BIO REFERENCE LABORATORIES INC
Form 10-Q
March 09, 2004

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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

For the quarterly period ended January 31, 2004

Commission File Number 0-15266

BIO-REFERENCE LABORATORIES, INC.

481 Edward H. Ross Drive, Elmwood Park, NJ 07407
(201) 791-2600

NEW JERSEY	**22-2405059**
(State of incorporation)	(IRS Employer Identification No.)

Check whether the issuer (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 ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes o No ý

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer s common stock, as of the latest practicable date: 11,665,773 shares of Common Stock ($.01 par value) at March 10, 2004.

BIO-REFERENCE LABORATORIES, INC.

FORM 10-Q

JANUARY 31, 2004

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BIO-REFERENCE LABORATORIES, INC.

BALANCE SHEETS

[Dollars In Thousands Except Per Share Data]

ASSETS

	January 31, 2004 (Unaudited)	October 31, 2003
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 5,254	$ 3,966
Accounts Receivable (Net)	33,558	32,913
Inventory	1,241	1,088
Other Current Assets	450	763
TOTAL CURRENT ASSETS	$ 40,503	$ 38,730
PROPERTY, PLANT AND EQUIPMENT	$ 8,456	$ 7,485
LESS: Accumulated Depreciation	3,125	2,722
TOTAL PROPERTY,		
PLANT AND EQUIPMENT - NET	$ 5,331	$ 4,763
OTHER ASSETS:		
Deposits	325	314
Goodwill (Net of Accumulated Amortization of $2,401)	5,843	5,843
Deferred Charges (Net of Accumulated Amortization of $2,781 and $2,654 respectively)	2,172	2,299
Other Assets	922	1,270
TOTAL OTHER ASSETS	$ 9,262	$ 9,726
TOTAL ASSETS	$ 55,096	$ 53,219

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

		January 31, 2004 (Unaudited)		October 31, 2003
CURRENT LIABILITIES:				
Accounts Payable	$	7,791	$	7,900
Salaries and Commissions Payable		1,700		1,719
Accrued Taxes and Expenses		1,555		1,789
Current Portion of Capital Leases Payable		1,015		933
Notes Payable		8,998		8,718
TOTAL CURRENT LIABILITIES	$	21,059	$	21,059
LONG-TERM LIABILITIES:				
Long-Term Portion of Capital Leases Payable		2,277		2,127
Other Long-Term Liabilities		75		75
TOTAL LONG-TERM LIABILITIES	$	2,352	$	2,202
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS EQUITY:				
Preferred Stock $.10 Par Value;				
Authorized 1,059,589 shares, None Issued	$		$	
Series A Senior Preferred Stock, $.10 Par Value;				
Authorized Issued and Outstanding 604,078 shares		60		60
Series A - Junior Participating Preferred Stock, $.10 Par Value, Authorized 3,000 Shares.	$		$	
Common Stock, $.01 Par Value;				
Authorized shares, 35,000,000				
Issued and Outstanding shares 11,665,773 at January 31, 2004 and 11,451,023 shares at October 31, 2003		117		115
Additional Paid-In Capital		28,803		27,907
Retained Earnings		3,234	$	2,315
Totals	$	32,214		30,397
Deferred Compensation		(529)		(439)
TOTAL SHAREHOLDERS EQUITY	$	31,685	$	29,958
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	55,096	$	53,219

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

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BIO-REFERENCE LABORATORIES, INC.

STATEMENTS OF OPERATIONS

[Dollars In Thousands Except Per Share Data]

[UNAUDITED]

	Three months ended January 31,			
		2004		**2003**
NET REVENUES:	$	28,950	$	23,759
COST OF SERVICES:				
Depreciation	$	348	$	217
Employee Related Expenses		6,873		6,399
Reagents and Lab Supplies		4,609		3,760
Other Cost of Services		3,215		2,811
TOTAL COST OF SERVICES	$	15,045	$	13,187
GROSS PROFIT ON REVENUES	$	13,905	$	10,572
GENERAL AND ADMINISTRATIVE EXPENSES:				
Depreciation and Amortization	$	190	$	159
Other General and Admin. Expenses		8,423		7,010
Bad Debt Expense		3,677		2,655
TOTAL GENERAL AND ADMIN. EXPENSES	$	12,290	$	9,824
OPERATING INCOME	$	1,615	$	748
OTHER (INCOME) EXPENSES:				
Interest Expense	$	159	$	212
Interest Income		(5)		(8)
TOTAL OTHER EXPENSES - NET	$	154	$	204
INCOME BEFORE TAX		1,461		544
Provision for Income Taxes	$	542	$	74
NET INCOME	$	919		470
NET INCOME PER SHARE - BASIC:	$	.08	$	.04
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC:		11,522,606		11,595,255
NET INCOME PER SHARE - DILUTED:	$	.07	$	.04
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:		13,124,209		12,899,351

The Accompanying Notes are an Integral Part of These Financial Statements

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BIO-REFERENCE LABORATORIES, INC.

STATEMENTS OF CASH FLOWS

[Dollars In Thousands Except Per Share Data]

[UNAUDITED]

	Three months ended January 31, 2004		Three months ended January 31, 2003	
OPERATING ACTIVITIES:				
Net Income	$	919	$	470
Adjustments to Reconcile Net Income to				
Cash Provided by Operating Activities:				
Deferred Compensation		47		38
Depreciation and Amortization		530		376
Provision for Bad Debts		3,677		2,655
Deferred Income Tax				14
Change in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable		(4,331)		(3,304)
Inventory		(153)		(63)
Other Current Assets		(313)		136
Other Assets		337		21
Increase (Decrease) in:				
Accounts Payable and Accrued Liabilities		(362)		(1,718)
NET CASH - OPERATING ACTIVITIES	$	977	$	(1,375)
INVESTING ACTIVITIES:				
Acquisition of Equipment and Leasehold Improvements	$	(453)	$	(494)
FINANCING ACTIVITIES:				
Payments of Long-Term Debt	$		$	(200)
Payments of Capital Lease Obligations		(283)		(176)
Increase in Revolving Line of Credit		280		2,746
Proceeds from Exercise of Options		761		22
NET CASH - FINANCING ACTIVITIES	$	764	$	2,392
NET INCREASE IN CASH AND CASH EQUIVALENTS	$	1,288	$	523
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIODS	$	3,966	$	3,403
CASH AND CASH EQUIVALENTS AT END OF PERIODS	$	5,254	$	3,926
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest	$	159	$	142

Income Taxes	$	100	$	2

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

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SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

[Dollars In Thousands Except Per Share Data]

During the three month periods ended January 31, 2004 and January 31, 2003 the Company entered into capital leases totaling $515 and $76, respectively.

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

BIO-REFERENCE LABORATORIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[Dollars In Thousands Except Per Share Data, Or Unless Otherwise Noted]

(UNAUDITED)

[1] In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments [consisting only of normal adjustments and recurring accruals] which are necessary to present a fair statement of the results for the interim periods presented and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

[2] The results of operations for the three months ended January 31, 2004 are not necessarily indicative of the results to be expected for the entire year.

[3] The consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes for the year ended October 31, 2003 as filed with the Securities and Exchange Commission in the Company s Annual Report on Form 10-K.

[4] The significant accounting policies followed by the Company are set forth in Note 2 to the Company s consolidated financial statements in the October 31, 2003 Form 10-K.

[5] Revenues are recognized at the time the services are performed. Revenues on the statements of operations are net of the following amounts for allowances and discounts.

	Three Months Ended January 31, [Unaudited]	
	2004	**2003**
Medicare/Medicaid	$ 20,515	$ 16,935
Other	22,828	18,198
	$ 43,343	$ 35,133

A number of proposals for legislation or regulation continue to be under discussion which could have the effect of substantially reducing Medicare reimbursements for clinical laboratories. Depending upon the nature of regulatory action, if any, which is taken and the content of legislation, if any, which is adopted, the Company could experience a significant decrease in revenues from Medicare and Medicaid, which could have a material adverse effect on the Company. The Company is unable to predict, however, the extent to which such actions will be taken.

[6] An allowance for contractual credits and uncollectible accounts is determined based upon a review of the reimbursement policies and subsequent collections for the different types of payors. The aggregate allowance, which is net against accounts receivable was $29,675 at January 31, 2004 and $29,185 at October 31, 2003 and is comprised of the following items:

	[Unaudited] January 31, 2004	October 31, 2003
Contractual Credits/Discounts	$ 23,986	$ 24,026
Doubtful Accounts	5,689	5,159
	$ 29,675	$ 29,185

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[7] On October 8, 2003, the FASB deferred the implementation date for FIN 46 as it relates to variable interest entities that existed prior to February 1, 2003 and in December 2003 the FASB issued a revised FIN 46. The revised effective date for the Company is the end of the first reporting period ending after March 15, 2004 [April 30, 2004 for the Company]. However, the Company must apply either the revised or the original FIN 46 to so called special-purpose entities as of the end of the first reporting period ending after December 15, 2003 [January 31, 2004 for the Company]. Certain disclosure requirements apply to all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The adoption of this standard is not expected to have a material impact on the Company s consolidated financial statements.

[8] At January 31, 2004, the Company had three stock-based employee compensation plans. The Company accounts for those plans under the measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provision of FASB Statement No. 123 to stock-based employee compensation.

	Three Months Ended January 31,			
	2004		**2003**	
Net Income (Loss)				
As Reported	$	919	$	470
Deduct: Stock Based Employee compensation expense determined under the fair value based method-Net of Tax		(665)		(353)
Pro-Forma Net Income		254		117
Basic Earnings (Loss) Per Share:				
As Reported	$	.08	$	.04
Pro-Forma	$	.02	$	.01
Diluted Earnings (Loss) per Share:				
As Reported	$	.07	$	.04
Pro-Forma	$	.02	$	.01

[9] The following disclosures present certain information on the Company s intangible assets as of January 31, 2004 (Unaudited) and October 31, 2003. All intangible assets are being amortized over their estimated userful lives, as indicated below, with no estimated residual value.

Intangible Assets	**Weighted-Average Amortization Period**		**Gross Carrying Amount**		**Accumulated Amortization**		**Net Balance**
At January 31, 2004 [Unaudited]							
Software Costs	5 years		1,535		712		823
Customer Lists	20 years		1,230		798		432
Covenants not-to-Compete	2 years		119		119		
Employment Agreements	7 years		825		564		261
Costs Related to Acquisitions	19 years		1,088		526		562
Patent	17 Years		156		62		94
Totals		$	4,953	$	2,781	$	2,172

Intangible Assets	**Weighted-Average Amortization Period**		**Gross Carrying Amount**		**Accumulated Amortization**		**Net Balance**
At October 31, 2003							
Software Costs	5 years		1,535		647		888
Customer Lists	20 years		1,230		783		447
Covenants not-to-Compete	2 years		119		119		
Employment Agreements	7 years		825		532		293
Costs Related to Acquisitions	19 years		1,088		512		576
Patent	17 Years		156		61		95
Totals		$	4,953	$	2,654	$	2,299

The aggregate intangible amortization expense for the three months ended January 31, 2004 and 2003 was $127. The estimated intangible asset amortization expense for the fiscal year ending October 31, 2004 and for the four subsequent years is as follows:

Fiscal Year Ended October 31,		**Estimated Amortization Expense**
2004		545
2005		533
2006		391
2007		178
2008		136
Thereafter		516
Total	$	2,299

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[10] On January 22, 2004, the Company was informed that IMPATH, Inc., as a debtor-in-possession had commenced an adversary proceeding in Bankruptcy Court in the Southern District of New York against James Weisberger, M.D., Vice President, Assistant Chief Medical Officer and Director of Hematopathology of the Company, alleging that Dr. Weisberger had, among other things, misappropriated certain of IMPATH s alleged trade secrets and had unlawfully solicited former IMPATH employees to commence employment with the Company. The Company was not named as a party to this lawsuit. Management of the Company and Dr. Weisberger believe that the allegations in this proceeding are baseless and totally without merit and intend to fully contest the matter.

[11] The Company had a revolving notes payable loan agreement with a bank. The maximum amount of the credit line available to the Company is the lesser of (i) $25,000 or (ii) 50% of the Company s qualified accounts receivable [as defined in the agreement]. Based on a January 2002 amendment of the Loan and Security Agreement, interest on advances will be subject to the bank s prime rate or Eurodollar rate of interest plus an additional interest percentage. The additional interest percentage charges on Eurodollar borrowings range from 1% to 3% and are determined based upon certain financial ratios achieved by the Company. At January 31, 2004, the Company had elected to have $4,000 of the total advances outstanding converted into a Eurodollar rate loan with a variable interest rate of 2.74% at January 31, 2004. The remaining outstanding advances during that period were subject to the prime rate of interest. At January 31, 2004, advances of $4,998 were subject to interest at the prime rate. As of January 31, 2004, the bank s prime rate of interest was 4.00%. The credit line is collateralized by substantially all of the Company s assets, the assignment of Care Evolve s $615 promissory note payable out of the Company s share of Care Evolve s net after-tax income [if any], and a $4,000 life insurance policy on the president of the Company also assigned to the bank. The line of credit is available through September 2004 and may be extended for annual periods by mutual consent, thereafter. The terms of this agreement contain, among other provisions, requirements for maintaining defined levels of capital expenditures and net worth, various financial ratios, insurance coverage and the prohibition of the payment by the Company of cash dividends without the prior written consent of the bank. Effective September 2003, the Company amended its loan agreement to increase its annual capital expenditure covenant to $3,000. As of January 31, 2004, the Company utilized $8,998 and had $11,002 of available unused credit under this revolving note payable agreement.

Item 2.

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

COMPARISON OF FIRST QUARTER 2004 VS FIRST QUARTER 2003

[In Thousands Except Per Share Data, Or Unless Otherwise Noted]

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains historical information as well as forward-looking statements. Statements looking forward in time are included in this Quarterly Report pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to be materially different from any future performance suggested herein. For a further discussion concerning risks to our business, the results of our operations and our financial condition, reference is made to our Annual Report on Form 10-K for the year ended October 31, 2003.

OVERVIEW:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. While many aspects of our business are subject to complex federal, state and local regulations, the accounting for our business is generally straightforward. Our revenues are primarily comprised of a high volume of relatively low dollar transactions, and about 46% of all our costs consist of employee compensation and benefits. Revenues are recognized at the time the services are performed and are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered including prospectively determined adjustments under reimbursement agreements with third-party payors. These adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as final settlements are determined. These estimates are reviewed and adjusted, if warranted, by senior management on a monthly basis. We believe that our estimates and assumptions are correct; however, several factors could cause actual results to differ materially from those currently anticipated due to a number of factors:

our failure to integrate newly acquired businesses (if any) and the cost related to such integration.

our failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers.

adverse results from investigations of clinical laboratories by the government, which may include significant monetary damages and/or exclusion from the Medicare and Medicaid programs.

loss or suspension of a license or imposition of a fine or penalties under, or future changes in, the law or regulations of CLIA-88, or those of Medicare, Medicaid or other federal, state or local agencies.

future changes in federal, state, local and third party payor regulations or policies (or in the interpretation of current regulations) affecting governmental and third-party reimbursement for clinical laboratory testing.

failure to comply with the Federal Occupational Safety and Health Administration requirements and the recently passed Needlestick Safety and Prevention Act.

failure to comply with HIPAA, which could result in significant fines as well as substantial criminal penalties.

changes in payor mix.

failure to maintain our days sales outstanding levels.

increased competition, including price competition.

our ability to attract and retain experienced and qualified personnel.

adverse litigation results.

We utilize diluted earnings per share (EPS) on pre-tax income as a performance indicator rather than the traditional EPS calculation on an after tax basis. This pre-tax EPS takes out the nuance of tax differences caused by large net operating loss carryforwards which create benefits (which we used in the past) and tax expense (which we expect in the future). Our pre-tax EPS on a diluted basis for the first quarter of fiscal years 2004 and 2003 were $.11 and $.04, respectively.

NET REVENUES:

We had net revenues for the three month period ended January 31, 2004 of $28,950 as compared to $23,759 for the three month period ended January 31, 2003. This represents a 22% increase in net revenues. This increase is due primarily to a 19% increase in the number of patients serviced

The number of patients serviced during the quarter ended January 31, 2004 was approximately 569 thousand which was 19% greater when compared to the prior fiscal year s quarter ended January 31, 2003. Net revenue per patient for the quarter ended January 31, 2004 was $50.85 compared to net revenue per patient for the quarter ended January 31, 2003 of $49.55.

COST OF SERVICES:

Cost of Services increased from $13,187 for the three month period ended January 31, 2003 to $15,045 for the three month period ended January 31, 2004, an increase of $1,858 or 14%. This increase is substantially less than the 22% increase in net revenues.

GROSS PROFITS:

Gross profit on net revenues increased 33% to $13,905 for the three month period ended January 31, 2004 compared to $10,572 for the same period ended January 31, 2003. Gross Profit margin increased 4% in the current period reflecting decreased direct costs in relation to net revenues.

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the three month period ended January 31, 2004 were $12,290 compared to $9,824 for the three month period ended January 31, 2003. This represents an increase of $2,466 (25%) which was caused primarily by an increase of $513 (22%) in marketing expenses, a $169 (35%) increase in computer related expenses, and a $1,022 (38%) increase in bad debt expense. Other cost increases were primarily due to the increase in revenue for the three month period ended January 31, 2004.

INTEREST EXPENSE:

Interest expense decreased from $212 for the three month period ended January 31, 2003 to $159 for the three month period ended January 31, 2004, a decrease of $53. This decrease is due to a decrease in the interest rates on our asset based revolver with the PNC Bank line of credit utilized by the Company. Management believes that this trend will not continue in the future due to the continued use of our revolving line of credit to fund our expansion and growth and the expectation that interest rates will not continue to decrease.

INCOME:

We realized net income of $919 for the period ended January 31, 2004, compared to net income of $470 for the same period ended January 31, 2003. Pre-tax income for the period ended January 31, 2004 was $1,461 compared to $544 for the same period ended January 31, 2003, an increase of $917 (169%). The provision for income taxes increased from $74 for the period ended January 31, 2003 to $542 for the period ended January 31, 2004. This increase was anticipated due to the full utilization of certain Federal and state net operating loss carry-forwards in fiscal 2003.

LIQUIDITY AND CAPITAL RESOURCES [In Thousands]:

For the Quarter Ended January 31, 2004

Our working capital at January 31, 2004 was $19,444 as compared to $17,871 at October 31, 2003 an increase of $1,573. Our cash position increased by $1,288 during the current period. We borrowed $280 in short term debt and repaid $283 in existing debt. We had current liabilities of $21,059 at January 31, 2004. We generated $977 in cash from operations, compared to cash utilized from operations for the quarter ended January 31, 2003 of $1,375.

Accounts receivable, net of allowance for doubtful accounts, totaled $33,558 at January 31, 2004, an increase of $645 from October 31, 2003 or 2%. This increase was primarily attributable to increased revenue. Cash collected during the three month period ended January 31, 2004 increased 21% over the comparable three month period.

Credit risk with respect to accounts receivable is generally diversified due to the large number of patients comprising the client base. We have significant receivable balances with government payors and various insurance carriers. Generally, we do not require collateral or other security to support customer receivables, however, we continually monitor and evaluate our client acceptance and collection procedures to minimize potential credit risks associated with our accounts receivable. While we maintain what we believe to be an adequate allowance for doubtful accounts, there can be no assurance that our ongoing review of accounts receivable will not result in the need for additional reserves. Such additional reserves could have a material impact on our financial position and results of operations.

The Company had a revolving notes payable loan agreement with a bank. The maximum amount of the credit line available to the Company is the lesser of (i) $25,000 or (ii) 50% of the Company s qualified accounts receivable [as defined in the agreement]. Based on a January 2002 amendment of the Loan and Security Agreement, interest on advances will be subject to the bank s prime rate or Eurodollar rate of interest plus an additional interest percentage. The additional interest percentage charges on Eurodollar borrowings range from 1% to 3% and are determined based upon certain financial ratios achieved by the Company. At January 31, 2004, the Company had elected to have $4,000 of the total advances outstanding converted into a Eurodollar rate loan with a variable interest rate of 2.74% at January 31, 2004. The remaining outstanding advances during that period were subject to the prime rate of interest. At January 31, 2004, advances of $4,998 were subject to interest at the prime rate. As of January 31, 2004, the bank s prime rate of interest was 4.00%. The credit line is collateralized by substantially all of the Company s assets, the assignment of Care Evolve s $615 promissory note payable out of the Company s share of Care Evolve s net after-tax income [if any], and a $4,000 life insurance policy on the president of the Company also assigned to the bank. The line of credit is available through September 2004 and may be extended for annual periods by mutual consent, thereafter. The terms of this agreement contain, among other provisions, requirements for maintaining defined levels of capital expenditures and net worth, various financial ratios, insurance coverage and the prohibition of the payment by the Company of cash dividends without the prior written consent of the bank. Effective September 2003, the Company amended its loan agreement to increase its annual capital expenditure covenant to $3,000. As of January 31, 2004, the Company utilized $8,998 and had $11,002 of available unused credit under this revolving note payable agreement.

We intend to expand our laboratory operations through aggressive marketing while also diversifying into related medical fields through acquisitions. These acquisitions may involve cash, notes, common stock, and/or combinations thereof.

We have various employment and consulting agreements with commitments totaling $9,957 over the next five years of which $7,973 is due during fiscal 2004. We have operating and capital leases with commitments totaling $6,011 of which $2,474 is due during fiscal 2004.

Our cash balance at January 31, 2004 totaled $5,254 as compared to $3,966 at October 31, 2003. We believe that our cash position, the anticipated cash generated from future operations, and the availability of our credit line with PNC Bank, will meet our anticipated cash needs in fiscal 2004.

Impact of Inflation - To date, inflation has not had a material effect on our operations.

New Authoritative Pronouncements

Item 4 CONTROLS AND PROCEDURES

(a) Explanation of disclosure controls and procedures. The Company s chief executive officer and its chief financial officer after evaluating the effectiveness of the Company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15-d-14(c) as of a date within 90 days of the filing date of this quarterly report (the Evaluation Date) have concluded that as of the Evaluation Date, the Company s disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report was being prepared.

(b) Changes in internal controls. There were no significant changes in the Company s internal controls or in other factors that could significantly affect the Company s disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

PART II - OTHER INFORMATION

Item 6

EXHIBITS AND REPORTS ON FORM 8-K

(a) None.

(b) The Company filed no reports on Form 8-K during the quarter ended January 31, 2004.

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SIGNATURES

Pursuant to the requirements 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.

BIO-REFERENCE LABORATORIES, INC.
(Registrant)

/S/ Marc D. Grodman, M.D.
Marc D. Grodman, M.D.
President

/S/ Sam Singer
Sam Singer
Chief Financial and Accounting Officer

Date: March 10, 2004

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Marc D. Grodman, Chief Executive Officer of Bio-Reference Laboratories, Inc. (the Company) do hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q of the Company for the quarterly period ended January 31, 2004;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this quarterly report;

(4) The Company s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was being prepared;

(b) evaluated the effectiveness of the Company s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company s other certifying officer and I have disclosed, based on our most recent evaluation, to the Company s auditors and the audit committee of the Company s board of directors:

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company s ability to record, process, summarize and report financial data and have identified for the Company s auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company s internal controls; and

(6) The Company s other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 10, 2004

/S/ Marc D. Grodman
Marc D. Grodman
Chief Executive Officer
Bio-Reference Laboratories, Inc.

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Sam Singer, Chief Financial Officer of Bio-Reference Laboratories, Inc. (the Company) do hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q of the Company for the quarterly period ended January 31, 2004;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements and other financial information included in this quarterly report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this quarterly report;

(4) The Company s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report was being prepared;

(b) evaluated the effectiveness of the Company s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The Company s other certifying officer and I have disclosed, based on our most recent evaluation, to the Company s auditors and the audit committee of the Company s board of directors:

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company s ability to record, process, summarize and report financial data and have identified for the Company s auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company s internal controls; and

(6) The Company s other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: March 10, 2004

/S/ Sam Singer
Sam Singer
Chief Financial Officer
Bio-Reference Laboratories, Inc.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

I, Marc D. Grodman, Chief Executive Officer of Bio-Reference Laboratories, Inc. (the Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended January 31 2004, which this certification accompanies (the Periodic Report), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(b) based on my knowledge, the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/S/ Marc D. Grodman
Marc D. Grodman
Chief Executive Officer
Bio-Reference Laboratories, Inc.

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CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

I, Sam Singer, Chief Financial Officer of Bio-Reference Laboratories, Inc. (the Company), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended January 31 2004, which this certification accompanies (the Periodic Report), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(b) based on my knowledge, the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/S/ Sam Singer
Sam Singer
Chief Financial Officer
Bio-Reference Laboratories, Inc.

March 10, 2004

Securities and Exchange Commission

Judiciary Plaza

450 Fifth Street, N.W.

Washington, D.C. 20549

Re: Bio-Reference Laboratories, Inc., File No.: 0-15266

Dear Sir or Madam:

Transmitted herewith through EDGAR is Form 10-Q for the 1st quarter ended January 31, 2004 for Bio-Reference Laboratories, Inc. If you have any questions or comments, please contact me at (800)229-5227.

Sincerely,

Sam Singer
Chief Financial Officer