CBL & ASSOCIATES PROPERTIES INC
Form S-3ASR
July 03, 2012

As filed with the Securities and Exchange Commission on July 2, 2012
Registration No. 333-
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

CBL & ASSOCIATES PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	62-1545718 (I.R.S. Employer Identification No.)

CBL Center
2030 Hamilton Place Blvd., Suite 500
Chattanooga, Tennessee 37421-6000
(423) 855-0001
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)
Stephen D. Lebovitz
President and Chief Executive Officer
CBL Center, Suite 500
2030 Hamilton Place Blvd.
Chattanooga, Tennessee 37421-6000
(423) 855-0001

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With Copies To:

Steven R. Barrett, Esq. Husch Blackwell LLP 736 Georgia Avenue, Suite 300 Chattanooga, Tennessee 37402 (423) 266-5500 Husch Blackwell LLP 2030 Hamilton Place Blvd., Suite 150 Chattanooga, Tennessee 37421 (423) 266-5500	Yaacov M. Gross, Esq. Goulston & Storrs 750 Third Avenue, 22nd Floor New York, New York 10017 (212) 878-6900

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement, as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. £

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. S

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.S

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. £

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer S	Accelerated filer £
Non-accelerated filer £ (Do not check if a smaller reporting company)	Smaller reporting company £

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Preferred Stock (par value $.01 per share)	(1)	(1)	(1)	$0
Common Stock (par value $.01 per share)	(1)(2)	(1)	(1)	$0
Depositary Shares, representing Preferred Stock (par value $.01 per share)	(1)(3)	(1)	(1)	$0
Warrants	(1)	(1)	(1)	$0
Debt Securities	(1)	(1)	(1)	$0
Rights	(1)	(1)	(1)	$0
Units	(1)(4)	(1)	(1)	$0

(1) An unspecified aggregate offering price or number of the securities of each identified class is being registered, as may from time to time be offered at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in Units or represented by Depositary Shares. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee.

(2) There is also being registered hereunder (i) an indeterminate number of shares of Common Stock that may be offered and sold from time to time for the account of persons other than the Registrant and (ii) an indeterminate number of shares of Common Stock as shall be issuable upon exercise of Common Stock Warrants or conversion of Preferred Stock registered hereunder.

(3) To be represented by Depositary Receipts representing an interest in Preferred Stock.

(4) There is being registered an indeterminate amount and number of Units to be issued under a unit agreement, representing an interest in two or more securities, which may or may not be separable from one another.

PROSPECTUS

CBL & Associates Properties, Inc.

PREFERRED STOCK, COMMON STOCK, DEPOSITARY SHARES,
WARRANTS, DEBT SECURITIES, RIGHTS, UNITS

CBL & Associates Properties, Inc. may from time to time offer and sell, in one or more offerings and in one or more series:

- shares of our preferred stock, par value $.01 per share;
- shares of our common stock, par value $.01 per share;
- fractional interests in shares of our preferred stock represented by depositary shares;
- senior and/or subordinated debt securities;
- warrants for the purchase of shares of our common stock, shares of our preferred stock (or depositary shares representing a fractional interest therein) and/or debt securities;
- rights to purchase shares of our common stock, shares of our preferred stock (or depositary shares representing a fractional interest therein) and/or debt securities; and
- units consisting of two or more of these classes or series of securities.

This prospectus may also be used to offer securities to be issued to limited partners of CBL & Associates Limited Partnership in exchange for partnership interests, or to cover the resale of any of the securities described herein by one or more selling security holders.

We, or any selling security holders to be identified in the future, may offer these securities in amounts, at prices and on terms determined at the time or times of offering. We may offer any of such securities separately or together, in separate classes or series. The specific terms of any securities to be offered, including the amounts of such securities and the prices at which they are to be offered as well as the specific plan of distribution for any securities to be offered, will be described in a supplement to this prospectus. We also may authorize one or more free writing prospectuses to be provided to you in connection with an offering. We may offer and sell the offered securities directly to you, through agents that we select, or to or through underwriters or dealers that we select. If we use agents, underwriters or dealers to sell these securities, a prospectus supplement will name them and describe their compensation, as well as the net proceeds we expect to receive from such sales.

The following equity securities are currently listed on the New York Stock Exchange: (i) our common stock is listed under the symbol “CBL”; (ii) our depositary shares, each representing 1/10th of a share of our 7.75% Series C cumulative redeemable preferred stock, are listed under the symbol “CBLprC”; and (iii) our depositary shares, each representing 1/10th of a share of our 7.375% Series D cumulative redeemable preferred stock, are listed under the symbol “CBLprD.” Any common stock offered pursuant to a prospectus supplement will be listed on the New York Stock Exchange, subject to official notice of issuance.

You should read this prospectus, the prospectus supplement for the specific security being offered and any related free writing prospectus carefully before you invest in any of our securities. Our securities may not be sold without delivery of both this prospectus and the applicable prospectus supplement describing the method and terms of the offering of such offered securities.

Investing in our securities involves risks. You should carefully consider the information under the heading “Risk Factors” on page 4 of this prospectus before you make an investment in any of our offered securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 2, 2012.

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ABOUT THIS PROSPECTUS

This prospectus is part of an “automatic shelf” registration statement that we filed with the United States Securities and Exchange Commission, or SEC, as a “well-known seasoned issuer” as defined in Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”), using a “shelf” registration process. Under the shelf registration process, using this prospectus, together with a prospectus supplement, we may sell, from time to time, in one or more offerings, any of the offered securities described in this prospectus. This prospectus provides you with a general description of each type of security we may offer. Each time we offer one or more of such securities, a prospectus supplement will be provided that will contain specific information about the terms of that offering. We also may authorize one or more free writing prospectuses to be provided to you in connection with an offering. The prospectus supplement and any related free writing prospectus may also add to, update or change information contained in this prospectus. Accordingly, to the extent inconsistent, information included or incorporated by reference in this prospectus will be superseded by the information contained in the applicable prospectus supplement and any related free writing prospectus related to such securities. You should read this prospectus, the applicable prospectus supplement and any related free writing prospectus, as well as the information incorporated by reference in this prospectus or a prospectus supplement, before making an investment in any of our offered securities. See “How to Obtain More Information” and “Incorporation of Information Filed with the SEC” for more information.

You should rely only on the information contained in, or incorporated by reference into, this prospectus, the applicable prospectus supplement and any related free writing prospectus. Neither we nor any underwriter have authorized anyone to provide you with different or inconsistent information, and if anyone provides you with different or inconsistent information you should not rely on it. This document may be used only in jurisdictions where offers and sales of the offered securities are permitted. You should not assume that information contained in this prospectus, any prospectus supplement, any related free writing prospectus, or any document incorporated by reference into this prospectus or any prospectus supplement, is accurate as of any date other than the date on the front page of the document that contains the information, regardless of when this prospectus, any prospectus supplement or any related free writing prospectus is delivered or when any sale of offered securities occurs.

In this prospectus, we use the terms “the Company,” “we,” “our” and “us” to refer to CBL & Associates Properties, Inc. and its subsidiaries, except where it is made clear that the term means only the parent company. The term “you” refers to a prospective investor.

HOW TO OBTAIN MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In accordance with those requirements we file annual, quarterly and interim reports, proxy and information statements and other information with the SEC. The reports and other information can be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Copies of this material can be obtained by mail from the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website (http://www.sec.gov) that contains reports, proxy and information statements and other materials that are filed through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. Our website address is cblproperties.com. The reference to our website address does not constitute incorporation by reference of the information contained on the website, which is not part of this prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the securities offered by this prospectus. This prospectus does not contain all of the information contained or incorporated by reference in that registration statement. We have omitted certain parts of the registration statement, as permitted by the rules and regulations of the SEC. You may inspect and copy the registration statement, including exhibits, schedules, reports and other information that we have filed with the SEC, as described in the preceding paragraph. Forms of the indenture and other documents establishing the terms of the offered securities are filed as exhibits to the registration statement or will be filed through an amendment to our registration statement on Form S-3 or under cover of a Current Report on Form 8-K and incorporated in this prospectus by reference. Statements contained in this prospectus concerning the contents of any document to which we may refer you are not

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necessarily complete and in each instance we refer you to the applicable document filed with the SEC for more complete information.

INCORPORATION OF INFORMATION FILED WITH THE SEC

The SEC allows us to “incorporate by reference” the information contained in documents that we have filed or will file with them, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is considered to be part of this prospectus. Information in this prospectus supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus. Information that we file later with the SEC, which is considered part of this prospectus from the date that we file each such document, will automatically update and supersede this information. We incorporate by reference the documents listed below and any filings we will make with the SEC under our SEC File Number 1-12494 under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of the offering of securities hereby (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

- The Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 29, 2012, as amended by Amendment No. 1 thereto on Form 10-K/A filed on March 30, 2012 (as amended, our “2011 Annual Report”).
- The Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 as filed on May 10, 2012 (our “March 2012 Quarterly Report”).
- Current Reports on Form 8-K dated and filed on the following dates:

Dated	Filed
February 7, 2012	February 13, 2012
May 7, 2012	May 10, 2012
June 1, 2012	June 1, 2012

- The description of our common stock contained in our Registration Statement on Form 8-A dated October 25, 1993, and any amendment or report filed for the purpose of updating such description.
- The description of the Depositary Shares, each representing 1/10th of a share of our Series C Preferred Stock contained in our Registration Statement on Form 8-A, filed on August 21, 2003, and any amendment or report filed for the purpose of updating such description.
- The description of the Depositary Shares, each representing 1/10th of a share of our Series D Preferred Stock contained in our Registration Statement on Form 8-A, filed on December 10, 2004, and any amendment or report filed for the purpose of updating such description.

We will provide to you without charge, upon your written or oral request, a copy of any or all documents incorporated by reference in this prospectus (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents or into this prospectus). Such requests should be directed to our Investor Relations Department, CBL Center, 2030 Hamilton Place Blvd., Suite 500, Chattanooga, Tennessee 37421-6000 (telephone number (423) 855-0001).

FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and any related free writing prospectus, and the documents incorporated by reference herein and therein, as well as other written reports and oral statements made from time to time by the Company, may include forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of historical fact should be considered to be forward-looking statements.

Forward-looking statements can often be identified by the use of forward-looking terminology, such as “will,” “may,” “should,” “could,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “projects,” “goals,” “objectives,” “targets,” “pre “seeks,” and variations of these words and similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this prospectus, any prospectus supplement or related free writing prospectus, and in documents incorporated by reference. We do not undertake to update or revise any forward-looking statement to reflect events or circumstances after the date on which it is made.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. It is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. Some of the factors that could cause actual results to differ include, without limitation:

- general industry, economic and business conditions;
- interest rate fluctuations;
- costs and availability of capital, and capital requirements;
- cost and availability of real estate properties;
- inability to consummate acquisition opportunities and other risks associated with acquisitions;
- competition from other companies and retail formats;
- changes in retail rental rates in our markets;
- shifts in customer demands;
- tenant bankruptcies or store closings;
- changes in vacancy rates at our properties;
- changes in operating expenses;
- changes in applicable laws, rules and regulations;
- the ability to obtain suitable equity and/or debt financing and the continued availability of financing in the amounts and on the terms necessary to support our future business; and
- other risks referenced from time to time in filings with the SEC and those factors listed or incorporated by reference into this prospectus under the heading “Risk Factors.”

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in the reports we file with the SEC and which are incorporated by reference herein. See “Incorporation of Information Filed with the SEC.” In addition, other factors not identified could also have such an effect. We cannot give you any assurance that the forward-looking statements included or incorporated by reference in this prospectus, any prospectus supplement or any related free writing prospectus will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included or incorporated by reference in this prospectus, any prospectus supplement or any related free writing prospectus, you should not regard the inclusion of this information as a representation by us or any other person that the results or conditions described in those statements or objectives and plans will be achieved.

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Ratio of Earnings to Fixed Charges

The table below presents our consolidated ratios of earnings to fixed charges for each of the periods indicated. We compute the ratio of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings is the sum of net income before discontinued operations, equity in earnings of unconsolidated affiliates, noncontrolling interests' share of earnings (excluding those that have not incurred fixed charges) and fixed charges (excluding capitalized interest), plus distributed income from unconsolidated affiliates. In this context, fixed charges consist of interest expense (including interest cost capitalized), amortization of debt issuance costs, the portion of rent expense representing an interest factor, and preferred dividend requirements of consolidated subsidiaries, if any.

Three Months Ended	Year Ended December 31,				
March 31, 2012	2011	2010	2009 (1)	2008	2007
1.46x	1.45x	1.33x	—	1.12x	1.43x

(1) Total earnings for the year ended December 31, 2009 were inadequate to cover fixed charges by $28,516.

Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

The table below presents our consolidated ratios of earnings to combined fixed charges and preferred stock dividends for each of the periods indicated. We computed these ratios by dividing earnings by combined fixed charges and preferred stock dividends. The terms “earnings” and “fixed charges” have the meanings assigned above. The ratios are based solely on historical financial information and no pro forma adjustments have been made.

Three Months Ended	Year Ended December 31,				
March 31, 2012	2011	2010	2009 (1)	2008	2007
1.26x	1.27x	1.21x	—	1.06x	1.30x

(1) Total earnings for the year ended December 31, 2009 were inadequate to cover combined fixed charges and preferred stock dividends by $50,334.

RISK FACTORS

Investing in our securities involves certain risks. In deciding whether to invest in our securities, you should carefully consider the risks described under “Risk Factors” in our 2011 Annual Report and March 2012 Quarterly Report, in addition to the other information contained in this prospectus, any accompanying prospectus supplement and any related free writing prospectus and the information incorporated by reference herein and therein.

The risks and uncertainties described in this prospectus, our 2011 Annual Report and our March 2012 Quarterly Report are not the only ones we face. Additional risks not currently known to us or that we currently deem immaterial also may impair or harm our financial results and business operations. If any of the events or circumstances described in the risk factors actually occur our business may suffer, the trading price of our common stock or other securities could decline and you could lose all or part of your investment. Statements in or portions of a future document incorporated by reference in this prospectus, including, without limitation, those relating to risk factors, may update and supersede statements in and portions of this prospectus or such incorporated documents.

CBL & ASSOCIATES PROPERTIES, INC.

We are a self-managed, self-administered, fully integrated real estate development trust (“REIT”) that is engaged in the ownership, development, acquisition, leasing, management and operation of regional shopping malls, open-air centers, associated centers, community centers and office properties. We currently own interests in a portfolio of properties, consisting of enclosed regional malls, open-air centers (including one mixed-use center), associated centers (each of which is part of a regional shopping mall complex), community centers, office buildings (including our corporate office building), and joint venture investments in similar types of properties. We may also own from time to time shopping center properties that are under development or construction, as well as options to acquire certain shopping center development sites. Our shopping center properties are located in 27 states, but are primarily in the southeastern and midwestern United States. We have elected to be taxed as a REIT for federal income tax purposes.

We conduct substantially all of our business through CBL & Associates Limited Partnership (our “Operating Partnership”). We currently own an indirect majority interest in the Operating Partnership, and one of our wholly owned subsidiaries, CBL Holdings I, Inc., a Delaware corporation, is its sole general partner. To comply with certain technical requirements of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) applicable to REITs, our property management and development activities are carried out through CBL & Associates Management, Inc. (our “Management Company”). Our Operating Partnership owns 100% of the preferred and common stock of the Management Company.

In order for us to maintain our qualification as a REIT for federal income tax purposes, our Certificate of Incorporation provides for an ownership limit which generally prohibits, with certain exceptions, direct or constructive ownership by one person, as defined in our Certificate of Incorporation, of equity securities representing more than 6% of the combined total value of our outstanding equity securities. Additionally, in order to maintain our qualification as a REIT for U.S. federal income tax purposes, we must distribute each year at least 90% of our taxable income, computed without regard to net capital gains or the dividends-paid deduction, and subject to certain other adjustments. See “Material U.S. Federal Income Tax Considerations” herein for additional information concerning these requirements.

We were organized on July 13, 1993 as a Delaware corporation to acquire substantially all of the real estate properties owned by our predecessor company, CBL & Associates, Inc., and its affiliates.

Our principal executive offices are located at CBL Center, 2030 Hamilton Place Blvd., Suite 500, Chattanooga, Tennessee 37421-6000, and our telephone number is (423) 855-0001. Our website address is: cblproperties.com. The reference to our website address does not constitute incorporation by reference of the information contained on the website, which should not be considered part of this prospectus.

UPDATE OF SELECTED FINANCIAL DATA

Comprehensive Income

Effective January 1, 2012, we adopted Accounting Standards Update ("ASU") No. 2011-05, Presentation of Comprehensive Income, and ASU No. 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. These ASUs changed the presentation format of our consolidated financial statements but did not have an impact on the amounts reported in those statements. The following table revises certain historical information to illustrate the new presentation required by these ASUs for the periods presented:

CBL & Associates Properties, Inc.

Consolidated Statements of Comprehensive Income

(Unaudited; in thousands)

	Year Ended December 31,			
	2011		31,927	30,099
Retained Earnings	15,676	10,831		
Totals	47,732	41,057		
Deferred Compensation	(258)	(384)		
TOTAL SHAREHOLDERS EQUITY	47,474	40,673		
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 88,388	$ 72,151		

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

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

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

[UNAUDITED]

	Three months ended July 31, 2005	Three months ended July 31, 2004	Nine months ended July 31, 2005	Nine months ended July 31, 2004
NET REVENUES:	$ 42,723	$ 35,843	$ 119,607	$ 98,440
COST OF SERVICES:				
Depreciation	$ 805	$ 439	$ 2,255	$ 1,193
Employee Related Expenses	9,560	7,896	27,814	22,425
Reagents and Lab Supplies	6,673	5,382	18,268	15,167
Other Cost of Services	4,515	3,854	12,967	10,931
TOTAL COST OF SERVICES	$ 21,553	$ 17,571	$ 61,304	$ 49,716
GROSS PROFIT ON REVENUES	$ 21,170	$ 18,272	$ 58,303	$ 48,724
General and Administrative Expenses:				
Depreciation and Amortization	$ 319	$ 213	$ 904	$ 596
Other General and Administrative Expenses	11,078	9,536	33,500	26,884
Bad Debt Expense	5,762	4,682	15,741	12,263
TOTAL GENERAL AND ADMIN. EXPENSES	$ 17,159	$ 14,431	$ 50,145	$ 39,743
OPERATING INCOME	$ 4,011	$ 3,841	$ 8,158	$ 8,981
OTHER (INCOME) EXPENSES:				
Interest Expense	$ 329	$ 157	$ 903	$ 466
Interest Income	(33)	(10)	(75)	(23)
TOTAL OTHER EXPENSES - NET	$ 296	$ 147	$ 828	$ 443
INCOME BEFORE INCOME TAXES	$ 3,715	$ 3,694	$ 7,330	$ 8,538
Provision for Income Taxes	1,222	1,369	2,485	3,335
NET INCOME	$ 2,493	$ 2,325	$ 4,845	$ 5,203
NET INCOME PER SHARE - BASIC:	$ .19	$ .19	$ .38	$ .44
WEIGHTED AVERAGE NUMBER OF SHARES BASIC:	12,786,700	12,227,482	12,706,312	11,890,065
NET INCOME PER SHARE - DILUTED:	$ .19	$ .18	$ .37	$ .41
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:	13,162,130	12,863,026	13,093,673	12,556,494

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

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

[UNAUDITED]

	Nine months ended July 31, 2005	Nine months ended July 31, 2004
OPERATING ACTIVITIES:		
Net Income	$ 4,845	$ 5,203
Adjustments to Reconcile Net Income to Cash Provided by (used for) Operating Activities:		
Deferred Compensation	126	150
Depreciation and Amortization	3,159	1,789
Provision for Bad Debts	15,741	12,263
Deferred Tax Expense (Benefit)	(1,641)	
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(25,472)	(17,531)
Inventory	(373)	(343)
Other Current Assets	251	291
Deferred Charges	(140)	41
Other Assets	(3)	168
Increase (Decrease) in Accounts Payable and Accrued Liabilities	$ 3,518	$ 1,332
NET CASH - OPERATING ACTIVITIES	$ 11	$ 3,363
INVESTING ACTIVITIES:		
Acquisition of Property, Plant and Equipment	$ (2,765)	$ (2,531)
Acquisition of Business Entities	$	$ (3,137)
NET CASH - INVESTING ACTIVITIES	$ (2,765)	$ (5,668)
FINANCING ACTIVITIES:		
Proceeds from Conversion of Preferred Stock	$	$ 406
Proceeds from Exercise of Options	$ 727	$ 1,639
Stock Repurchase		(353)
Long-Term Debt Borrowings		2,571
Payments of Long-Term Debt	(980)	(25)
Payments of Capital Lease Obligations	(1,303)	(882)
Increase (Decrease) in Revolving Note Payable	$ 6,674	$ (1,704)
NET CASH - FINANCING ACTIVITIES	$ 5,118	$ 5,060
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 2,364	$ 2,755
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIODS	$ 6,681	$ 3,966
CASH AND CASH EQUIVALENTS AT END OF PERIODS	$ 9,045	$ 6,721
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 982	$ 454
Income Taxes	$ 4,712	$ 3,491

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

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SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

(UNAUDITED)

During the nine month period ended July 31, 2005 and July 31, 2004 the Company entered into capital leases totaling $2,291 and $1,166 respectively.

During the nine month period ended July 31, 2005 and July 31, 2004 the Company recorded deferred compensation costs of approximately $258 and $150, respectively.

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

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARY

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 but do not include all of the information and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements.

[2] The results of operations for the nine months ended July 31, 2005 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, 2004 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, 2004 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 July 31 [Unaudited]		Nine Months ended July 31 [Unaudited]	
	2005	**2004**	**2005**	**2004**
Medicare/Medicaid	$ 29,188	$ 23,414	$ 83,353	$ 67,204
Other	40,187	29,769	110,083	81,267
	$ 69,375	$ 53,183	$ 193,436	$ 148,471

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.

[6] An allowance on the Balance Sheet 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 $51,719 at July 31, 2005 and $38,102 at October 31, 2004 and is comprised of the following items:

	July 31, 2005 [Unaudited]	October 31, 2004
Contractual Credits/Discounts	$ 43,712	$ 31,067

Doubtful Accounts		8,007		7,035
	$	51,719	$	38,102

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[7] In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment . SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock Based Compensation , and supersedes APB 25. Among other items, SFAS 123R eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements. SFAS 123R is effective for the fiscal year beginning November 1, 2005, although early adoption is allowed. SFAS 123R requires companies to adopt its requirements using a modified prospective method. Under the modified prospective method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based payments granted after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. The modified retrospective method also permits entities to restate financial statements of previous periods based on proforma disclosures made in accordance with SFAS 123. The Company does not expect the adoption of SFAS 123R to have a significant effect on its financial position or results of operations.

FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (FIN 47) In March 2005, the FASB issued FIN 47, which is effective for the company on October 31, 2006. FIN 47 clarifies that the phrase conditional asset retirement obligation, as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations (FAS 143), refers to a legal obligation to perform an asset retirement activity for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FAS 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an asset retirement obligation. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The company does not expect that adoption of FIN 47 will have a significant effect on its financial position or results of operations.

In May 2005, FASB issued SFAS No. 154, Accounting Changes and Error Corrections (SFAS 154). SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle. It also requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. The statement will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS 154 to have a material effect on our consolidated financial position of results of operations.

In June 2005, the EITF reached consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements (EITF 05-6). EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. EITF 05-6 is not expected to have a material impact on the Company s unaudited interim consolidated financial statements.

[8] At July 31, 2005, 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 as an expense in computing 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.

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	Three Months Ended July 31, 2005	Three Months Ended July 31, 2004	Nine Months Ended July 31, 2005	Nine Months Ended July 31, 2004
Net Income (Loss):				
As Reported	$ 2,493	$ 2,325	$ 4,845	$ 5,203
Deduct: Stock Based Employee compensation expense determined under the fair value based method-Net of Tax	$ (88)	$ (62)	$ (1,148)	$ (654)
Pro-Forma Net income	$ 2,405	$ 2,263	$ 3,697	$ 4,549
Basic Earnings (Loss) Per Share:				
As Reported	$ .19	$ .19	$ .38	$ .44
Pro-Forma	$ .19	$ .19	$ .29	$ .38
Diluted Earnings (Loss) Per Share				
As Reported	$ .19	$ .18	$ .37	$ .41
Pro-Forma	$ .18	$ .18	$ .28	$ .36

[9] The following disclosures present certain information on the Company s intangible assets as of July 31, 2005 (Unaudited) and October 31, 2004. All intangible assets are being amortized over their estimated useful lives, as indicated below, with no estimated residual value.

Intangible Assets	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
At July 31, 2005 [Unaudited]				
Software Costs	5 years	$ 1,535	$ 1,173	$ 362
Customer Lists	20 years	1,697	924	773
Covenants not-to-Compete	2 years	5	2	3
Employment Agreements	7 years	825	758	67
Costs Related to Acquisitions	19 years	997	320	677
Patent	17 Years	156	76	80
Totals		$ 5,215	$ 3,253	$ 1,962

Intangible Assets	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
At October 31, 2004				
Software Costs	5 years	$ 1,535	$ 943	$ 592
Customer Lists	20 years	1,697	860	837
Covenants not-to-Compete	2 years	5	1	4
Employment Agreements	7 years	825	661	164
Costs Related to Acquisitions	19 years	1,015	260	755
Patent	17 Years	156	70	86
Totals		$ 5,233	$ 2,795	$ 2,438

The aggregate intangible amortization expense for the nine months ended July 31, 2005 and 2004 was $460 and $415 respectively and the estimated intangible asset amortization expense for the fiscal year ending October 31, 2005 and for the four subsequent years is as follows:

Fiscal Year Ended October 31,		**Estimated Amortization Expense**
2005	$	619
2006		476
2007		223
2008		150
2009		130
Thereafter		840
Total	$	2,438

[10] In October 2004, the Company entered into an amended revolving note payable loan agreement with a bank. The maximum amount of the credit line available to the Company pursuant to the loan agreement is the lesser of (i) $30,000 or (ii) 50% of the Company s qualified accounts receivable [as defined in the agreement]. The amended loan agreement provides for an acquisition subline of up to $10,000 which can be repaid in 36 equal monthly installments. The amendment to the Loan and Security Agreement provides for interest on advances to be subject to the bank s prime rate or Eurodollar rate of interest plus, in certain instances, an additional interest percentage. The additional interest percentage charges on Eurodollar borrowings range from 1% to 4% and are determined based upon certain financial ratios achieved by the Company. At July 31, 2005, the Company had elected to have $10,000 of the total advances outstanding converted into a Eurodollar rate loan with a variable interest rate of 5.02% at July 31, 2005. The remaining outstanding advances were subject to the bank s prime rate of interest. At July 31, 2005, advances outstanding of $7,007 were subject to interest at the bank s prime rate (6.25%). The credit line is collateralized by substantially all of the Company s assets. The line of credit is available through October 2007 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, fixed charge coverage, and the prohibition of the payment by the Company of cash dividends. As of July 31, 2005, the Company utilized $19,553 (including $2,546 utilized under the acquisition subline) and had $10,447 of available unused credit under this revolving note payable loan agreement.

[11] During the third quarter ended July 31, 2005, options to purchase 235,100 shares of common stock were exercised for total proceeds of $544. The exercises and the related tax benefit resulted in an increase in common stock and additional Paid-In Capital of $2 and $1,828, respectively.

[12] The provision for income taxes for the nine and three months ended July 31, 2005, consists of a current tax provision of $4,126 and $2,263, respectively, and a deferred tax benefit of $1,641 and $1,041, respectively. At July 31, 2005, the Company had a current deferred tax asset of $2,263 included in other current assets and a long-term deferred tax liability of $295 incurred in other long-term liabilities.

[13] On June 1, 2005, the Board of Directors authorized the repurchase of up to 500,000 shares of the Company s common stock over the period ending October 31, 2007. As of July 31, 2005, no shares were repurchased under this plan.

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Item 2.

MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

[Dollars In Thousands Except Per Share Data, Total Patient 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 the Company s actual results in future periods to be materially different from any future performance suggested herein. For a further discussion concerning risks to the Company s business, the results of its operations and its financial condition, reference is made to the Company s Annual Report on Form 10-K for the year ended October 31, 2004.

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 49% 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 obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers.

changes in payor mix.

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

failure to maintain our days sales outstanding levels.

our ability to attract and retain experienced and qualified personnel.

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

COMPARISON OF THIRD QUARTER 2005 VS THIRD QUARTER 2004

NET REVENUES:

Net revenues for the three month period ended July 31, 2005 were $42,723 as compared to $35,843 for the three month period ended July 31, 2004; which represents a 19% increase in net revenues. This increase is due to a 15% increase in patient counts and a 4% increase in net revenues per patient. Our wholly owned subsidiary, CareEvolve, had net revenues of $343 for the three month period ended July 31, 2005.

The number of patients serviced during the three month period ended July 31, 2005 was approximately 737 thousand which was 15% greater when compared to the prior fiscal year s three month period. Net revenue per patient for the three month period ended July 31, 2005 was $57.17 compared to net revenue per patient of $55.13 for the three month period ended July 31, 2004, an increase of $2.04 or 4%. This increase in net revenues per patient is directly related to the increase in more expensive and esoteric testing.

COST OF SALES:

Cost of Sales increased from $17,571 for the three month period ended July 31, 2004 to $21,553 for the three month period ended July 31, 2005, an increase of $3,982 or 23% as compared to a 19% increase in net revenues. Employee related expenses increased by $1,664 (21%) and is attributable to the hiring of additional technical and professional personnel dedicated to the expansion of the Company s cancer and esoteric testing business. Depreciation increased from $439 for the period ended July 31, 2004 to $805 for the period ended July 31, 2005, an increase of $366 or 83%, and is consistent with our investment in infrastructure and capacity. Total depreciation and amortization increased from $652 for the three month period ended July 31, 2004 to $1,124 for the three month period ended July 31, 2005 or 72%.

GROSS PROFITS:

Gross profits, increased from $18,272 for the three month period ended July 31, 2004 to $21,170 for the three month period ended July 31, 2005; an increase of $2,898 or 16%. This is primarily attributable to the increase in net revenues. Profit margins decreased from 51% to 50%, reflecting a cost structure rising in relation to net revenues due to the company s cancer and esoteric business.

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the three month period ended July 31, 2004 was $14,431 as compared to $17,159 for the three month period ended July 31, 2005, an increase of $2,728 or 19%. This is in line with the increase in net revenues in the period of 20%.

INTEREST EXPENSE:

Interest expense increased to $329 during the three month period ended July 31, 2005 from $157 during the three month period ended July 31, 2004 This increase is due to an increase in the interest rates on the PNC Bank line of credit utilized by the Company and the increase in capital expenditures financed through capital leases. Management believes that this trend will 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 continue to increase.

INCOME:

We realized net income of $2,493 for the three month period ended July 31, 2005, as compared to $2,325 for the three month period ended July 31, 2004 an increase of 7%. Pre-tax income for the period ended July 31, 2005 was $3,715 compared to $3,694 for the period ended July 31, 2004, an increase of $21 (1%). The provision for income taxes decreased from $1,369 for the period ended July 31, 2004 to $1,222 for the period ended July 31, 2005. CareEvolve had a net loss of $39 on a consolidated basis for the three month period ended July 31, 2005.

NINE MONTHS 2005 COMPARED TO NINE MONTHS 2004

NET REVENUES:

Net Revenues for the nine month period ended July 31, 2005 were $119,607 as compared to $98,440 for the nine month period ended July 31, 2004; this represents a 22% increase in net revenues. This increase is due to a 13% increase in patient counts and a 6% increase in revenue per patient. Our wholly owned subsidiary, CareEvolve had net revenues of $917 for the nine month period ended July 31, 2005 or 4% of the increase in net revenues on a consolidated basis.

The number of patients serviced during the nine month period ended July 31, 2005 was approximately 2.104 million which was 13% greater when compared to the prior fiscal year s nine month period. Net revenue per patient for the nine month period ended July 31, 2005 was $56.16, compared to net revenue per patient for the nine month period ended July 31, 2004 of $52.82, an increase of $3.34 or 6%. This increase is directly related to our increase in more expensive and esoteric testing.

COST OF SALES:

Cost of Sales increased to $61,304 for the nine month period ended July 31, 2005 from $49,716 for the nine month period ended July 31, 2004. This amounts to a $11,588 or a 23% increase in direct operating costs. Employee related expenses increased by $5,389 (24%) and is attributable to the hiring of additional technical and professional personnel dedicated to the expansion of the Company s cancer and esoteric testing business. Depreciation increased from $1,193 for the period ended July 31, 2004 to $2,255 for the period ended July 31, 2005, an increase of $1,062 or 89%, and is consistent with our investment in infrastructure and capacity. Total Depreciation and Amortization increased from $1,789 for the period ended July 31, 2004 to $3,159 for the period ended July 31, 2005, an increase of $1,370 or 77%.

GROSS PROFITS:

Gross profits on net revenues, increased to $58,303 for the nine month period ended July 31, 2005 from $48,724 for the nine month period ended July 31, 2004; an increase of $9,579 (20%) primarily attributable to the increase in net revenues. Gross profit margins decreased to 49% during the nine month period ended July 31, 2005, as compared to 50% for the nine month period ended July 31, 2004. Gross Profit margin decreased 1% in the current period reflecting an increase in direct costs in relation to net revenues and the result of increased expenses for technical and professional personnel in the Company s cancer and esoteric testing business.

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the nine month period ended July 31, 2004 was $39,743 as compared to $50,145 for the nine month period ended July 31, 2005, an increase of $10,402 or 26%. This increase was caused by a $2,247 (23%) increase in marketing expenses driven by the expansion of the Company s cancer and esoteric testing business. In addition, there was a $849 (43%) increase in data processing and computer related expense, caused by the development of interfaces with EMR Systems, physician management systems and data importation of major payor data in our data analytics division, a $407 (67%) increase in expenses related to outside professional fees of which a majority of the increase related to implementing Sarbanes-Oxley Section 404, a $3,478 (28%) increase in bad debt expense attributable in part to the implementation of HIPAA regulations causing some commercial insurance claims to go past the required cycle and therefore being required contractually to be rebilled as self-pay claims, and a $308 (52%) increase in depreciation and amortization expense caused by an increase in infrastructure and capacity. Total Depreciation and Amortization increased from $1,789 for the period ended July 31, 2004 to $3,159 for the period ended July 31, 2005, an increase of $1,370 or 77%. Other cost increases were primarily due to the increase in revenue for the nine month period ended July 31, 2005.

INTEREST EXPENSE:

Interest expense increased to $903 during the nine month period ended July 31, 2005 as compared to $466 during the nine month period ended July 31, 2004, an increase of $437. Management believes that this trend will 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 continue to increase.

INCOME:

We realized net income of $4,845 for the nine months ended July 31, 2005 as compared to $5,203 for the nine month period ended July 31, 2004, a decrease of $358 or (7%). Pre-tax income for the period ended July 31, 2005 was $7,330, as compared to $8,538 for the period ended July 31, 2004, a decrease of $1,208 (14%). The provision for income taxes decreased from $3,335 for the period ended July 31, 2004, to $2,485 for the current nine month period. CareEvolve had a net loss of $239 on a consolidated basis for the period ended July 31, 2005.

LIQUIDITY AND CAPITAL RESOURCES:

Our working capital at July 31, 2005 was $28,012 as compared to $23,815 at October 31, 2004, an increase of $4,197. Our cash position increased by $2,364 during the current period. We increased our short term debt by $6,674 and repaid $2,283 in existing long-term debt and capital lease obligations. We had current liabilities of $36,941 at July 31, 2005. We generated $11 in cash from operations during the current nine month period, compared to cash generated from operations for the nine month period ended July 31, 2004 of $3,363.

Accounts receivable, net of allowance for doubtful accounts, totaled $50,683 at July 31, 2005, an increase of $9,731 from October 31, 2004, or 24%. This increase was primarily attributable to increased net revenue. Cash collected during the nine month period ended July 31, 2005 increased 15% over the comparable nine 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. 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.

In October 2004, the Company entered into an amended revolving note payable loan agreement with a bank. The maximum amount of the credit line available to the Company pursuant to the loan at the lesser of (i) $30,000 or (ii) 50% of the Company s qualified accounts receivable [as defined in the agreement]. The amended loan agreement provides for an acquisition subline of up to $10,000 which can be repaid in 36 equal monthly installments. The amendment to the Loan and Security Agreement provides for interest on advances to be subject to the bank s prime rate or Eurodollar rate of interest plus, in certain instances, an additional interest percentage. The additional interest percentage charges on Eurodollar borrowings range from 1% to 4% and are determined based upon certain financial ratios achieved by the Company. At July 31, 2005, the Company had elected to have $10,000 of the total advances outstanding converted into a Eurodollar rate loan with a variable interest rate of 5.02% at July 31, 2005. The remaining outstanding advances were subject to the bank s prime rate of interest. At July 31, 2005, advances outstanding of $7,007 were subject to interest at the bank s prime rate (6.25%). The credit line is collateralized by substantially all of the Company s assets. The line of credit is available through October 2007 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, fixed charge coverage, and the prohibition of the payment by the Company of cash dividends. As of July 31, 2005, the Company utilized $19,553 (including $2,546 utilized under the acquisition subline) and had $10,447 of available unused credit under this revolving note payable loan 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.

On June 2, 2005, the Company announced that the Board of Directors had authorized the repurchase of up to 500,000 shares of the Company s common stock over the period ending October 31, 2007. While there are no current plans for any stock repurchases, the Company expects to make any such repurchases from time to time in the over-the-counter market at prevailing market prices during the period. As of July 31, 2005, no shares were repurchased under this plan.

In the table below, we set forth our enforceable and legally binding obligations as of October 31, 2004. Some of the figures we include in this table are based on management s estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties, and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligations we will actually pay in the future periods may vary from those reflected in the table.

	Five Years	**FY2005**
Long Term Debt	$ 2,334	$ 1,273
Capital Leases	5,521	1,525
Operating Leases	4,835	1,422
Purchase Obligations	6,104	2,714
Employment/Consultant Contracts	6,462	2,338
Total	$ 25,256	$ 9,272

Our cash balance at July 31, 2005 totaled $9,045 as compared to $6,681 at October 31, 2004. 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 2005.

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

New Authoritative Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment . SFAS No. 123R is a revision of SFAS No. 123, Accounting for Stock Based Compensation , and supersedes APB 25. Among other items, SFAS 123R eliminates the use of APF 25 and the intrinsic value method of accounting, and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements. SFAS 123R is effective for the fiscal year beginning November 1, 2005, although early adoption is allowed. SFAS 123R requires companies to adopt its requirements using a modified prospective method. Under the modified prospective method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based payments granted after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. The modified retrospective method also permits entities to restate financial statements of previous periods based on proforma disclosures made in accordance with SFAS 123. The Company does not expect the adoption of SFAS 123R to have a significant effect on its financial position or results of operations.

FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (FIN 47) In March 2005, the FASB issued FIN 47, which is effective for the company on October 31, 2006. FIN 47 clarifies that the phrase conditional asset retirement obligation, as used in FASB Statement No. 143, Accounting for Asset Retirement Obligations (FAS 143), refers to a legal obligation to perform an asset retirement activity for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FAS 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an asset retirement obligation. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The company does not expect that adoption of FIN 47 will have a significant effect on its financial position or results of operations.

In May 2005, FASB issued SFAS No. 154, Accounting Changes and Error Corrections (SFAS 154). SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle. It also requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. The statement will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS 154 to have a material effect on our consolidated financial position of results of operations.

In June 2005, the EITF reached consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements (EITF 05-6). EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. EITF 05-6 is not expected to have a material impact on the Company s unaudited interim consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not invest in or trade market risk sensitive instruments. We also do not have any foreign operations or significant foreign sales so that our exposure to foreign currency exchange rate risk is minimal.

We do have exposure to both rising and falling interest rates. At July 31, 2005, advances outstanding of approximately $7,007 under our Loan Agreement with PNC Bank were subject to interest charges at the Bank s then prime rate of 6.25%. In addition, we elected to have the remaining $10,000 of advances outstanding at said date converted into a Eurodollar rate loan with a variable interest rate of 5.02%.

We estimate that our monthly cash interest expense at July 31, 2005 was approximately $100 and that a one percentage point increase or decrease in short-term rates would increase or decrease our monthly interest expense by approximately $14.

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-15(e) and 15-d-15(e) have concluded that as of July 31, 2005, 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 was no change in the Company s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15-d-15 that occurred during the Company s last fiscal quarter ended July 31, 2005 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

BIO-REFERENCE LABORATORIES, INC.

PART II OTHER INFORMATION

Item 4 Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Stockholders was held on July 21, 2005. At the meeting, the following two individuals were elected by the following vote to serve as Class II directors, each for a term of three years and until his successor is duly elected and qualified.

	For	Withheld
Sam Singer	11,573,455	104,001
Harry Elias	11,635,582	41,874

Our other directors whose term continued are as follows:

Marc D. Grodman	Class I director
Howard Dubinett	Class I director
Joseph Benincasa	Class III director
Gary Lederman	Class III director
John Roglieri	Class III director

Item 5. Other Information

On June 1, 2005, the board of directors adopted corrective amendments to Article III Sections 2 and 4 of the Company s By-Laws, effective on that date. The amendments were adopted in order to render the By-Law provisions concerning the term of newly created directorships consistent with the provisions of Article 6 Section B and C of the Company s certificate of incorporation as adopted by stockholders in 1989 and still in effect. The June 1, 2005 amendments to the By-Laws were filed as exhibit 3.2 to the Company s quarterly report on Form 10-Q for the quarter ended April 30, 2005 previously filed by the Company with the Securities and Exchange Commission.

Item 6. Exhibits

31A Certification of Chief Executive Officer

31B Certification of Chief Financial Officer

32A Certification Pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer

32B Certification Pursuant to 18 U.S.C. Section 1350 of Chief Financial Officer

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
Marc D. Grodman, M.D.
President and Chief Executive Officer

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

Date: September 5, 2005