

BIO IMAGING TECHNOLOGIES INC
Form 10QSB
May 14, 2003
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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

- Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
 - Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
- For the quarterly period ended March 31, 2003
- For the transition period from _____ to _____

Commission File No. 1-11182

BIO-IMAGING TECHNOLOGIES, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware

11-2872047

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

826 Newtown-Yardley Road, Newtown, Pennsylvania 18940-1721

(Address of Principal Executive Offices)

(267) 757-3000

(Issuer's Telephone Number, Including Area Code)

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

Yes No

State the number of shares outstanding of each of the Issuer's classes of common stock, as of April 30, 2003:

Class	Number of Shares
Common Stock, \$0.00025 par value	8,691,577

Transitional Small Business Disclosure Format (check one):

Yes No

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BIO-IMAGING TECHNOLOGIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

References in this Form 10-QSB to Bio-Imaging, we, us, or our refer to Bio-Imaging Technologies, Inc., a Delaware corporation, and its subsidiaries.

Certain information and footnote disclosures required under generally accepted accounting principles in the United States of America have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission, although we believe that such financial disclosures are adequate so that the information presented is not misleading in any material respect. The following consolidated financial statements should be read in conjunction with the year-end consolidated financial statements and notes thereto included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2002.

The results of operations for the interim periods presented in this Form 10-QSB are not necessarily indicative of the results to be expected for the entire fiscal year.

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	March 31, 2003	December 31, 2002
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,309,796	\$ 2,563,266
Accounts receivable, net	4,023,231	3,927,770
Prepaid expenses and other current assets	498,031	398,523
Deferred income taxes	364,319	364,319
	<u>8,195,377</u>	<u>7,253,878</u>
Total current assets	8,195,377	7,253,878
Property and equipment, net	3,885,498	3,611,299
Other assets	548,631	575,238
	<u>12,629,506</u>	<u>11,440,415</u>
Total assets	\$ 12,629,506	\$ 11,440,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 906,943	\$ 659,906
Accrued expenses and other current liabilities	1,159,132	1,364,128
Deferred revenue	4,031,502	3,264,660
Current maturities of long-term debt and capital lease obligations	629,658	585,206
	<u>6,727,235</u>	<u>5,873,900</u>
Total current liabilities	6,727,235	5,873,900
Long-term debt and capital lease obligations	1,389,973	1,379,385
Other liability	567,722	567,722
	<u>8,117,208</u>	<u>7,821,007</u>
Total liabilities	8,117,208	7,821,007
Stockholders' equity:		
Common stock - \$.00025 par value; authorized 18,000,000 shares, issued and outstanding 8,674,327 shares at March 31, 2003 and 8,427,653 shares at December 31, 2002	2,169	2,107
Additional paid-in capital	10,041,678	9,405,412
Accumulated deficit	(5,531,549)	(5,788,111)
	<u>4,512,298</u>	<u>3,619,408</u>
Stockholders' equity	4,512,298	3,619,408
Total liabilities and stockholders' equity	\$ 12,629,506	\$ 11,440,415

See Notes to Consolidated Financial Statements

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(unaudited)

	For the Three Months Ended March 31,	
	2003	2002
Service revenues	\$ 5,096,702	\$ 3,872,845
Reimbursement revenues	608,552	870,262
Total revenues	5,705,254	4,743,107
Cost and expenses:		
Cost of revenues	3,946,893	3,397,071
General and administrative expenses	913,197	592,130
Sales and marketing expenses	451,215	416,032
Total cost and expenses	5,311,305	4,405,233
Income from operations	393,949	337,874
Interest expense - net	(27,387)	(18,633)
Income before income tax provision	366,562	319,241
Income tax provision	110,000	22,471
Net income	\$ 256,562	\$ 296,770
Basic earnings per common share	\$ 0.03	\$ 0.04
Weighted average number of common shares	8,548,655	8,292,565
Diluted earnings per common share	\$ 0.03	\$ 0.03
Weighted average number of common shares and dilutive common equivalent shares	10,047,858	9,904,006

See Notes to Consolidated Financial Statements

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(unaudited)

	For the Three Months Ended March 31,	
	2003	2002
Cash flows from operating activities:		
Net income	\$ 256,562	\$ 296,770
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	241,521	203,627
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(95,461)	23,672
Increase in prepaid expenses and other current assets	(99,508)	(118,946)
Decrease (increase) in other assets	26,607	(80,058)
Increase in accounts payable	247,037	16,173
(Decrease) increase in accrued expenses and other current liabilities	(122,915)	108,826
Increase (decrease) in deferred revenue	766,842	(128,437)
Net cash provided by operating activities	1,220,685	321,627
Cash flows from investing activities:		
Purchases of property and equipment	(380,720)	(314,660)
Net cash used in investing activities	(380,720)	(314,660)
Cash flows from financing activities:		
Payments under equipment lease obligations	(120,374)	(51,704)
Payments under promissory note	(41,667)	(41,667)
Proceeds from exercise of stock options	68,606	20,197
Net cash used in financing activities	(93,435)	(73,174)
Net increase (decrease) in cash and cash equivalents	746,530	(66,207)
Cash and cash equivalents at beginning of period	2,563,266	499,710
Cash and cash equivalents at end of period	\$ 3,309,796	\$ 433,503
Supplemental schedule of noncash investing and financing activities:		
Equipment purchased under capital lease obligations	\$ 135,000	\$ 60,728

See Notes to Consolidated Financial Statements

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BIO-IMAGING TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Note 1 - Basis of Presentation:

The financial statements included in this Form 10-QSB have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-KSB for the year ended December 31, 2002.

In the opinion of management the accompanying consolidated financial statements contain all adjustments, consisting solely of those which are of a normal recurring nature, necessary for a fair presentation of our financial position as of March 31, 2003 and December 31, 2002 and the results of our operations and our cash flows for the three months ended March 31, 2003 and 2002.

Interim results are not necessarily indicative of results for the full fiscal year.

Service revenues are recognized over the contractual term of our customer contracts using the percentage-of-completion method based on costs incurred as a percentage of total estimated costs. Service revenues are first recognized when we have a signed contract from the customer, with fixed or determinable fees and for which collection of such fees is reasonably assured. Any change to recognized service revenues as a result of revisions to estimated total costs are recognized in the period the estimate changes. Direct and incremental costs incurred at the outset of an arrangement that are directly related to a customer contract are deferred, so long as their recoverability from that contract is probable. Deferred costs are expensed upon recognition of revenue associated with the contract.

Note 2 - Earnings Per Share:

Basic earnings per common share for the three months ended March 31, 2003 and 2002 was calculated based upon net income divided by the weighted average number of shares of our common stock, \$0.00025 par value, outstanding during the period. Diluted earnings per share for the three months ended March 31, 2003 and 2002 was calculated based upon net income divided by the weighted average number of shares of our common stock outstanding during the period, adjusted for dilutive securities using the treasury method.

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(unaudited)

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