BIO REFERENCE LABORATORIES INC
Form 10-Q
March 10, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2014

Or

o 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	**22-2405059**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
481 Edward H. Ross Drive, Elmwood Park, NJ	**07407**
(Address of principal executive offices)	(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 x No o

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 x No o

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 file in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated Filer x	Non-accelerated Filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of the issuer s common stock, as of the latest practicable date: 27,716,644 shares of Common Stock ($.01 par value) at March 7, 2014.

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BIO-REFERENCE LABORATORIES, INC.

FORM 10-Q

JANUARY 31, 2014

I N D E X

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PART I FINANCIAL INFORMATION

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

[Dollars In Thousands Except Share and Per Share Data]

ASSETS

	January 31, 2014 (Unaudited)	October 31, 2013
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 14,533	$ 17,952
Accounts Receivable - Net	217,741	206,261
Inventory	21,742	19,095
Other Current Assets	9,127	9,416
Deferred Tax Assets	36,265	42,154
TOTAL CURRENT ASSETS	299,408	294,878
PROPERTY AND EQUIPMENT - AT COST	139,917	133,599
LESS: Accumulated Depreciation	(72,804)	(67,950)
PROPERTY AND EQUIPMENT - NET	67,113	65,649
OTHER ASSETS:		
Investments	5,207	5,237
Deposits	1,020	1,017
Goodwill - Net	35,185	35,185
Intangible Assets - Net	16,091	16,320
Other Assets	1,165	1,165
Deferred Tax Assets	2,447	2,077
TOTAL OTHER ASSETS	61,115	61,001
TOTAL ASSETS	$ 427,636	$ 421,528

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

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

[Dollars In Thousands Except Share and Per Share Data]

LIABILITIES AND SHAREHOLDERS EQUITY

	January 31, 2014 (Unaudited)	October 31, 2013
CURRENT LIABILITIES:		
Accounts Payable	$ 64,055	$ 61,614
Accrued Salaries and Commissions Payable	14,754	19,601
Accrued Taxes and Expenses	17,267	18,292
Other Short Term Acquisition Payable	3,969	2,438
Revolving Note Payable - Bank	29,979	26,139
Current Maturities of Long-Term Debt	501	493
Capital Lease Obligations - Short-Term Portion	5,770	5,185
TOTAL CURRENT LIABILITIES	136,295	133,762
LONG-TERM LIABILITIES:		
Capital Lease Obligations - Long-Term Portion	12,839	10,712
Long Term Debt - Net of Current Portion	3,541	3,670
Long Term Acquisition Payable		1,789
TOTAL LONG-TERM LIABILITIES	16,380	16,171
SHAREHOLDERS EQUITY:		
Preferred Stock, Authorized 1,666,667 shares, including 3,000 shares of Series A Junior Preferred Stock		
None Issued		
Common Stock, $.01 Par Value;		
Authorized 35,000,000 shares:		
Issued and Outstanding 27,710,644 and 27,683,213 at January 31, 2014 and at October 31, 2013, respectively	277	277
Additional Paid-In Capital	39,842	39,430
Retained Earnings	234,842	231,888
TOTAL SHAREHOLDERS EQUITY	274,961	271,595
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 427,636	$ 421,528

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

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

[Dollars In Thousands Except Share and Per Share Data]

[UNAUDITED]

	Three months ended January 31,	
	2014	2013
NET REVENUES:	$ 181,270	$ 161,256
COST OF SERVICES:		
Depreciation	4,575	3,538
Employee Related Expenses	49,110	40,059
Reagents and Lab Supplies	37,231	31,703
Other Cost of Services	18,200	15,034
TOTAL COST OF SERVICES	109,116	90,334
GROSS PROFIT ON REVENUES	72,154	70,922
General and Administrative Expenses:		
Depreciation and Amortization	1,114	909
Other General and Administrative Expenses	49,586	41,641
Bad Debt Expense	15,574	12,613
TOTAL GENERAL AND ADMIN. EXPENSES	66,274	55,163
OPERATING INCOME	5,880	15,759
OTHER (INCOME) EXPENSES:		
Interest Expense	609	300
Interest Income	(14)	(34)
Other Income	30	120
TOTAL OTHER (INCOME) EXPENSES - NET	625	386
INCOME BEFORE INCOME TAXES	5,255	15,373
Provision for Income Taxes	2,301	6,708
NET INCOME	$ 2,954	$ 8,665
NET INCOME PER SHARE - BASIC:	$ 0.11	$ 0.31
WEIGHTED AVERAGE NUMBER OF SHARES BASIC:	27,700,167	27,716,336
NET INCOME PER SHARE - DILUTED:	$ 0.11	$ 0.31

WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:	27,848,492	27,912,327

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

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

[Dollars In Thousands Except Share and Per Share Data]

[UNAUDITED]

	Three months ended January 31,	
	2014	2013
OPERATING ACTIVITIES:		
Net Income	$ 2,954	$ 8,665
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	5,689	4,447
Deferred Income Taxes (Benefit)	5,519	222
Stock Based Compensation	290	290
Loss (Gain) on Disposal of Fixed Assets	38	56
Undistributed Equity Method (Income) Loss	30	120
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	2,166	(6,669)
Provision for Doubtful Accounts	(13,646)	(1,373)
Inventory	(2,647)	(1,229)
Other Current Assets	289	445
Other Assets		(49)
Deposits	(3)	(31)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(3,431)	2,720
NET CASH - OPERATING ACTIVITIES	(2,752)	7,614
INVESTING ACTIVITIES:		
Acquisition of Equipment and Leasehold Improvements	(2,771)	(4,821)
Business Acquisitions Related Costs	(258)	(7,139)
NET CASH - INVESTING ACTIVITIES	(3,029)	(11,960)
FINANCING ACTIVITIES:		
Payments of Long-Term Debt	(121)	(75)
Payments of Capital Lease Obligations	(1,479)	(1,098)
Increase (Decrease) in Revolving Line of Credit	3,840	6,684
Proceeds from Exercise of Options	122	8
NET CASH - FINANCING ACTIVITIES	2,362	5,519
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,419)	1,173
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIODS	17,952	25,143
CASH AND CASH EQUIVALENTS AT END OF PERIODS	14,533	26,316

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest	$	583	$	255
Income Taxes	$	2,813	$	2,874

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]

[Unaudited]

During the three-month periods ended January 31, 2014 and January 31, 2013, the Company entered into capital leases totaling $4,191 and $626, respectively.

During the three-month periods ended January 31, 2014 and January 31, 2013, the Company wrote-off approximately $644 and $1,953 of property and equipment that were mostly fully depreciated.

During the three-month period ended January 31, 2013 the Company recorded $1,250 in contingent liability on the purchase of the two Florida laboratories in December of 2012. See Note 10 for additional information on the purchase.

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(UNAUDITED)

[1] Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the instructions to Form 10-Q and, therefore, do not include all information and footnotes necessary for complete audited financial statements. However, in the opinion of the management of the Company, all adjustments necessary for a fair presentation of the financial position and operating results have been included in these statements. Interim results are not necessarily indicative of results for a full year. Reference is made to the October 31, 2013 audited consolidated financial statements of Bio-Reference Laboratories, Inc. (BRLI) contained in its Annual Report on Form 10-K for the year ended October 31, 2013.

The consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes for the year ended October 31, 2013 as filed with the Securities and Exchange Commission in the Company s Annual Report on Form 10-K. Significant accounting policies followed by the Company are set forth in Note 2 to the Company s 2013 Annual Report on Form 10-K.

[2] Fair Value Measurements.

As of January 31, 2014, the Company s financial instruments primarily consist of cash, short-term trade receivables and payables for which their carrying amounts approximate fair values, and long term debt, for which based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities, its carrying amount approximates its fair value.

The Company has evaluated subsequent events through the date the financial statements are issued as evidenced by the date of filing of this report with the Securities and Exchange Commission. No such events have occurred.

[3] New Accounting Pronouncements, Reclassifications and Other Matters

Certain prior year amounts may have been reclassified to conform to the current year presentation.

[4] Revenue Recognition and Contractual Adjustments

Service revenues are principally generated from laboratory testing services including chemical diagnostic tests such as blood analysis, urine analysis and genetic testing among others. Service revenues are recognized at the time the testing services are performed and are reported at their estimated net realizable amounts.

Service revenues before provision for bad debts are determined utilizing gross service revenues net of contractual adjustments and discounts. Even though it is the responsibility of the patient to pay for laboratory service bills, most individuals in the United States have an agreement with a third party payor such as Medicare, Medicaid or a commercial insurance provider to pay all or a portion of their healthcare expenses; the majority of services provided by Bio-Reference Laboratories, Inc. are to patients covered under a third party payor contract. In certain cases, the individual has no insurance or does not provide insurance information and in other cases tests are performed under contract to a professional organization (such as physicians, hospitals, and clinics) which reimburse BRLI directly; in the remainder of the cases, BRLI is provided the third party billing information and seeks payment from the third party under the terms and conditions of the third party payor for health service providers like BRLI. Each of these third party payors may differ not only with regard to rates, but also with regard to terms and conditions of payment and providing coverage (reimbursement) for specific tests. Estimated revenues are established based on a series of highly complex procedures and judgments that require industry specific healthcare experience and an understanding of payor methods and trends. We review our calculations on a monthly basis in order to make certain that we are properly allowing for the uncollectable portion of our gross billings due to the contractual adjustments and discounts and that our estimates remain sensitive to variances and changes within our payor groups. The contractual allowance calculation is made on the basis of historical allowance rates for the various specific payor groups on a monthly basis with a greater weight being given to the most recent trends; this process is adjusted based on recent changes in underlying contract provisions and shifts in the testing being performed. This calculation is routinely analyzed by BRLI on the basis of actual allowances issued by payors and the actual payments made to determine what adjustments, if any, are needed. The chart below shows the adjustments made to gross service revenues to arrive at net revenues, the amount reported on our statement of operations.

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	($) Three Months Ended January 31 [Unaudited]	
	2014	2013
Gross Service Revenues	909,879	798,709
Contractual Adjustments and Discounts:		
Medicare/Medicaid Portion	88,919	81,827
All Other Third Party Payors*	624,145	543,285
Total Contractual Adjustments and Discounts	713,064	625,112
Service Revenues Net of Contractual Adjustments and Discounts	196,815	173,597
Patient Service Revenue Provision for Bad Debts**	15,545	12,341
Net Revenues	181,270	161,256

* All Other Third Party and Direct Payors consists of almost eight hundred distinct payors, including commercial health insurers and administrators as well as professionally billed accounts such as physicians, hospitals, clinics and other direct billed accounts.

** Represents the amount of Bad Debt Expense that is now required to be presented as a deduction from patient service revenue (net of contractual allowances and discounts) pursuant to ASU No. 2011-7.

When new business is received by BRLI, service revenues net of contractual adjustments and discounts are calculated by reducing gross service revenues by the estimated contractual allowance. The Patient Service Revenue Provision for Bad Debts represents the amount of bad debt expense expected to occur on patient service revenue based upon our experience. The remaining bad debt expense is presented as part of operating expenses. The bad debt expense presented as part of operating expense represents the bad debt expense related to receivables from service revenues determined after taking into account our ability to collect on such revenue.

BRLI recognized the amounts in subsequent periods for actual allowances/discounts to gross service revenue; bad debt may have been adjusted over the same periods of time to maintain an accurate balance between net revenues and actual revenues. Management has reviewed the allowances/discounts recognized in subsequent periods and believes the amounts to be immaterial. 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 or introducing cost sharing to beneficiaries. 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.

[5] Accounts Receivable Allowances

It is typically the responsibility of the patient to pay for laboratory service bills. Most individuals in the United States have an agreement with a third party payor such as Medicare, Medicaid or commercial insurance to pay all or a portion of their healthcare expenses; this represents the major portion of payment for all services provided to BRLI. In certain cases, the individual has no insurance or does not provide insurance information; in the remainder of the cases, BRLI is provided the third party billing information, usually by the referring physician, and seeks payment from the third party under the terms and conditions of the third party payor for health service providers like BRLI. Each of these third party payors may differ not only with regard to rates, but also with regard to terms and conditions of payment and coverage of specific tests.

BRLI routinely reviews the reimbursement policies and subsequent payments and collection rates from these different types of payors. Contractual adjustments and discounts are recorded as reductions to gross service revenues and are collectively referred to as the contractual allowance. BRLI has not been required to record an adjustment in a subsequent period related to revenue recorded in a prior period which was material in nature. Aging of accounts receivable is monitored by billing personnel and follow-up activities including collection efforts are conducted as necessary. BRLI writes off receivables against the allowance for doubtful accounts when they are deemed uncollectible. For client billing, accounts are written off when all reasonable collection efforts prove to be unsuccessful. Patient accounts, where the patient is directly responsible for all or a remainder portion of the account after partial payment or denial by a third party payor, are written off after the normal dunning cycle has occurred, although these may be subsequently transferred to a third party collection agency after being written off. Third party payor accounts are written off when they exceed the payer s timely filing limits. Accounts Receivable on the balance sheet is net of the following amounts for contractual credits and doubtful accounts:

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	($) [Unaudited] January 31, 2014	October 31, 2013
Contractual Credits/Discounts	375,535	342,297
Doubtful Accounts	75,615	89,261
Total Allowance	451,150	431,558

[6] Intangible Assets

The following disclosures present certain information on the Company s intangible assets as of January 31, 2014 (Unaudited) and October 31, 2013. All intangible assets are being amortized over their estimated useful lives, as indicated below, with no estimated residual value.

January 31, 2014

Intangible Asset	Weighted-Average Amortization Period Years	Cost ($)	Accumulated Amortization ($)	Net of Accumulated Amortization ($)
Customer Lists	20	8,738	2,978	5,760
Covenants Not-to-Compete	5	11,131	4,604	6,527
Patents and Licenses	17	5,297	1,493	3,804
Totals		25,166	9,075	16,091

October 31, 2013

Intangible Asset	Weighted-Average Amortization Period Years	Cost ($)	Accumulated Amortization ($)	Net of Accumulated Amortization ($)
Customer Lists	20	8,738	2,878	5,860
Covenants Not-to-Compete	5	11,131	4,560	6,571
Patents and Licenses	17	5,297	1,408	3,889
Totals		25,166	8,846	16,320

The aggregate intangible amortization expense for the three months ended January 31, 2014 and 2013 was $229 and $140, respectively. The estimated intangible asset amortization expense for the remainder of the fiscal year ending October 31, 2014 and for the four subsequent years is as follows:

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October 31,	($)
2014	1,703
2015	1,852
2016	1,540
2017	1,063
2018	946
Thereafter	8,987
Total	16,091

[7] Revolving Note Payable - Bank

On February 3, 2014, the Company entered into an amended revolving note payable loan agreement with PNC Bank, N.A. (PNC Bank Credit Line). This amendment increased the maximum credit line to $70,000. The maximum amount of the credit line available to the Company pursuant to the loan agreement is the lesser of (i) $70,000 or (ii) 50% of the Company s qualified accounts receivable, as defined in the agreement. The amendment to the Loan and Security Agreement provides for an interest rate on advances to be subject, at the election of the Company, to either the bank s base rate or the Eurodollar rate of interest plus, in certain instances, an additional interest percentage. The additional interest percentage charge on bank s base rate borrowings and on Eurodollar rate borrowings ranges from 1% to 4% and is determined based upon certain financial ratios achieved by the Company. At January 31, 2014, the Company elected to have all of the total advances outstanding to be subject to the bank s base rate of interest of 3.50%. The credit line is collateralized by substantially all of the Company s assets. The line of credit is available through October 2016 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 fixed charge coverage, and the prohibition of the payment of cash dividends by the Company. As of January 31, 2014, the Company utilized $29,979 of the available credit under this revolving note payable loan agreement.

[8] Long-Term Debt - Bank

In December 2010, the Company issued a seven year term note for $5,408 at the rate of interest of 6.12% per annum for the financing of new equipment. The note is payable in 84 equal monthly installments commencing on January 29, 2011 of $61 including principal and interest followed by a balloon payment of the principal and interest outstanding on the loan repayment date of December 29, 2017. The balance on this note as of January 31, 2014 is approximately $4,042.

[9] Provision for Income Taxes

The provision for income taxes for the three months ended January 31, 2014 consists of a current tax benefit of $3,218 and a deferred tax provision of $5,519. At January 31, 2014, the Company had a current deferred tax asset of $36,265 included in other current assets and a long-term deferred tax asset of $2,447 included in other assets. The provision for income taxes for the three months ended January 31, 2013 consists of a current tax provision of $6,486 and a deferred tax provision of $221. At January 31, 2013, the Company had a current deferred tax asset of $24,385 included in other current assets and a long-term deferred tax asset of $2,583 included in other assets.

[10] Business **Combinations**

On December 21, 2012, we entered into an agreement pursuant to which we agreed to purchase all of the authorized, issued and outstanding shares of Meridian Clinical Laboratory, Corp. (MCL), a Florida corporation. More information about MCL and the agreement may be found in the Form 8-K the Company filed on December 27, 2012.

On December 31, 2012, we entered into an agreement pursuant to which we agreed to purchase all of the authorized, issued and outstanding shares of Florida Clinical Laboratory, Inc. (FCL), a Florida corporation. More information about FCL and the agreement may be found in the Form 8-K we filed on January 4, 2013.

The following table sets forth these final allocations.

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	FCL	($) MCL	Totals:
Accounts Receivable	1,008	232	1,240
Autos	137	48	185
Medical Equipment	225	3	228
Computer Equipment	21		21
Leasehold Improvements	53		53
Other Non-Current Assets	3		3
Non-Compete Agreement	747	43	790
Deposits		2	2
Customer Relationships in Place	3,235	930	4,165
Goodwill	1,905	673	2,578
Accounts Payable	118	83	201
Long Term Debt (Auto-Loans)	200	0	200
Short Term Acquisition Payable	1,000	250	1,250

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Forward-Looking Statements

Statements included in this Annual Report on Form 10-K (Annual Report) that are not historical in nature, are intended to be, and are hereby identified as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, will or words of simil and include, but are not limited to, statements about the expected future business and financial performance of Bio-Reference Laboratories, Inc. and its subsidiaries. Such statements concern matters that involve known and unknown risks and uncertainties that may cause the Company s actual results in future periods, performance or achievements, or industry results, to be materially different from any future results, performance or achievements described, implied or suggested herein. Although we believe our expectations are based upon reasonable assumptions, there can be no assurance that our financial goals will be realized.

Factors could cause actual results, performance or achievement to differ materially from those expressed or implied from these forward-looking statements include, but are not limited to, the factors discussed under Risk Factors as well as elsewhere herein, which may include:

Loss or suspension of a license or imposition of a fine or penalties under, or future changes in, the law or regulations of CLIA, or those of state laboratory licensing laws;

Failure to comply with HIPAA, which could negatively impact profitability and cash flows;

FDA regulation of Laboratory Developed Tests and clinical laboratories;

Failure to comply with federal and state anti-kickback laws;

Failure to maintain the security of patient-related information;

Failure to comply with the Federal Occupational Safety and Health Administration requirements and Needlestick Safety and Prevention Act;

Failure to comply with federal and state laws and regulations related to submission of claims for our services;

Changes in regulation and policies, including increasing downward pressure on health care reimbursement;

Changing relationships with payers, including the various state and multi-state Blues programs, suppliers and strategic partners; Efforts by third-party payors to reduce utilization and reimbursement for clinical testing services;

Failure to timely or accurately bill for our services;

Failure to integrate newly acquired businesses and the costs related to such integration;

Increased competition, including price competition;

Ability to attract and retain experienced and qualified personnel;

Failure to obtain and retain new clients and business partners, or a reduction in tests ordered or specimens submitted by existing clients;

Adverse litigation results; and

Failure to establish, and perform to, appropriate quality standards to assure that the highest level of quality is observed in the performance of our testing services.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this filing. We assume no obligation to update the forward-looking statements to reflect actual results or changes in the factors affecting such forward-looking statements.

Item 2 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

OVERVIEW

Overview

We are a national clinical diagnostic laboratory located in northeastern New Jersey. We are a national laboratory in certain focused areas of laboratory testing and a full service laboratory in the New York super-region. We have developed a national reputation for our expertise in certain focused areas of clinical testing. GenPath, the name by which we are known for our cancer and oncology services, is recognized for

the superior hematopathology services it provides throughout the country. Our Women s Health initiative, through which we provide dedicated services for obstetrics and gynecology practices, including a unique, technically advanced multiplex process for identifying sexually transmitted infections, is also offered as GenPath. Our regional footprint lays within the New York City metropolitan area and the surrounding areas of New Jersey and southern New York State as well eastern Pennsylvania and some areas of western Connecticut; we also provide services further into New York State, Pennsylvania, Delaware and Maryland. As a regional provider, we are a full-service laboratory that primarily services physician office practices; our drivers pick up samples and deliver reports and supplies, we provide sophisticated technical support, phlebotomy services or patient service centers where appropriate, and electronic communication services in many cases. Physicians outside of our regional footprint send samples to our laboratory in order to take advantage of the expertise that we are able to provide in blood-based cancer pathology and associated diagnostics or to take advantage of the superior service, support and technologically advanced testing we offer in our Women s Health initiative. These accounts frequently send routine testing to us for processing along with specialized testing in order to simplify their diagnostic ordering and review procedures and to take advantage of our outstanding capability, service and support. Our correctional healthcare services are used throughout the country at prisons and jails. The focused markets we serve on a national basis outside of our regional footprint do not require many of the logistical and other ancillary support services required within the region. Even within our regional footprint, we provide the same services that we provide on a national basis as well as some regional focused diagnostic services, such as histology and pathology support services, substance abuse testing, fertility testing, hemostasis testing, women s health testing, and molecular diagnostics that are unavailable from many of the smaller regional competitors; testing in some of these areas may be provided outside of physician offices. In October 2012, we launched Laboratorio Buena Salud, the first national testing laboratory dedicated to serving Spanish-speaking populations in the United States. All business will be conducted in Spanish, including patient and physician interactions.

Over the last few years, there have been fundamental changes in the laboratory services industry. In the 1990s, the industry was negatively impacted by the growth of managed care, increased government regulation, and investigations into fraud and abuse. These factors led to revenue and profit declines and industry consolidations, especially among commercial laboratories. There are currently only three US publicly traded full service laboratories operating primarily in the U.S. While that means that the two national mega-laboratories and Bio-Reference Laboratories are the only remaining publicly traded full service commercial laboratories, there are numerous hospital outreach programs and smaller reference laboratories that compete for the commercial clinical laboratory business scattered throughout the country. Clinical laboratories have had to improve efficiency, leverage economies of scale, comply with government regulations and other laws and develop more profitable approaches to pricing. Moreover, there has been a proliferation of technology advancements in clinical diagnostics over the last decade that has created significant opportunities for new testing and growth.

As a full service clinical laboratory, we are constantly looking for new technologies and new methodologies that will help us to grow. Since the turn of the century, our size alone has made us attractive to companies that are driving the advances in technology. We represent a significant opportunity for these companies to market their products with a nationally recognized specialty provider in our focused areas of specialty or in one of the major population centers of the world the New York Metropolitan area. We have had several successful strategic relationships with such technology opportunities. In addition to new technology opportunities, we have an extremely seasoned and talented management staff that has been able to identify emerging laboratory markets that are under-served or under-utilized. We have recently developed programs for cardiology, histology and women s health to go along with our existing hemostasis, hematopathology and correctional healthcare initiatives which have already been established and in which we have been increasing our

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market share for the past several years. We are currently preparing to launch a comprehensive pre-natal program to leverage our presence in the women s health environment and we will continue to vigilantly seek focused diagnostic marketing opportunities where we can provide information, technology, service or support that expand and grow our clinical laboratory.

On December 21, 2012, the Company entered into an agreement with Meridian Clinical Laboratory Corporation, a Florida corporation having its place of business in Miami, Florida (Meridian), pursuant to which the Company purchased all issued and outstanding common stock of Meridian for approximately $1,848 of which $250 is deferred for one year and subsequently paid.

On December 31, 2012, Bio-Reference Laboratories, Inc. (the Company) entered into an agreement with Florida Clinical Laboratory, Inc., a Florida corporation having its place of business in Melbourne, Florida (FCL), pursuant to which the Company purchased all issued and outstanding shares of capital stock of FCL for approximately $7,016, of which $1,000 is deferred for eighteen months assuming certain conditions are met.

On August 7, 2013 the Company purchased substantially all of the operating assets and certain of the operating liabilities of Hunter Laboratories, Inc., (Hunter) a California corporation having its principal place of business in Campbell, California. The gross purchase price was $15,215 plus payroll adjustment of $111 totaling $15,326. Of that amount $3,000 was deferred to cover anticipated pre-closing liabilities.

On August 20, 2013 the Company through its subsidiary GeneDx, Inc. purchased the entire membership interest in Edge BioServ, LLC, (Edge Bio) a Delaware limited liability company having its place of business in Gaithersburg, Maryland. The gross purchase price was approximately $2,502. Of that $375 was deferred to cover anticipated pre-closing liabilities.

While we recognize that we are a clinical laboratory that processes samples, we also understand that we are an information company that needs to effectively communicate the results of our efforts back to healthcare providers. Laboratory results play a major role in the implementation of physician healthcare. Laboratory results are used to diagnose, monitor and classify health concerns. In many cases, laboratory results represent the confirming data in diagnosing complicated health issues. Since laboratory results play such an important role in routine physician care, we have developed informatics solutions that leverage our role in healthcare. We built a web-based solution to quickly, accurately, conveniently and competitively collect ordering information and deliver results. That solution is called CareEvolve. CareEvolve has been essential to our own operations. We license the technology to other laboratories throughout the country that they utilize to more effectively compete against the national laboratories. These other laboratories licensing our technology are typically not our competitors since they are outside our regional footprint.

We have also created our PSIMedica business unit that has developed a Clinical Knowledge Management (CKM) System that takes data from enrollment, claims, pharmacy, laboratory results and any other available electronic source to provide both administrative and clinical analysis of a population. The system uses proprietary algorithms to cleanse and configure the data and transfer the resulting information into a healthcare data repository. Using advanced cube technology methodologies, the data can be analyzed from a myriad of views and from highly granular transactional detail to global trended overview. Events such as the Katrina disaster in Louisiana and general pressures from the government have made development of an electronic medical record system and Pay-for Performance reimbursement priority goals in the healthcare industry. A large portion of an individual s medical record consists of laboratory data and a key performance indicator in any Pay-for-Performance initiative is laboratory result data. Our CKM system is a mature, full functioning solution that will allow us to play a role in these important national initiatives.

To date, neither our PSIMedica business unit nor CareEvolve has produced significant revenues relative to the primary laboratory operations.

First Quarter Fiscal 2014 Compared to First Quarter Fiscal 2013

NET REVENUES:

Net revenues for the three-month period ended January 31, 2014 were $181,270 as compared to $161,256 for the three-month period ended January 31, 2013; this represents a 12% increase in net revenues. This increase is due to a 12% increase in patient counts and an increase in revenue per patient of .42% due to a shift in business to higher reimbursement esoteric testing which continues to be the principal driver in net revenue per patient. The number of patients serviced during the three-month period ended January 31, 2014 was 2,206 which was 12% greater when compared to the prior fiscal year s three-month period. Net revenue per patient for the three-month period ended January 31, 2014 was $82.17 compared to net revenue per patient of $81.83 for the three-month period ended January 31, 2013, an increase of $0.34 or .42%.

Our revenues and patient counts could be adversely affected by a number of factors including, but not limited, to an extended downturn in general or healthcare economic conditions, an unexpected reduction in reimbursement rates, increased market penetration by our competitors or a substantial adverse change in federal regulatory requirements governing our industry as well as a failure to continue the sizeable annual percentage increase in base business from significantly higher levels after 19 years of sustained growth.

COST OF SERVICES:

Cost of services increased from $90,334 for the three-month period ended January 31, 2013 to $109,116 for the three-month period ended January 31, 2014, an increase of $18,782 or 21%. This increase is 9% greater than the increase in net revenues. This is mainly due to additional costs incurred as the result of integrating operations of newly acquired businesses in Florida and California.

GROSS PROFITS:

Gross profits increased from $70,922 for the three-month period ended January 31, 2013 to $72,154 for the three-month period ended January 31, 2014, an increase of $1,232 or 2%. Gross profit margin decreased to 40% from 44%. This decrease of 4% is largely attributable to temporary increase in direct costs related to the newly acquired operations in Florida and California.

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the three month period ending January 31, 2013 were $55,163 as compared to $66,274 for the quarter ended January 31, 2014, an increase of $11,111or 20%. This increase is 8% greater than the increase in net revenues. This is mainly due to additional expenses incurred as

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the result of integrating operations of newly acquired businesses in Florida and California.

INTEREST EXPENSE:

Interest expense increased to $609 during the three-month period ending January 31, 2014 from $300 during the three-month period ended January 31, 2013. This increase is due to an increase in the utilization of our PNC Bank Credit Line.

NET INCOME:

We realized net income of $2,954 for the three-month period ended January 31, 2014, as compared to $8,665 for the three-month period ended January 31, 2013, a decrease of $5,711 or 66%. Pre-tax income for the period ended January 31, 2013 was $5,255, compared to $15,373 for the three-month period ended January 31, 2013, a decrease of $10,118 or 66%. As indicated previously, this substantial decrease in pre-tax income is the result of several factors such as substantial additional integration costs related to our recent acquisitions in Florida and California, changing reimbursement landscape as well as adverse weather this quarter. The provision for income taxes decreased to $2,301 for the three-month period ended January 31, 2014 from $6,708 for the period ended January 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES:

Our working capital at January 31, 2014 was $163,113 as compared to $161,116 at October 31, 2013, an insignificant change over this period. Our cash position decreased by approximately $3,419 during the current period. We increased our short term debt by $3,848 and repaid $129 in existing debt. We had current liabilities of $136,925 at January 31, 2014. We utilized $2,752 in cash from operations, compared to generating $7,614 for the quarter ended January 31, 2013, a decrease of $10,366 in cash generated from operations year over year. The decrease is attributable to a slower collection rate in relation to sales growth rate happening as the result of changing reimbursement landscape. We believe this is the latest trend.

Accounts receivable, net of allowance for doubtful accounts, totaled $217,741 at January 31, 2014, an increase of $11,480 or 6% from October 31, 2013. Cash collected during the three-month period ended January 31, 2014 increased 11% over the comparable prior year three-month period.

Credit risk with respect to accounts receivable is generally diversified due to the large number of patients comprising our 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 and establish an allowance for uncollectible accounts. As a consequence, we believe that our accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

A number of proposals for legislation continue to be under discussion that could substantially reduce Medicare and Medicaid reimbursements to clinical laboratories. Depending upon the nature of regulatory action, and the content of legislation, we could experience a significant decrease in revenues from Medicare and Medicaid, which could have a material adverse effect on us. We are unable to predict, however, the extent of which such actions will be taken if at all.

Billing for laboratory services is complicated and we must bill various payors, such as the individual, the insurance company, the government (federal or state), the private company or the health clinic. Other factors that may complicate billing include:

Differences between fee schedules and actual reimbursement rates.

Incomplete or inaccurate billing information provided by physicians or clinics.

Disparity in coverage and information requirements.

Disputes with payors.

Internal and external compliance policies and procedures.

Significant costs are incurred as a result of our participation in government programs since billing and reimbursement for laboratory tests are subject to complex regulations. We perform the requested tests and report the results whether the billing information is correct or not or even missing. This adds to the complexity and slows the collection process and increases the aging of our accounts receivable (A/R). When patient invoices are not collected in a timely manner the item is written off to the accounts receivable allowance for doubtful accounts. Days Sales Outstanding (DSO) for the period ended January 31, 2014 was 111 days, a increase of 19 days, or 21%, from the 92 days that we reported for the period ended January 31, 2013, computed under the new method taking into account the change in presentation for patient service revenue provision for bad debts. However, when you compare our collections to our net collectible revenues as reported on our financial statements for the comparable periods in question, it varies between 98% to 102% depending on the period. This increase reflects the slowdown in collection the Company and the industry experienced in the recent past.

See Notes to our consolidated financial statements for the information on our short and long term debt.

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. In the event stock is used for such acquisition dilution of ownership will occur.

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Tabular Disclosure of Contractual Obligations

	Next Four Years and Thereafter ($)	FY 2014 ($)
Long-Term Debt	3,677	486
Capital Leases	11,224	5,622
Operating Leases	5,832	9,015
Purchase Obligations	33,051	12,505
Long-Term Liabilities under Employment and Consultant Contracts	11,691	5,169

Our cash balance at January 31, 2014 totaled $14,533 as compared to $17,952 at October 31, 2013, a decrease of $3,419. 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 2013.

Impact of Inflation

To date, inflation has not had a material effect on our operations.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 the financial statements and the reported amounts of revenues and expenses during the reported periods.

Accounting for Intangible and Other Long-Lived Assets

We evaluate the possible impairment of our long-lived assets, including intangible assets. We review the recoverability of our long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. Evaluation of possible impairment is based on our ability to recover the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If the expected undiscounted pretax cash flows are less than the carrying amount of such asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying amount of the asset.

Accounting for Revenue

Service revenues are principally generated from laboratory testing services including chemical diagnostic tests such as blood analysis, urine analysis and genetic testing among others. Service revenues are recognized at the time the testing services are performed and are reported at their estimated net realizable amounts.

Service revenues before provision for bad debts are determined utilizing gross service revenues net of contractual adjustments and discounts. Even though it is the responsibility of the patient to pay for laboratory service bills, most individuals in the United States have an agreement with a third party payor such as Medicare, Medicaid or a commercial insurance provider to pay all or a portion of their healthcare expenses; the majority of services provided by Bio-Reference Laboratories, Inc. (BRLI) are to patients covered under a third party payor contract. In certain cases, the individual has no insurance or does not provide insurance information and in other cases tests are performed under contract to a professional organization (such as physicians, hospitals, and clinics) which reimburse BRLI directly; in the remainder of the cases, BRLI is provided the third party billing information and seeks payment from the third party under the terms and conditions of the third party payor for health service providers like BRLI. Each of these third party payors may differ not only with regard to rates, but also with regard to terms and conditions of payment and providing coverage (reimbursement) for specific tests. Estimated revenues are established based on a series of highly complex procedures and judgments that require industry specific healthcare experience and an understanding of payor methods and trends. We review our calculations on a monthly basis in order to make certain that we are properly allowing for the uncollectable portion of our gross billings due to the contractual adjustments and discounts and that our estimates remain sensitive to variances and changes within our payor groups. The contractual allowance calculation is made on the basis of historical allowance rates for the various specific payor groups on a monthly basis with a greater weight being given to the most recent trends; this process is adjusted based on recent changes in underlying contract provisions and shifts in the testing being performed. This calculation is routinely analyzed by BRLI on the basis of actual allowances issued by payors and the actual payments made to determine what adjustments, if any, are needed. The chart below shows the adjustments made to gross service revenues to arrive at net revenues, the amount reported on our statement of operations.

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	($) Three Months Ended January 31 [Unaudited]	
	2014	2013
Gross Service Revenues	909,879	798,709
Contractual Adjustments and Discounts:		
Medicare/Medicaid Portion	88,919	81,827
All Other Third Party Payors*	624,145	543,285
Total Contractual Adjustments and Discounts	713,064	625,112
Service Revenues Net of Contractual Adjustments and Discounts	196,815	173,597
Patient Service Revenue Provision for Bad Debts**	15,545	12,341
Net Revenues	181,270	161,256

* All Other Third Party and Direct Payors consists of almost eight hundred distinct payors, including commercial health insurers and administrators as well as professionally billed accounts such as physicians, hospitals, clinics and other direct billed accounts.

** Represents the amount of Bad Debt Expense that is now required to be presented as a deduction from patient service revenue (net of contractual allowances and discounts) pursuant to ASU No. 2011-7.

When new business is received by BRLI, service revenues net of contractual adjustments and discounts are calculated by reducing gross service revenues by the estimated contractual allowance. The Patient Service Revenue Provision for Bad Debts represents the amount of bad debt expense expected to occur on patient service revenue based upon our experience. The remaining bad debt expense is presented as part of operating expenses. The bad debt expense presented as part of operating expense represents the bad debt expense related to receivables from service revenues determined after taking into account our ability to collect on such revenue.

BRLI recognized the amounts in subsequent periods for actual allowances/discounts to gross service revenue; bad debt may have been adjusted over the same periods of time to maintain an accurate balance between net revenues and actual revenues. Management has reviewed the allowances/discounts recognized in subsequent periods and believes the amounts to be immaterial. 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 or introducing cost sharing to beneficiaries. 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.

It is typically the responsibility of the patient to pay for laboratory service bills. Most individuals in the United States have an agreement with a third party payor such as Medicare, Medicaid or commercial insurance to pay all or a portion of their healthcare expenses; this represents the major portion of payment for all services provided to BRLI. In certain cases, the individual has no insurance or does not provide insurance information; in the remainder of the cases, BRLI is provided the third party billing information, usually by the referring physician, and seeks payment from the third party under the terms and conditions of the third party payor for health service providers like BRLI. Each of these third party payors may differ not only with regard to rates, but also with regard to terms and conditions of payment and coverage of specific tests. BRLI routinely reviews the reimbursement policies and subsequent payments and collection rates from these different types of payors. Contractual adjustments and discounts are recorded as reductions to gross service revenues and are collectively referred to as the contractual allowance. BRLI has not been required to record an adjustment in a subsequent period related to revenue recorded in a prior period which was material in nature. Aging of accounts receivable is monitored by billing personnel and follow-up activities including collection efforts are conducted as necessary. BRLI writes off receivables against the allowance for doubtful accounts when they are deemed uncollectible. For

client billing, accounts are written off when all reasonable collection efforts prove to be unsuccessful. Patient accounts, where the patient is directly responsible for all or a remainder portion of the account after partial payment or denial by a third party payor, are written off after the normal dunning cycle has occurred, although these may be subsequently transferred to a third party collection agency after being written off. Third party payor accounts are written off when they exceed the payer s timely filing limits. Accounts Receivable on the balance sheet is net of the following amounts for contractual credits and doubtful accounts:

	($)	
	[Unaudited] January 31, 2014	October 31, 2013
Contractual Credits/Discounts	375,535	342,297
Doubtful Accounts	75,615	89,261
Total Allowance	451,150	431,558

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Item 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK [Not in Thousands]

We do not invest in or trade instruments that are sensitive to market risk. We also do not have any material foreign operations or foreign sales so we have no exposure to foreign currency exchange rate risk.

We do have exposure to both rising and falling interest rates. At January 31, 2014, advances of approximately $29,979,000 under our Loan Agreement with PNC Bank were subject to interest charges at the bank s then prime rate of 3.50 %.

We estimate that our monthly cash interest expense at January 31, 2014 was approximately $203,000 and that a one percentage point increase or decrease in short-term rates would increase or decrease our monthly interest expense by approximately $25,000.

Item 4 - CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, as to the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and our principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC forms and rules, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended January 31, 2014 that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

BIO-REFERENCE LABORATORIES, INC.

PART II OTHER INFORMATION

Item 1 Legal Proceedings

BioReference Laboratories, Inc. v. Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey

On December 18, 2013, the Company filed an action in the Superior Court of New Jersey against Horizon Blue Cross Blue Shield of New Jersey (Horizon), captioned *BioReference Laboratories, Inc. v. Horizon Healthcare Services, Inc. d/b/a Horizon Blue Cross Blue Shield of New Jersey*, Docket No. BER L-009748-13 (N.J. Super. Ct. Bergen Cnty.). The Company has been an in-network provider to Horizon s preferred provider organization (PPO) members for more than 20 years and filed the lawsuit after attempts to resolve its dispute with Horizon were unsuccessful.

The Company currently provides services to Horizon pursuant to an Ancillary Services Provider Agreement entered into in 2003 and amended in 2007. The central claims in the lawsuit arise from the Company s performance of laboratory services since at least 2008 for members of Horizon s NJ DIRECT plan, who receive benefits under a program that Horizon has bid, promoted, and represented to be a PPO product for New Jersey state, county, and municipal workers and teachers. The lawsuit alleges that, despite these representations, Horizon has been improperly treating NJ DIRECT as a Managed Care program in its dealings with the Company, thereby costing the Company more than $20,000,000 in unreimbursed services and depriving state beneficiaries of valuable rights and benefits to which they are entitled. The lawsuit alleges that Horizon furthered its fraud against the Company by means of a sham Request for Proposal issued in 2011 and through false and incorrect communications to the Company and other providers. The Company asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, and fraud against Horizon. In addition to compensatory damages, the Company seeks to recover punitive damages from Horizon due to Horizon s intentional and malicious misconduct. The Company also seeks declaratory and injunctive relief.

On February 5, 2014, Horizon filed a motion to dismiss the complaint. The Company s brief in opposition to the motion is due on March 20, 2014, and the motion is returnable on March 28. The Company intends to vigorously oppose the motion and prosecute its claims against Horizon.

University of Utah Research Foundation, et al. v. GeneDx, Inc., Civil Action No. 2:13cv00954 (D. Utah)

On October 16, 2013, Myriad Genetics, Inc., Endorecherche, Inc., HSC Research and Development Limited Partnership, Trustees of the University of Pennsylvania, and University of Utah Research Foundation (Plaintiffs) filed a complaint for patent infringement against GeneDx, Inc., a wholly-owned subsidiary of Bio-Reference Laboratories, Inc., in the United States District Court for the District of Utah, Central Division in Salt Lake City, Utah. The complaint alleges that GeneDx offers laboratory services, including testing and analysis of BRCA1, BRCA2, and MUTYH genes, that infringe sixteen (16) U.S. Patents owned or controlled by the plaintiffs. Plaintiffs seek to recover damages, including enhanced damages, together with attorney s fees, interest, and costs. Plaintiffs also seek other relief, including enjoining GeneDx from continuing its allegedly infringing activity.

On December 9, 2013, GeneDx filed its answer, affirmative defenses, and counterclaims alleging, among other things, that the asserted patent claims are invalid, unenforceable, and/or not infringed.

Plaintiff Myriad and several of the other Plaintiffs have previously and subsequently filed complaints against other laboratories or have been named as defendants in declaratory judgment actions by certain laboratories. Those cases involve some of the patents and claims asserted against GeneDx. The parties involved in those cases who are adverse to Myriad et al are: Ambry Genetics Corp. (filed July 9, 2013, D. Utah); Gene by Gene, Ltd. (filed July 10, 2013, D. Utah); Counsyl, Inc. (filed September 20, 2013, N.D. Cal.); Quest Diagnostics Inc. (filed October 10, 2013, C.D. Cal.); Quest Diagnostics Inc. (filed

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October 22, 2013, D. Utah); Invitae Corp. (filed November 25, 2013, D. Utah); Invitae Corp. (filed November 26, 2013, N.D. Cal.); and Laboratory Corporation of America Holdings (filed December 3, 2013, D. Utah).

In the first-filed actions against Defendants Ambry Genetics Corp. and Gene by Gene, Ltd., on July 9 and July 10, 2013, respectively, Plaintiffs filed a motion for preliminary injunction with each complaint. The parties in each action provided the Court with briefing on the issues, as well as a technology tutorial on August 23, 2013, and the Court held multi-day hearings on the motion in September and October 2013. The Court has not yet issued a ruling on the motion.

On November 8, 2013, Plaintiffs filed a motion with the Judicial Panel on Multidistrict Litigation requesting centralization and consolidation in the District of Utah of each of the outstanding district court actions. On February 19, 2014, following briefing and a hearing, the Panel ordered centralization in the District of Utah before District Court Judge Robert J. Shelby, including the action against GeneDx. The Court has not yet held a scheduling conference in this matter and no schedule is yet in place.

Item 5 Other Information

On February 3, 2014, the Company entered into the thirteenth amendment to the revolving note payable loan agreement with PNC Bank, N.A (the Amendment). This Amendment increased the maximum credit line from $45 million to $70 million. The Company may loan up to $6 million to its subsidiaries, which limit will be calculated annually rather than quarterly as it was previously. GeneDx, however, is not subject to this limitation as it is a co-borrower under the credit facility. The Company is permitted to repurchase of up to 2 million shares of its common stock pursuant to a stock buyback plan approved by its board of directors, so long at the total consideration paid for such shares does not exceed $50 million. Other than these changes, the credit facility is unchanged.

Item 6 EXHIBITS

Exhibit No.	Description
10.1.1	Thirteenth Amendment to PNC Loan Documents
10.1.2	Twelfth Amended and Restated Secured Revolving Note, PNC Bank
31.1	Certification of Chief Executive Officer
31.2	Certification of Chief Financial Officer
32.1	Certification Pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer
101	Interactive Data File

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 and Chief Executive Officer

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

Date: March 10, 2014