

BIO REFERENCE LABORATORIES INC  
Form 10-Q  
September 06, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended July 31, 2013

Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-15266

# BIO-REFERENCE LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

**NEW JERSEY**

(State or other jurisdiction of incorporation or organization)

**22-2405059**

(IRS Employer Identification No.)

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

(Address of principal executive offices)

**07407**

(Zip Code)

**(201) 791-2600**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated Filer

Smaller reporting company

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

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of the issuer's common stock, as of the latest practicable date: 27,673,213 shares of Common Stock (\$0.01 par value) at September 3, 2013.

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**BIO-REFERENCE LABORATORIES, INC.**

**FORM 10-Q**

**July 31, 2013**

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[Dollars In Thousands Except Share and Per Share Data]

**ASSETS**

|  | July 31,<br>2013<br>(Unaudited) | October 31,<br>2012 |
|--|---------------------------------|---------------------|
| <b><u>CURRENT ASSETS:</u></b>                  |                                 |                     |
| Cash and Cash Equivalents                      | \$ 28,567                       | \$ 25,143           |
| Accounts Receivable - Net                      | 191,798                         | 153,247             |
| Inventory                                      | 16,865                          | 14,902              |
| Other Current Assets                           | 6,965                           | 5,373               |
| Deferred Tax Assets                            | 29,188                          | 24,912              |
| <b><u>TOTAL CURRENT ASSETS</u></b>             | <b>273,383</b>                  | <b>223,577</b>      |
| <b><u>PROPERTY AND EQUIPMENT - AT COST</u></b> | <b>120,950</b>                  | <b>102,701</b>      |
| <b><u>LESS: Accumulated Depreciation</u></b>   | <b>(63,107)</b>                 | <b>(52,261)</b>     |
| <b><u>PROPERTY AND EQUIPMENT - NET</u></b>     | <b>57,843</b>                   | <b>50,440</b>       |
| <b><u>OTHER ASSETS:</u></b>                    |                                 |                     |
| Investments in Unconsolidated Affiliate        | 5,447                           | 4,977               |
| Deposits                                       | 1,025                           | 956                 |
| Goodwill - Net                                 | 25,986                          | 23,408              |
| Intangible Assets - Net                        | 10,681                          | 6,323               |
| Other Assets                                   | 1,115                           | 866                 |
| Deferred Tax Asset                             | 2,993                           | 2,278               |
| <b><u>TOTAL OTHER ASSETS</u></b>               | <b>47,247</b>                   | <b>38,808</b>       |
| <b><u>TOTAL ASSETS</u></b>                     | <b>\$ 378,473</b>               | <b>\$ 312,825</b>   |

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

Table of Contents**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

[Dollars In Thousands Except Share and Per Share Data]

**LIABILITIES AND SHAREHOLDERS EQUITY**

|  | July 31,<br>2013<br>(Unaudited) | October 31,<br>2012 |
|--|---------------------------------|---------------------|
| <b><u>CURRENT LIABILITIES:</u></b>   |                                 |                     |
| Accounts Payable   | \$ 55,770                       | \$ 41,288           |
| Accrued Salaries and Commissions Payable   | 15,005                          | 16,490              |
| Accrued Taxes and Expenses   | 11,402                          | 9,753               |
| Other Short Term Acquisition Payable   | 1,296                           | 0                   |
| Revolving Note Payable - Bank  | 16,576                          | 0                   |
| Current Maturities of Long-Term Debt   | 486                             | 464                 |
| Capital Lease Obligations - Short-Term Portion   | 4,477                           | 3,957               |
| <b><u>TOTAL CURRENT LIABILITIES</u></b>  | <b>105,012</b>                  | <b>71,952</b>       |
| <b><u>LONG-TERM LIABILITIES</u></b>  |                                 |                     |
| Capital Lease Obligations - Long-Term Portion  | 9,268                           | 9,463               |
| Long - Term Debt Net of Current Portion  | 3,796                           | 4,163               |
| <b><u>TOTAL LONG-TERM LIABILITIES</u></b>  | <b>13,064</b>                   | <b>13,626</b>       |
| <b><u>SHAREHOLDERS EQUITY</u></b>  |                                 |                     |
| Preferred Stock \$.10 Par Value; Authorized 1,666,667 shares, including 3,000 shares of Series A Junior Preferred Stock None Issued  | 0                               | 0                   |
| Common Stock, \$.01 Par Value; Authorized 35,000,000 shares:<br>Issued and Outstanding 27,673,213 and 27,707,382 at July 31, 2013 and at October 31, 2012,<br>respectively | 277                             | 277                 |
| Additional Paid-In Capital   | 39,353                          | 40,907              |
| Retained Earnings  | 220,767                         | 186,063             |
| <b><u>TOTAL SHAREHOLDERS EQUITY</u></b>  | <b>260,397</b>                  | <b>227,247</b>      |
| <b><u>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</u></b>  | <b>\$ 378,473</b>               | <b>\$ 312,825</b>   |

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

Table of Contents**BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

[Dollars In Thousands Except Share and Per Share Data]

**[UNAUDITED]**

|  | Three months ended<br>July 31, |                   | Nine months ended<br>July 31, |                   |
|--|--------------------------------|-------------------|-------------------------------|-------------------|
|  | 2013                           | 2012              | 2013                          | 2012              |
| <b><u>NET REVENUES:</u></b>                                | \$ 185,427                     | \$ 160,532        | \$ 523,136                    | \$ 450,767        |
| <b><u>COST OF SERVICES:</u></b>                            |                                |                   |                               |                   |
| Depreciation and Amortization                              | 3,981                          | 3,375             | 11,296                        | 9,649             |
| Employee Related Expenses                                  | 43,397                         | 36,915            | 125,280                       | 108,165           |
| Reagents and Laboratory Supplies                           | 33,943                         | 31,473            | 99,421                        | 88,798            |
| Other Cost of Services                                     | 18,446                         | 14,490            | 49,881                        | 42,225            |
| <b><u>TOTAL COST OF SERVICES</u></b>                       | <b>99,767</b>                  | <b>86,253</b>     | <b>285,878</b>                | <b>248,837</b>    |
| <b><u>GROSS PROFIT ON REVENUES</u></b>                     | <b>85,660</b>                  | <b>74,279</b>     | <b>237,258</b>                | <b>201,930</b>    |
| <b><u>GENERAL AND ADMINISTRATIVE EXPENSES:</u></b>         |                                |                   |                               |                   |
| Depreciation and Amortization                              | 1,022                          | 897               | 2,913                         | 2,620             |
| General and Administrative Expenses                        | 43,987                         | 39,177            | 129,441                       | 115,793           |
| Bad Debt Expense   | 15,592                         | 11,531            | 43,377                        | 30,789            |
| <b><u>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</u></b>    | <b>60,601</b>                  | <b>51,605</b>     | <b>175,731</b>                | <b>149,202</b>    |
| <b><u>INCOME FROM OPERATIONS</u></b>                       | <b>25,059</b>                  | <b>22,674</b>     | <b>61,527</b>                 | <b>52,728</b>     |
| <b><u>OTHER (INCOME) EXPENSE:</u></b>                      |                                |                   |                               |                   |
| Interest Expense   | 350                            | 382               | 1,077                         | 1,153             |
| Interest Income  | 0                              | (41)              | (822)                         | (125)             |
| Other (Income) Expense                                     | (1,046)                        | 151               | (52)                          | 151               |
| <b><u>TOTAL OTHER (INCOME) EXPENSES - NET</u></b>          | <b>(696)</b>                   | <b>492</b>        | <b>203</b>                    | <b>1,179</b>      |
| <b><u>INCOME BEFORE INCOME TAXES</u></b>                   | <b>25,755</b>                  | <b>22,182</b>     | <b>61,324</b>                 | <b>51,549</b>     |
| Provision for Income Taxes                                 | 11,054                         | 9,586             | 26,620                        | 22,282            |
| <b><u>NET INCOME</u></b>                                   | <b>\$ 14,701</b>               | <b>\$ 12,596</b>  | <b>\$ 34,704</b>              | <b>\$ 29,267</b>  |
| <b><u>NET INCOME PER COMMON SHARE - BASIC:</u></b>         | <b>\$ 0.53</b>                 | <b>\$ 0.45</b>    | <b>\$ 1.25</b>                | <b>\$ 1.05</b>    |
| <b><u>WEIGHTED AVERAGE NUMBER OF SHARES - BASIC:</u></b>   | <b>27,671,880</b>              | <b>27,695,215</b> | <b>27,695,387</b>             | <b>27,754,771</b> |
| <b><u>NET INCOME PER COMMON SHARE - DILUTED:</u></b>       | <b>\$ 0.53</b>                 | <b>\$ 0.45</b>    | <b>\$ 1.25</b>                | <b>\$ 1.05</b>    |
| <b><u>WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:</u></b> | <b>27,841,998</b>              | <b>27,887,765</b> | <b>27,861,372</b>             | <b>27,930,202</b> |

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





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

|  | <b>Nine months ended</b> |             |
|--|--------------------------|-------------|
|  | <b>July, 31</b>          |             |
|  | <b>2013</b>              | <b>2012</b> |
| <b>OPERATING ACTIVITIES:</b>   |                          |             |
| Net Income   | \$ 34,704                | \$ 29,267   |
| Adjustments to Reconcile Net Income to Cash Provided by (Used for) Operating Activities: |                          |             |
| Depreciation and Amortization  | 14,209                   | 12,269      |
| Deferred Income Tax (Benefit) Expense  | (4,991)                  | (2,530)     |
| Stock Based Compensation   | 290                      | 290         |
| (Gain) Loss on Disposal of Fixed Assets  | 301                      | 448         |
| Undistributed Equity Method (Income) Loss  | 240                      | 151         |
| Change in Assets and Liabilities, (Increase) Decrease in:                                |                          |             |
| Accounts Receivable  | (47,704)                 | (3,410)     |
| Provision for Doubtful Accounts  | 9,153                    | 3,924       |
| Inventory  | (1,963)                  | (3,524)     |
| Other Current Assets   | (1,592)                  | (1,018)     |
| Other Assets   | (249)                    | (250)       |
| Deposits   | (69)                     | (83)        |
| Increase (Decrease) in:  |                          |             |
| Accounts Payable and Accrued Liabilities   | 14,646                   |             |