial statements.

2. Restructuring charges

The launch of the Company s BioPacs imaging management system and the release of the integrated BioRead image review software further enhances the quality of the Company s imaging corelab service offering and has enabled it to gain efficiencies by better utilizing resources across the U.S. and European operations. As a result, in 2011, the Company realigned its global resources to eliminate certain duplicate functions and took a total restructuring charge of $1.7 million for fiscal 2011. This restructuring charge was comprised of $656,000 in employee severance, $884,000 write-off of facility lease obligations and $179,000 in legal and other costs.

The Company has paid $970,000 of the restructuring cost as of December 31, 2011 and the $749,000 remaining to be paid is included in Accrued Expense and Other Current Liabilities and Other Liability on the Consolidated Balance Sheet. The remaining $749,000 of the unpaid restructuring cost consists of the facility lease obligations that will be paid out over the remaining term of the leases with the last lease payment in May 2014.

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3. Acquisitions

2010 Acquisition

On March 25, 2010, the Company acquired substantially all of the assets of privately held TranSenda International, LLC (TranSenda). Headquartered in Bellevue, WA, TranSenda was a provider of clinical trial management software (CTMS) solutions. TranSenda s suite of web-based, Office-Smart CTMS solutions creates efficiencies for trial operations through interoperability with Microsoft Office tools. With this acquisition, BioClinica enhanced its ability to serve customers throughout the clinical research process with technologies that include improved efficiencies by reducing study durations and costs through integrated operational management. The acquisition was made pursuant to an Asset Purchase Agreement, dated March 25, 2010, by and between the Company and TranSenda (the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, the Company purchased and acquired from TranSenda all rights, title and interest of TranSenda in and to the Purchased Assets (as defined in the Purchase Agreement) and assumed the Assumed Liabilities (as defined in the Purchase Agreement) of TranSenda.

As consideration for the Purchased Assets and Assumed Liabilities, the Company paid 577,960 shares of common stock, par value $0.00025 per share, of the Company, valued at a volume weighted average price per share equal to $4.32556, and subject to a post-closing adjustment based on the Final Closing Net Working Capital (as defined in the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, 15% of the aggregate consideration is to be held in escrow to cover any potential indemnification claims under the Purchase Agreement for a period of 12 months following the Closing Date (as defined in the Purchase Agreement). As part of the Purchase Agreement, TranSenda agreed not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of the Company s common stock received pursuant to the Purchase Agreement for a period beginning on the date the Purchase Agreement was executed and continuing to and including the date 12 months after such date. The Company recorded the fair value of the acquisition of $2,468,000 based on the Company s market value of $4.27 for the stock consideration on March 25, 2010, the date of acquisition.

Pro Forma Results. The following schedule includes consolidated statements of income data for the unaudited pro forma results for the period ended December 31, 2010 and 2009 as if the TranSenda acquisition had occurred as of the beginning of the periods presented after giving effect to certain adjustments. The unaudited pro forma information is provided for illustrative purposes only and is not indicative of the results of operations or financial condition that would have been achieved if the TranSenda acquisition would have taken place at the beginning of the periods presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Pro forma adjustments are tax-effected at our effective tax rate.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(in thousands except per share data)	(Unaudited) Twelve Months Ended 2010	2009
Total revenue	$ 75,419	$ 73,554
Income from operations	3,645	1,681
Net Income	2,325	1,142
Basic earnings per share	$ 0.15	$ 0.08
Diluted earnings per share	$ 0.15	$ 0.08

In connection with the acquisition of TranSenda, the Company performed an evaluation of the guidance included in FASB ASC 280, *Segment Reporting* (FASB ASC 280) and FASB ASC 350, *Intangibles - Goodwill and Other* (FASB ASC 350). Based on that evaluation, the Company included TranSenda as part of its clinical trials services reportable segment.

In accordance with FASB ASC 805, *Business Combinations*, the Company expensed all costs related to the acquisition. The total costs incurred to date related to the acquisition were $23,000 for fiscal 2011 and $447,000 for fiscal 2010 and are included in mergers and acquisition related costs on the consolidated statement of income for fiscal 2011 and 2010.

The following table summarizes the amounts of identified assets acquired and liabilities assumed from TranSenda at the acquisition date fair value:

	TranSenda
Accounts Receivable	$ 309
Property and Equipment	91
Other Assets	58
Other Liabilities	(459)
Customer Relationships	100
Technology	1,000
Goodwill, including Workforce	1,369
Total Fair Value of Purchase Price	$ 2,468

Accounts receivable, other assets and other liabilities were stated at their historical carrying values, which approximate fair value given the short-term nature of these assets and liabilities. The goodwill is attributable to the workforce of the acquired business and synergies expected to arise after the acquisition of the business.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In accordance with FASB ASC 820, *Fair Value Measurements* (FASB ASC 820), the Company determined that the non-financial assets and liabilities summarized above are derived from significant unobservable inputs (Level 3 inputs) determined by management based on various market and income analyses and recent asset appraisals. The goodwill recorded in connection with these acquisitions will be deductible for tax purposes over 15 years.

The Consolidated Statement of Income for period ended December 31, 2010 excludes the financial results of TranSenda from the acquisition date of March 25, 2010 through March 31, 2010 due to immateriality of TranSenda s results of operations for that period. TranSenda s results of operations are included in the Consolidated Statement of Income beginning April 1, 2010.

2009 Acquisitions:

On August 27, 2009, BioClinica acquired the CardioNow unit of Agfa Healthcare (CardioNow). CardioNow has developed a web-based system for the secure transmission of medical cardiac images. The software was specifically developed for and marketed to the invasive cardiology departments of hospitals within the United States. BioClinica has integrated and enhanced the CardioNow software and service to now offer our clients a streamlined electronic transport solution to facilitate the blinding, sharing, tracking and archiving of medical images for multi-center clinical trials as part of our suite of imaging services. The purchase price for CardioNow consisted of cash consideration paid to Agfa Healthcare of $1.0 million. The Company paid the purchase price for CardioNow with cash from operations. The financial results of CardioNow are included in the consolidated statement of income from the date of acquisition. The pro forma impact of the CardioNow acquisition on 2009 results was immaterial.

On September 15, 2009, BioClinica acquired substantially all of the assets of Tourtellotte Solutions, Inc. (Tourtellotte). Tourtellotte provides software applications and consulting services which support clinical trials in the pharmaceutical industry. The purchase price for Tourtellotte was $2.1 million in cash. Pursuant to the acquisition agreement, the Company agreed to pay up to an additional $3.2 million in cash and 350,000 shares of our common stock based upon achieving certain milestones, which include certain product development and revenue targets (the earn-out). The fair value of the cash earn-out of $2.8 million had been recorded as a liability and the fair value of the 350,000 shares of $1.3 million had been classified separately within stockholders equity as contingent consideration for a total purchase price of $6.2 million as of December 31, 2009. The Company used cash from operations to fund the cash purchase price for Tourtellotte. The financial results of Tourtellotte are included in the consolidated statement of income from the acquisition date. In December 2010, the Company paid the first acquisition earn-out of $1,257,000 in cash and the issuance of 350,000 shares of the Company s Common Stock. The remaining cash contingent consideration expected to be paid in the fair value amount of $2,000,000 was classified as a short-term liability on the financial statements at December 31, 2011.

Pro Forma Results. The following schedule includes consolidated statements of income data for the unaudited pro forma results for the 12 months ended December 31, 2009 as if the Tourtellotte acquisition had occurred as of the beginning of the period presented after giving effect to certain adjustments. The unaudited pro forma information is provided for illustrative purposes only and is not

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

indicative of the results of operations or financial condition that would have been achieved if the Tourtellotte acquisition would have taken place at the beginning of the period presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Pro forma adjustments are tax-effected at our effective tax rate.

(in thousands except per share data)		Twelve Months Ended 2009
Total revenue	$	76,823
Income from continuing operations before interest and taxes		5,003
Income from continuing operations, net of taxes		3,156
Basic earnings per share:		
Income from continuing operations	$	0.22
Diluted earnings per share:		
Income from continuing operations	$	0.21

In connection with the acquisitions of CardioNow and Tourtellotte, the Company performed an evaluation of the guidance included in FASB ASC 280 and FASB ASC 350. Based on that evaluation, the Company included CardioNow and Tourtellotte as part of its clinical trials services reportable segment.

In accordance with FASB ASC 805, the Company expensed all costs related to the acquisitions. The total costs related to the acquisitions were $560,000 in fiscal 2009 and are included in mergers and acquisition related costs on the consolidated statement of income.

The following table summarizes the consideration transferred to acquire CardioNow and Tourtolette at the respective acquisition dates:

		CardioNow		Tourtellotte
Cash	$	1,000	$	2,144
Estimated earnout payments:				
Contingent consideration to be settled in cash				2,656
Contingent consideration to be settled in stock				1,300
Working capital adjustment				94
Total purchase price	$	1,000	$	6,194

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The following table summarizes the amounts of identified assets acquired and liabilities assumed from CardioNow and Tourtellotte at the respective acquisition date fair value:

	CardioNow	Tourtellotte
Accounts Receivable		$ 934
Other Assets		55
Other Liabilities		(93)
Customer Relationships		393
Goodwill, including Workforce	$ 1,000	4,905
Total Fair Value of Purchase Price	$ 1,000	$ 6,194

Accounts receivable, other assets and other liabilities were stated at their historical carrying values, which approximate fair value given the short-term nature of these assets and liabilities.

The remaining cash contingent consideration expected to be paid in the fair value amount of $2,000,000 was classified as a short-term liability on the financial statements at December 31, 2011. The difference between the fair value of the cash contingent consideration at date of acquisition and the expected payment was recorded as an expense in the financial statements at the end of each reporting period. The Company recorded $114,000 in fiscal 2011, $302,000 in fiscal 2010 and $94,000 in fiscal 2009 of accretion expense in mergers and acquisition related costs on the income statement for this difference. In December 2010, the Company paid the first acquisition earn-out of $1,257,000 in cash and the issuance of 350,000 shares of the Company s Common Stock.

In accordance with FASB ASC 820, the Company determined that the non-financial assets and liabilities summarized above are derived from Level 3 inputs determined by management based on various market and income analyses and recent asset appraisals. The goodwill recorded in connection with these acquisitions will be deductible for tax purposes over 15 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table represents changes in assets and liabilities measured at fair value using Level 3 inputs (in thousands):

Cash Contingent Consideration:		
Balance at September 15, 2009	$	2,747
Earn out accretion		94
Payment on earn-out		
Balance at December 31, 2009	$	2,841
Earn out accretion		302
Payment on earn-out		(1,257)
Balance at December 31, 2010	$	1,886
Earn out accretion		114
Payment on earn-out		
Balance at December 31, 2011	$	2,000

Other:

In the second quarter of 2009, as a result of a potential acquisition which was terminated, we incurred $734,000 of acquisition related costs and received $750,000, comprised of a $500,000 break-up fee and $250,000 expense reimbursement, from the target company, resulting in a $16,000 gain on the transaction that is recorded as a reduction to general and administrative expenses.

4. Discontinued Operations

In the fourth quarter of 2008 the Company classified its interest in its CapMed business as held for sale. Therefore, the financial statements for the year ended December 31, 2008 and prior periods were presented with CapMed operations as discontinued operations in the consolidated financial statements. The sale generated total gross proceeds of $500,000 and a pretax loss of $5,049,000 ($3,001,000, net of income taxes), which was recognized in the fourth quarter of 2008. The Company received the cash proceeds in the first quarter of 2009.

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5. Property and Equipment

Property and equipment, at cost, consists of the following:

(in thousands)	December 31, 2011	December 31, 2010	Estimated Useful Life
Equipment	$ 10,961	$ 10,978	5 years
Equipment under capital leases	6,517	5,224	5 years
Furniture and fixtures	2,644	2,504	7 years
Leasehold improvements	2,159	2,177	5 years
Computer software costs	15,749	11,698	5 years
	38,030	32,581	
Less: Accumulated depreciation and amortization	(21,844)	(18,552)	
Property and equipment, net	$ 16,186	$ 14,029	

Accumulated depreciation related to equipment acquired under capital leases amounted to $4.5 million and $4.3 million at December 31, 2011 and 2010, respectively. Accumulated amortization related to capitalized computer software costs amounted to $5.9 million and $4.0 million at December 31, 2011 and 2010, respectively. Depreciation expense for the years ended December 31, 2011, 2010 and 2009 were $4.0 million, $2.8 million and $2.2 million, respectively.

6. Intangible Assets

Included in other assets, the following is the acquired intangible assets:

(in thousands)	December 31, 2011	December 31, 2010	Estimated Useful Life
Amortizable intangible assets:			
Technology	$ 1,843	$ 1,843	5-10 years
Trademarks	48	48	5 years
Customer backlog	2,112	2,112	3-7 years
Non-competition agreement	349	349	2-3 years
	$ 4,352	$ 4,352	
Accumulated amortization	(2,544)	(1,922)	
	$ 1,808	$ 2,430	
Unamortized intangible assets:			
Goodwill	$ 34,302	$ 34,302	

The goodwill relates to the Company s clinical trials services segment. The Company has evaluated the goodwill and has determined that there is no impairment of the values at December 31,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2011 and 2010. Amortization expense of intangible assets for the years ended December 31, 2011, 2010 and 2009 were $623,000, $638,000 and $489,000, respectively.

Future amortization of the intangible assets is as follows:

(in thousands)	Year Ending December 31	
2012	$	534
2013		337
2014		309
2015		160
2016		110
Thereafter		358
	$	1,808

The following table details the changes in the carrying amount of goodwill:

(in thousands)	2011		2010	
Balance at the beginning of year	$	34,302	$	32,933
Acquisition of businesses				1,369
Changes to goodwill due to tax contingencies				
Balance at end of year	$	34,302	$	34,302

7. Accrued Expenses

Accrued expenses and other current liabilities at December 31, 2011 and 2010 consist of the following:

(in thousands)	December 31, 2011	2010
Accrued compensation	3,505	2,585
Accrued consulting fees	269	241
Accrued other	2,170	1,457
	5,944	4,283

8. Capital Lease Obligations

Capital lease obligations consist of five equipment lease obligations with the same bank at December 31, 2011. In 2010, we entered into one capital lease obligation totaling $892,000. In 2011, we entered into four sale/leaseback transactions totaling $1.3 million whereby the Company sold and leased back computer equipment and software. The resulting leases are being accounted for as capital leases and a total gain was recorded on the sales in the amount of $44,000 which is being deferred over the lives of the leases. The lease terms are for five years with interest rates ranging from 3.04% to 3.87% per annum

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BIOCLINICA, INC. AND SUBSIDIARIES

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9. Stock Based Compensation

The Company accounts for stock based compensation plans under the provisions of FASB ASC 718 *Compensation Stock Compensation* (FASB ASC 718), which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors. The stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense on a straight-line basis over the requisite service period of the entire award. This period is generally the vesting period of the corresponding award. We have adopted the forfeiture rate on stock option grants issued after January 1, 2006 and the application of the forfeiture rate on unvested stock options at January 1, 2006 was immaterial to our financial statement.

At December 31, 2011, the Company has one stock-based employee compensation plan. The compensation cost that has been recorded to income under the plan for the year ended December 31, 2011 was $1,369,000, of which $610,000 is a result of the expensing of stock options pursuant to FASB ASC 718, $397,000 is a result of expensing restricted stock units issued to our Board of Directors, $185,000 is a result of expensing restricted stock units issued to our President and Chief Executive Officer and $177,000 is a result of expensing restricted stock units issued to our other executive officers. For the year ended December 31, 2010, the compensation cost that has been recorded to income under the plan was $1,080,000, of which $553,000 is a result of the expensing of stock options pursuant to FASB ASC 718, $311,000 is a result of expensing restricted stock units issued to our Board of Directors, $95,000 is a result of expensing restricted stock units issued to our President and Chief Executive Officer and $121,000 is a result of expensing restricted stock units issued to our other executive officers.

The following table presents the total stock-based compensation expense resulting from stock options and restricted stock unit awards:

(in thousands)	For the year ended December 31, 2011	For the year ended December 31, 2010	For the year ended December 31, 2009
Cost of revenues	$ 471	$ 385	$ 598
Sales and marketing	41	50	81
General and administrative	857	645	81
Stock-based compensation expense before income taxes	$ 1,369	$ 1,080	$ 760

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011	2010	2009
Risk-free interest rate (range)	1.26-2.70%	1.59-2.44%	2.06-2.33%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	49.00-53.00%	52.00-53.00%	61.00%
Expected term (in years)	6.00	5.00	5.00

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Expected Volatility. Expected volatility is calculated on a weekly basis over the expected term of the option using the Company s common stock close price.

Expected Term. The expected term is based on historical observations of employee exercise patterns during our history.

Risk-Free Interest Rate. The interest rate used in valuing awards is based on the yield at the time of grant of a U.S. Treasury security with an equivalent remaining term.

Dividend Yield. The Company has never paid cash dividends, and does not currently intend to pay cash dividends, and thus has assumed a 0% dividend yield.

Pre-Vesting Forfeitures. Estimates of pre-vesting option forfeitures are based on our experience. We used a 10% forfeiture rate assumption. We will adjust our estimate of forfeitures over the requisite service period based on the extent to which actual forfeitures differ, or are expected to differ, from such estimates.

Stock Options

Fiscal 2011

(in thousands)

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2010	1,717	$ 4.83	3.78	$ 1,246
Granted	241	4.69	6.21	
Exercised	(173)	1.79		426
Forfeited or expired	(123)	4.55		

Outstanding at December 31 ,2011	1,662	$	5.15	3.42	$	584
Unvested at December 31, 2011	480		4.83	4.86		112
Exercisable at December 31, 2011	1,182	$	5.28	2.84	$	472

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fiscal 2010

(in thousands)

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2009	1,866	$ 4.29	3.83	$ 2,062
Granted	216	4.29	6.80	37
Exercised	(262)	0.96		1,081
Forfeited or expired	(103)	5.97		0
Outstanding at December 31 ,2010	1,717	$ 4.83	3.78	$ 1,246
Unvested at December 31, 2010	516	5.08	5.15	250
Exercisable at December 31, 2010	1,201	$ 4.72	3.19	$ 996

The weighted-average grant date fair value of options granted for the years ended December 31, 2011, 2010 and 2009 was $4.69, $4.29 and $3.06, respectively. Cash received from option exercises for the years ended 2011, 2010 and 2009 was $205,000, $122,000, and $31,000, respectively.

As of December 31, 2011, there was $1.1 million of total unrecognized compensation cost related to nonvested stock options. That cost is expected to be recognized over a period of 3.83 years.

In May 2010, the Company s Board of Directors and stockholders approved the adoption of the BioClinica, Inc. 2010 Stock Incentive Plan (the Plan) and authorized the issuance of 1,121,616 shares of the Company s common stock under the Plan and up to 250,000 shares of any options or restricted stock units awards outstanding under the previous plan at May 12, 2010, the effective date of the Plan, that are subsequently forfeited or cancelled or otherwise expire or terminate unexercised, may add to the share reserve. At December 31, 2011, we have 836,458 available shares to be issued from the Plan.

Each option is exercisable into one share of common stock. Options granted pursuant to the Plan may be qualified incentive stock options, as defined in the Internal Revenue Code, or nonqualified options. The exercise price of qualified incentive stock options may not be less than the fair market value of the Company s Common Stock at the date of grant. The term of such stock options granted under the Plan shall not exceed 10 years and the vesting schedule of such stock option grants varies from immediate vesting on date of grant to vesting over a period of up to five years.

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the stock option transactions pursuant to the Plan for the three years ended December 31, 2011:

(in thousands)	Number of Shares Underlying Options	Weighted Average Option Grant Date Fair Value
Non-vested at December 31, 2008	541	$ 7.23
Granted	298	$ 3.06
Vested	(277)	$ 6.13
Non-vested at December 31, 2009	562	$ 5.56
Granted	216	$ 4.29
Vested	(262)	$ 5.46
Non-vested at December 31, 2010	516	$ 5.08
Granted	241	$ 4.69
Vested	(277)	$ 5.17
Non-vested at December 31, 2011	480	$ 4.83

1.2 million, 1.2 million and 1.3 million options are exercisable at December 31, 2011, 2010 and 2009, respectively, at a weighted average exercise price of $5.28, $4.72 and $3.74, respectively.

The intrinsic value of stock options exercised for the years ended December 31, 2011, 2010 and 2009, were $463,000, $1.1 million and $130,000, respectively.

At December 31, 2011, by range of exercise prices, the number of shares represented by outstanding options with their weighted average exercise price and weighted average remaining contractual life, in years, and the number of shares represented by exercisable options with their weighted average exercise price are as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$ 1.16-$2.80	77	0.94 years	$ 2.48	77	0.94 years	$ 2.48
$ 3.04-$4.44	698	3.49 years	$ 3.65	487	3.12 years	$ 3.58
$ 4.68-$5.10	312	4.98 years	$ 4.76	130	3.28 years	$ 4.85
$ 6.97-$8.06	575	2.82 years	$ 7.54	488	2.74 years	$ 7.53
$ 1.16-$8.06	1,662	3.42 years	$ 5.15	1,182	2.84 years	$ 5.28

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock Units:

The following table summarizes the restricted stock unit transactions pursuant to the Plan for the three years ended December 31, 2011:

(in thousands)	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Balance at December 31, 2008	**72,500**	
Granted	100,000	$ 3.41
Balance at December 31, 2009	**172,500**	
Granted	232,500	$ 4.51
Issued to Common Stock (1)	(60,000)	
Canceled	(5,000)	
Balance at December 31, 2010	**340,000**	
Granted	255,000	4.86
Issued to Common Stock (2)	(98,333)	
Canceled	(70,000)	
Balance at December 31, 2011	**426,667**	

(1) 48,000 shares of common stock were issued to the employees, 12,000 shares were withheld for taxes.

(2) 65,853 shares of common stock were issued to the employees, 22,235 shares were withheld for taxes. We also issued 32,500 shares of common stock to our Board member who did not stand for re-election.

10. Commitments

The Company has entered into non-cancelable operating leases for office facilities which expire through November 2018.

Future minimum aggregate rental payments on the non-cancelable portion of the leases are as follows:

(in thousands)	Year Ending December 31, 2010
2012	2,883

2013		2,689
2014		2,532
2015		2,502
2016		2,483
Thereafter		4,709
	$	17,798

Rent expense charged to operations for the years ended December 31, 2011, 2010 and 2009 was $3.5 million, $3.6 million and $3.3 million, respectively.

On February 22, 2012, the Company entered into an employment agreement with its President

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and Chief Executive Officer effective February 29, 2012 and expires on February 28, 2015. In addition, the Company has employment agreements with its Chief Financial Officer and the President of eClinical Solutions. The Chief Financial Officer s agreement expires January 31, 2013 and is renewable on an annual basis. The President of eClinical Solutions agreement expires September 30, 2012 and is renewable on an annual basis. The aggregate amount due from January 1, 2012 through the expiration under these agreements was $1,970,000.

On May 5, 2010, we entered into an unsecured, committed line of credit with PNC Bank, expiring May 5, 2012. In April 2011, the Company extended the expiration date of this line of credit to May 4, 2013. Under the credit agreement, we have the ability to borrow $7.5 million at interest rates equal to LIBOR plus 1.75%. In addition, we pay a fee of 0.25% per annum on the loan commitment regardless of usage. The credit agreement requires our compliance with certain covenants, including maintaining a minimum stockholders equity of $35 million. As of December 31, 2011, we had no borrowings under this line of credit, and we were compliant with the covenants.

11. Employee Benefit Plan

The Company sponsors the BioClinica, Inc. Employees Savings Plan (the 401(k) Plan), a defined contribution plan with a cash or deferred arrangement. Under the terms of the 401(k) Plan, eligible employees may elect to reduce their annual compensation up to the annual limit prescribed by the Internal Revenue Service. The Company may make discretionary matching contributions in cash, subject to plan limits. The Company made contributions of $335,000, $317,000 and $283,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

12. Major Customers

For the year ended December 31, 2011, contracts with Pfizer Inc. encompassed 21 projects, representing 19.8% of our service revenues. For the year ended December 31, 2010, contracts with Pfizer Inc. encompassed 22 projects, representing 19.9% of our service revenues. No one client represented more than 10% of our service revenues for the year ended December 31, 2009.

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Income Taxes

The income tax provision consist of the following:

	For the year ended December 31,		
(in thousands)	**2011**	**2010**	**2009**
Current:			
Federal	$ 590	$ 661	$ 1,040
State and local	483	363	356
Foreign	188	130	25
	1,260	1,154	1,421
Deferred:			
Federal	240	325	317
State and local	35	33	(172)
Foreign		64	191
	275	422	336
Income tax provision	$ 1,536	$ 1,576	$ 1,757

The Company s reconciliation of the expected federal provision rate to the effective income tax rate is as follows:

	For the year ended December 31,		
	2011	**2010**	**2009**
Tax provision at statutory rate	34.0%	34.0%	34.0%
State and local income taxes, net of federal benefit	7.9%	6.3%	4.1%
Permanent differences	1.1%	1.0%	0.6%
Foreign rate difference	(0.9)%	(0.9)%	(0.9)%
Federal credit for increasing research activities	(7.1)%	(5.4)%	
Other	0.4%	1.4%	(0.5)%
Effective income tax rate	35.4%	36.4%	37.3%

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company s domestic and foreign income before income tax is as follows:

(in thousands)	For the year ended December 31, 2011	2010	2009
Domestic income before income tax	$ 3,687	$ 3,722	$ 4,080
Foreign income before income tax	647	607	636
Total income before income tax	$ 4,334	$ 4,329	$ 4,716

The components of net deferred tax assets consist of the following:

(in thousands)	For the year ended December 31, 2011	2010
Deferred tax assets:		
Accrued expenses	$ 162	$ 83
Deferred revenue	3,441	3,220
Non-cash stock compensation	1,392	989
Amortization of acquisition costs	505	665
State tax depreciation	190	284
Research and experimentation credit carryforward	135	
Restructuring costs	215	
Rent escalation	252	
Other	132	136
Total deferred tax assets	6,424	5,377
Deferred tax liabilities:		
Excess of tax over book depreciation	(3,751)	(2,511)
Amortization of acquisition costs	(494)	(543)
Prepaid expenses	(501)	(399)
Other	(14)	
Total deferred tax liabilities	(4,760)	(3,453)
Valuation allowance	(31)	(16)
Net deferred tax assets	$ 1,633	$ 1,908

The Company has foreign NOL carryforwards from its French subsidiary of $121,000 as of December 31, 2011, $343,000 as of December 31, 2010 and $575,000 as of December 31, 2009. The NOL carryforwards from the Company s French subsidiary do not have an expiration date and can be carried forward indefinitely. The Company records a valuation allowance to reduce its deferred tax assets to an amount that is more likely than not to be realized. In assessing the need for the valuation allowance, the Company considers future taxable income and on-going prudent and feasible tax planning strategies. The Company recorded a $14,000 valuation allowance related to separate company NOL

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

carryforwards not expected to be realized. In the event that the Company was to determine that, in the future, they would be able to realize the deferred tax assets in excess of its net recorded amount, an adjustment to the deferred tax asset would be made, thereby increasing net income in the period such determination was made. Likewise, should the Company determine that it is more likely than not that it will be unable to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged, thereby decreasing net income in the period such determination was made. Our deferred tax assets are primarily comprised of the temporary book to tax differences related to deferred revenue.

The tax benefit of the stock option deductions have been recorded to additional paid-in capital in the amount of $20,000 and $46,000 for the years ended December 31, 2011 and 2010, respectively.

The Company recognizes contingent liabilities for any tax related exposures when those exposures are more likely than not to occur.

The Company has not provided for U.S. federal income and foreign withholding taxes on approximately $2.7 million of undistributed earnings from its non-U.S. operations as of December 31, 2011 because such earnings are intended to be reinvested indefinitely outside of the United States.

The Company applies FASB ASC 740 Income Taxes which prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	December 31,		
(in thousands)	**2011**	**2010**	**2009**
Balance at the beginning of the period	$ 57		
Additions based on tax positions related to the current year	57	$ 57	
Additions for tax positions of prior years	21		
Reductions for tax positions of prior years			
Settlements			
Balance at end of year	$ 135	$ 57	

The total amount of net unrecognized tax benefits that, if recognized, would impact the Company s effective tax rate were $135,000 and $57,000 at December 31, 2011 and 2010, respectively. The Company accrues interest and penalties related to unrecognized tax benefits in income tax expense in the Consolidated Statements of Income. During the years ended December 31, 2011 and 2010, the Company recognized a benefit of

$1,000 and $1,000 in interest and penalties, respectively. The Company had $1,000 and $1,000 for the payment of interest and penalties accrued at December 31, 2011 and 2010, respectively.

We file our tax returns as prescribed by the tax laws of the jurisdictions in which we operate. Our federal tax returns for years 2009 through 2010 are subject to examination. Our state taxes for years

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BIOCLINICA, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2000 through 2010 are subject to examination. Our foreign taxes for years 2002 through 2009 are subject to examination by the respective authorities.

14. Foreign Operations

The Company s service revenue by customer location is as follows:

(in thousands)	2011	2010	2009
United States	$ 55,662	$ 49,204	$ 41,404
United Kingdom	1,923	3,390	2,732
Continental Europe	8,700	8,219	10,892
Canada	381	519	817
Asia/Pacific	1,065	1,297	1,399
Other	262	85	149
	$ 67,993	$ 62,714	$ 57,393

The Company maintains principal offices in Newtown and Audubon, Pennsylvania, Leiden, the Netherlands and Lyon, France. Net fixed assets located in Newtown, Pennsylvania were $2.9 million and $2.8 million at December 31, 2011 and 2010, respectively. Net fixed assets located in Audubon, Pennsylvania were $3.3 million and $3.5 million at December 31, 2011 and 2010, respectively. Net fixed assets located in Leiden, the Netherlands, were $830,000 and $875,000 at December 31, 2011 and 2010, respectively. Net fixed assets located in Lyon, France were $546,000 and $722,000 at December 31, 2011 and 2010, respectively.

15. Related Party Transactions

At December 31, 2011, Covance, Inc. owned 15.0% of the Company s outstanding common shares. The Company and Covance, Inc. have entered into various services agreements, for Covance s clients that sponsor clinical trials, in the ordinary course of business. The Company s service revenues from Covance, Inc. include $425,000, $666,000 and $446,000 for the years ended December 31, 2011, 2010 and 2009, respectively. At December 31, 2011 and 2010, the amounts due from Covance, Inc. were $178,000 and $157,000, respectively as reported in accounts receivable.

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Quarterly Financial Results (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2011 and 2010. This quarterly financial data should be read in conjunction with the audited consolidated financial statements included herein. We have revised certain of the quarterly information below to appropriately reflect the following adjustments in the correct interim periods. Such adjustments had no impact to the reported annual results. We identified and corrected clerical billing errors in the quarter ending June 30, 2010 that overstated service revenue and income from operations by $155,000 ($94,000 net of tax) and understated the quarter ending September 30, 2010 service revenue and income from operations by $155,000 ($94,000 net of tax). We determined that these adjustments were not material to our consolidated financial statements for any of the quarterly periods affected; therefore, no revisions have been made to the fiscal 2010 quarterly financial statements included in our previously filed Form 10-Q s for this matter.

Quarter Ended (Unaudited)

(in thousands except per share data)	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	Mar. 31, 2010
Service revenues	18,335	16,623	16,891	16,144	16,466	15,969	15,533	14,746
Reimbursement revenues	4,084	4,847	3,519	3,521	3,061	2,352	3,703	3,358
Total revenues	22,419	21,470	20,410	19,665	19,527	18,321	19,236	18,104
Cost and expenses:								
Cost of service revenues	10,785	10,434	10,441	10,557	10,450	10,212	9,946	8,951
Cost of reimbursement revenues	4,084	4,847	3,519	3,521	3,061	2,352	3,703	3,358
Sales and marketing expenses	2,402	2,081	2,383	1,860	2,139	2,090	2,565	2,210
General and administrative expenses	3,145	2,434	2,371	2,222	2,389	2,069	1,916	2,072
Amortization of intangible assets related to acquisitions	156	155	156	156	165	194	138	141
Restructuring charges		1,040		679				
Mergers and acquisitions expense			59	103	114	119	311	205
Total cost and expenses	20,572	20,991	18,929	19,098	18,318	17,036	18,579	16,937
Income from operations	1,847	479	1,481	567	1,209	1,285	657	1,167
Interest income	2	2	2	2	5	10	2	6
Interest expense	(16)	(14)	(9)	(9)	(5)	(0)	(4)	(3)
Income before tax	1,833	467	1,474	560	1,209	1,295	655	1,170
Income tax provision	(668)	(109)	(550)	(209)	(378)	(487)	(252)	(459)
Net income	1,165	358	924	351	831	808	403	711
Basic earnings per share:								
Net Income	0.07	0.02	0.06	0.02	0.05	0.05	0.03	0.05
Diluted earnings per share:								
Net Income	0.07	0.02	0.06	0.02	0.05	0.05	0.03	0.05
Weighted average shares used to calculate earnings per share:								
Basic	15,677	15,640	15,647	15,652	15,246	15,174	15,115	14,545

Diluted	16,165	16,383	16,491	16,417	15,981	15,796	16,065	15,382

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. We evaluated, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934 (Exchange Act), as amended) as of December 31, 2011, the end of the period covered by this report on Form 10-K. Based on this evaluation, our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal accounting and financial officer) have concluded that our disclosure controls and procedures were effective at December 31, 2011. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and were operating in an effective manner for the period covered by this report, and (ii) is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management s Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act and is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel, to:

- Provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

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

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Our management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2011. In making this assessment, the Company s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework.*

Based on its evaluation, our management has concluded that, as of December 31, 2011, our internal control over financial reporting was effective.

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

Changes in internal control over financial reporting There was no change in our internal controls over financial reporting that occurred during the fourth quarter of 2011 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

Effective as of February 22, 2012, based upon additional duties assigned to him by the Company s President and Chief Executive Officer, the Company has determined that Garry D. Johnson, its Senior Vice President and Chief Technology Officer, is an officer of the Company required to file reports pursuant to Section 16 of the Exchange Act. Mr. Johnson s title was also changed to Executive Vice President and Chief Technology Officer. Mr. Johnson, 60 years old, joined the Company in September 2010 as its Senior Vice President and Chief Technology Officer. Prior to joining BioClinica, Mr. Johnson was with Dendrite International, Inc. from November 2000 until May 2007 in various positions with his last title as Senior Vice President and Global Chief Technology Officer.

On February 22, 2012, our Board of Directors approved the employment agreement to be entered into with Mark Weinstein, President and Chief Executive Officer of the Company. This agreement is for a three year term, beginning as of February 29, 2012 and ending on February 28, 2015. The terms and conditions of the employment agreement are: (i) an annual base salary of $449,000 in addition to certain benefits and perquisites; (ii) cash bonuses in amounts that are to be determined by the Compensation Committee of the Board of Directors in accordance with the Company s management incentive policy; (iii) equity incentive compensation awards from the Company s incentive compensation plans on a basis commensurate with his position and responsibility at the sole discretion of the Compensation Committee; (iv) continuation of annual salary payments for a period of 12 months after the termination date in the event that Mr. Weinstein is terminated from employment with the Company for reasons other than cause, death or disability; and (v) a grant of unregistered securities of the Company (or other consideration provided to stockholders in connection with a change of control) in the event Mr. Weinstein is terminated within a specified time period before or after a change of control of the Company for reasons other than cause, death or disability. The foregoing is a summary of the employment agreement with Mr. Weinstein and is qualified in its entirety by reference to the employment agreement attached as an exhibit to this Form 10-K and incorporated by reference herein.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is set forth in our definitive proxy statement for the 2012 Annual Meeting of Stockholders and is incorporated herein by reference to such proxy statement.

We have adopted a written code of business conduct and ethics that applies to our principal executive officer and principal financial and accounting officer, or persons performing similar functions. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the NASDAQ Global Market by filing such amendment or waiver with the SEC.

Item 11. Executive Compensation.

The information required by this item is set forth in our definitive proxy statement for the 2012 Annual Meeting of Stockholders and is incorporated herein by reference to such proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is set forth in our definitive proxy statement for the 2012 Annual Meeting of Stockholders and is incorporated herein by reference to such proxy statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is set forth in our definitive proxy statement for the 2012 Annual Meeting of Stockholders and is incorporated herein by reference to such proxy statement.

Item 14. Principal Accounting Fees and Services.

The information required by this item is set forth in our definitive proxy statement for the 2012 Annual Meeting of Stockholders and is incorporated herein by reference to such proxy statement.

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) *Financial Statements*. The financial statements filed as part of this report are listed on the Index to the Consolidated Financial Statements.

(a)(2) *Financial Statement Schedules*. Schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(a)(3) *Exhibits.* Reference is made to the Exhibit Index. The exhibits are included, or incorporated by reference, in the Annual Report on Form 10-K and are numbered in accordance with Item 601 of Regulation S-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 27th day of February, 2012.

BIOCLINICA, INC.

By: /s/Mark L. Weinstein
Mark L. Weinstein, President and Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Mark L. Weinstein Mark L. Weinstein	President and Chief Executive Officer and Director (principal executive officer)	February 27, 2012
/s/Ted I. Kaminer Ted I. Kaminer	Executive Vice President of Finance and Administration and Chief Financial Officer (principal financial and accounting officer)	February 27, 2012
/s/Jeffrey H. Berg, Ph.D. Jeffrey H. Berg, Ph.D.	Director	February 27, 2012
/s/Martin M. Coyne Martin M. Coyne	Director	February 27, 2012
/s/E. Martin Davidoff, CPA, Esq. E. Martin Davidoff, CPA, Esq.	Director	February 27, 2012
/s/Marcella LoCastro, CPA, CITP Marcella LoCastro, CPA, CITP	Director	February 27, 2012
/s/David E. Nowicki, D.M.D. David E. Nowicki, D.M.D.	Chairman of the Board and Director	February 27, 2012
/s/Adeoye Y. Olukotun Adeoye Y. Olukotun, M.D., M.P.H.,	Director	February 27, 2012
/s/Wallace P. Parker Wallace P. Parker	Director	February 27, 2012
/s/John P. Repko John P. Repko	Director	February 27, 2012

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1**	Asset Purchase Agreement, dated as of September 15, 2009, by and among BioClinica, Inc., BioClinica Acquisition, Inc., and Tourtellotte Solutions, Inc. Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, dated September 18, 2009.
2.2**	Asset Purchase Agreement, dated January 6, 2009, by and between Bio-Imaging Technologies, Inc. and MBI Benefits, Inc. Incorporated by reference to Exhibit 2.3 of our Annual Report on Form 10-K for the year ended December 31, 2008.
2.3**	Asset Purchase Agreement, dated March 25, 2010, by and between BioClinica, Inc. and TranSenda International LLC. Incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K, dated March 26, 2010.
3.1	Restated Certificate of Incorporation of Bio-Imaging Technologies, Inc. Incorporated by reference to Exhibit 3.1 of our Registration Statement on Form S-1 (File Number 33-47471), which became effective on June 18, 1992. Amendments incorporated by reference to Exhibit 3.1 of our Annual Report on Form 10-K for the year ended September 30, 1993, Exhibit 3.1 of our Quarterly Report on Form 10-QSB for the quarter ended March 31, 1995 and Exhibit 3.1 of our Current Report on Form 8-K, dated July 8, 2009.
3.2	Amended and Restated Bylaws of BioClinica, Inc. Incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K, dated November 23, 2009.
4.1	Specimen Common Stock Certificate. Incorporated by reference to Exhibit 4.1 of our Registration Statement on Form S-1 (File Number 33-47471), which became effective on June 18, 1992.
4.2	Registration Agreement, dated October 13, 1994, between Bio-Imaging Technologies, Inc. and Corning Pharmaceuticals Services Inc., now Covance Inc. Incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K, dated October 13, 1994.
4.3	Amended and Restated Rights Agreement, dated as of March 23, 2011, between BioClinica, Inc. and Computershare Trust Company, N.A. Incorporated by reference to Exhibit 4.1 of our Current Report on form 8-K, dated March 25, 2011.
4.4	Registration Rights Agreement, dated March 25, 2010, between BioClinica, Inc. and TranSenda International LLC and each common member of TranSenda International, LLC. Incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K, dated March 26, 2010.
4.5	Committed Line of Credit Note dated May 5, 2010, by and between BioClinica, Inc. and Oxford Bio-Imaging Research, Inc. and PNC Bank, National Association. Incorporated by reference to Exhibit 4.1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
10.1*	2010 Stock Incentive Plan, adopted by the stockholders of BioClinica, Inc. on May 10, 2010. Incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.
10.2*	401(k) Plan. Incorporated by reference to Exhibit 10.7 of our Registration Statement on Form S-1 (File Number 33-47471), which became effective on June 18, 1992.
10.3	Form of Employee s Invention Assignment, Confidential Information and Non-Competition Agreement. Incorporated by reference to Exhibit 10.9 of our Annual Report on Form 10-K for the fiscal year ended September 30, 1992.

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10.4	Stock Purchase Agreement, dated October 13, 1994, by and between Bio-Imaging Technologies, Inc. and Covance Inc. Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K dated October 13, 1994.
10.5*	Invention Assignment and Confidential Information Agreement, dated January 20, 2000, by and between Bio-Imaging Technologies, Inc. and Mark L. Weinstein. Incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-QSB for the quarter ended December 31, 1999.
10.6*	Employment Agreement, dated February 22, 2012, by and between BioClinica, Inc. and Mark L. Weinstein.
10.7	Agreement of Lease by and between 826 Newtown Associates, L.P. and Bio-Imaging Technologies, Inc., dated December 1, 2008, such lease superseding and rendering null and void all previous leases related to the Premises at 826 and 828 Newtown-Yardley Road, Newtown, Pennsylvania. Incorporated by reference to Exhibit 10.7 of our Annual Report on Form 10-K for fiscal year ended December 31, 2008.
10.8*	Amended and Restated Employment Agreement, dated February 24, 2010, by and between BioClinica, Inc. and Ted I. Kaminer. Incorporated by reference to Exhibit 10.8 of our Annual Report on Form 10-K for fiscal year ended December 31, 2009.
10.9*	Form of Amended and Restated Executive Retention Agreement by and between BioClinica, Inc. and certain executive officers. Incorporated by reference to Exhibit 10.9 of our Annual Report on Form 10-K for fiscal year ended December 31, 2009.
10.10*	Employment Agreement, dated September 19, 2008, by and between Bio-Imaging Technologies, Inc. and Peter Benton. Incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009.
10.11	Loan Agreement dated May 5, 2010, by and between BioClinica, Inc. and Oxford Bio-Imaging Research, Inc. and PNC Bank, National Association. Incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
10.12	Amendment to Loan Agreement, dated June 2, 2011, by and between BioClinica, Inc. and Oxford Bio-Imaging Research, Inc. and PNC Bank, National Association. Incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
21	List of Subsidiaries of Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial and accounting officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
32.2	Certification of principal financial and accounting officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350.
101.1	Financial statements from the Annual Report on Form 10-K of BioClinica, Inc. for the year ended December 31, 2011, filed on February 27, 2012, formatted in XBRL (Extensible Business Reporting language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Comprehensive Income and (v) the Notes to the Consolidated Financial Statements.

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* A management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

Included herewith.