

BIOLASE, INC
Form 10-Q
May 12, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from _____ to _____

Commission File Number 000-19627

BIOLASE, INC.

(Exact name of registrant as specified in its charter)

Delaware	87-0442441
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4 Cromwell

Irvine, California 92618

(Address of principal executive offices, including zip code)

(949) 361-1200

(Registrant's telephone number, including area code)

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 Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares of the issuer's common stock, \$0.001 par value per share, outstanding, as of April 30, 2014, was 37,626,535 shares.

BIOLASE, INC.

INDEX

	Page
PART I. <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited):</u>	3
<u>Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013</u>	3
<u>Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2014 and March 31, 2013</u>	4
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and March 31, 2013</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
PART II <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	30
Item 1A. <u>Risk Factors</u>	30
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
Item 3. <u>Defaults Upon Senior Securities</u>	31
Item 4. <u>Mine Safety Disclosures</u>	31
Item 5. <u>Other Information</u>	31
Item 6. <u>Exhibits</u>	32
<u>Signatures</u>	33

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOLASE, INC.

CONSOLIDATED BALANCE SHEETS (Unaudited)

(in thousands, except per share data)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,835	\$ 1,440
Accounts receivable, less allowance of \$807 in 2014 and \$573 in 2013	8,556	11,127
Inventory, net	11,891	11,378
Prepaid expenses and other current assets	1,288	1,909
Total current assets	23,570	25,854
Property, plant, and equipment, net	1,749	1,826
Intangible assets, net	165	183
Goodwill	2,926	2,926
Other assets	247	249
Total assets	\$ 28,657	\$ 31,038
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Lines of credit	\$ 2,878	\$ 4,633
Accounts payable	7,776	8,560
Accrued liabilities	4,941	4,997
Customer deposits	150	285
Deferred revenue, current portion	3,275	3,464
Total current liabilities	19,020	21,939
Deferred income taxes	632	617
Deferred revenue, long-term	—	1
Total liabilities	19,652	22,557
Commitments and contingencies, and subsequent events (Notes 8, 9, and 13)		
Stockholders' equity:		
Preferred stock, par value \$0.001; 1,000 shares authorized, no shares issued and outstanding	—	—
Common stock, par value \$0.001; 50,000 shares authorized, 39,590 and 37,336 shares issued in 2014 and 2013, respectively; 37,626 and 35,372 shares outstanding in 2014 and 2013, respectively.	40	—