BIOCLINICA INC
Form 10-Q
May 06, 2011

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

þ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2011

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 No. 001-11182
BIOCLINICA, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	11-2872047
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
826 Newtown-Yardley Road, Newtown, Pennsylvania	18940-1721
(Address of Principal Executive Offices)	(Zip Code)

(267) 757-3000
(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: þ No: o

Indicate by check mark if 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: o No: o

* The registrant has not yet been phased into the interactive data requirement.

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o	Smaller reporting company þ

(do not check if a 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: o No: þ

State the number of shares outstanding of each of the registrant s classes of common stock, as of April 30, 2011:

Class	Number of Shares
Common Stock, $0.00025 par value	15,635,635

BIOCLINICA, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

References in this Quarterly Report on Form 10-Q to BioClinica, we, us, or our refer to BioClinica, Inc., a Delaware corporation, and its subsidiaries, doing business as BioClinica.

Certain information and footnote disclosures required under generally accepted accounting principles (GAAP) in the United States of America have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission, although we believe that such financial disclosures are adequate so that the information presented is not misleading in any material respect. The following consolidated financial statements should be read in conjunction with the year-end consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands)	March 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,203	$ 10,443
Accounts receivable, net	12,644	11,866
Prepaid expenses and other current assets	2,622	2,501
Deferred income taxes	3,729	3,625
Total current assets	29,198	28,435
Property and equipment, net	14,564	14,029
Intangibles, net	2,275	2,430
Goodwill	34,302	34,302
Deferred income tax	119	128
Other assets	727	705
Total assets	$ 81,185	$ 80,029
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 3,553	$ 1,983
Accrued expenses and other current liabilities	3,203	4,283
Deferred revenue	13,174	13,395
Current maturities of capital lease obligations	180	168
Total current liabilities	20,110	19,829
Long-term capital lease obligations	657	710
Long-term liability for acquisition earn-out	1,943	1,886
Deferred income tax	1,990	1,845
Other liabilities	1,002	880
Total liabilities	$ 25,702	$ 25,150
Stockholders equity:		
Preferred stock $0.00025 par value; authorized 3,000,000 shares, none issued and outstanding at March 31, 2011 and at December 31, 2010		
Common stock $0.00025 par value; authorized 36,000,000 shares, issued and outstanding 15,642,177 shares at March 31, 2011 and 15,631,664 shares at December 31, 2010	4	4
	(204)	(16)

Treasury stock at cost, shares held: 41,013 at March 31, 2011 and 3,400 at December 31, 2010		
Additional paid-in capital	48,450	48,074
Retained earnings	7,143	6,792
Accumulated other comprehensive income	90	25
Total stockholders equity	$ 55,483	$ 54,879
Total liabilities and stockholders equity	$ 81,185	$ 80,029

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands, except per share data)	For the Three Months ended March 31, 2011	2010
Service revenues	$ 16,144	$ 14,746
Reimbursement revenues	3,521	3,358
Total revenues	19,665	18,104
Cost and expenses:		
Cost of service revenues	10,557	8,951
Cost of reimbursement revenues	3,521	3,358
Sales and marketing expenses	1,860	2,210
General and administrative expenses	2,222	2,072
Amortization of intangible assets related to acquisition	156	141
Mergers and acquisitions related costs	103	205
Restructuring costs	679	
Total cost and expenses	19,098	16,937
Income from operations	567	1,167
Interest income	2	6
Interest expense	(9)	(3)
Income before income tax	560	1,170
Income tax provision	(209)	(459)
Net income	$ 351	$ 711

Basic income per common share	$ 0.02	$ 0.05
Weighted average number of common shares	15,652	14,545
Diluted income per common share	$ 0.02	$ 0.05
Weighted average number of diluted shares	16,417	15,382

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	For the Three Months ended March 31, 2011	2010
Cash flows from operating activities:		
Net income	$ 351	$ 711
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	1,030	728
Provision for deferred income taxes	41	163
Bad debt (recovery) expense, net		(9)
Stock based compensation expense	341	235
Accretion of acquisition earn-out	57	94
Changes in operating assets and liabilities, net of acquisitions:		
(Increase) decrease in accounts receivable	(778)	1,246
Increase in prepaid expenses and other current assets	(111)	(168)
(Increase) decrease in other assets	(22)	11
Increase (decrease) in accounts payable	1,435	(153)
Decrease in accrued expenses and other current liabilities	(1,077)	(624)
Decrease in deferred revenue	(221)	(1,218)
Increase in other liabilities	122	122
Net cash provided by operating activities	$ 1,168	$ 1,138
Cash flows from investing activities:		
Purchases of property and equipment	$ (303)	$ (867)
Capitalized software development costs	(977)	(1,388)
Net cash used in investing activities	$ (1,280)	$ (2,255)
Cash flows from financing activities:		
Payments under equipment lease obligations	$ (40)	
Purchase of treasury stock	(188)	
Excess tax benefit related to stock options		27
Proceeds from exercise of stock options	35	38
Net cash (used in) provided by financing activities	$ (193)	$ 65
Effect of exchange rate changes on cash	65	(49)
Net decrease in cash and cash equivalents	(240)	(1,101)
Cash and cash equivalents at beginning of period	10,443	14,570

Cash and cash equivalents at end of period	$ 10,203	$ 13,469
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 10	$ 3
Cash paid during the period for income taxes	$ 74	$ 171

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended March 31,	
	2011	2010
Supplemental cash flow disclosure (in thousands)		
Non cash investing and financing activities:		
Increase in property, plant and equipment acquisitions in accounts payable	$ 132	$ 587

	For the Three Months Ended March 30,	
	2011	2010
Acquired business (in thousands)		
Accounts receivable	$	$ 309
Prepaid and other current assets		
Property and equipment		91
Other assets		58
Customer relationships		100
Technology		1,000
Goodwill, including workforce		1,369
Current liabilities assumed		(459)
Common stock issued		(2,468)
Cash paid for acquired business, net of cash acquired	$	$

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	For the Three Months Ended March 31,	
	2011	2010
Statement of comprehensive income (in thousands)		
Net income	$ 351	$ 711
Equity adjustment from foreign currency translation	65	(77)
Total comprehensive income	$ 416	$ 634

See Notes to Consolidated Financial Statements

Note 1 Interim Financial Statements

Basis of Presentation.

The financial statements included in this Quarterly Report on Form 10-Q have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP in the United States of America have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting solely of those which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods.

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

Acquisitions.

On March 25, 2010, the Company acquired substantially all of the assets of privately held TranSenda International, LLC (TranSenda) for total consideration of $2,468,000. The Consolidated Statement of Income for the three months ended March 31, 2010 excludes the financial results of TranSenda from the acquisition date of March 25, 2010 through March 31, 2010 due to immateriality of TranSenda s results of operations for that period.

Functional Currency.

The functional currency of each of the Company s foreign operations is the local currency of the country in which the operation is located. All assets and liabilities are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates during the period. Increases and decreases in net assets resulting from foreign currency translation are reflected in stockholder s equity as a component of accumulated other comprehensive income (loss).

The equity adjustment from foreign currency translation was $65,000 and $(77,000) at March 31, 2011 and 2010, respectively.

Note 2 Restructuring charges

In 2011, the Company realigned its global resources to eliminate certain duplicate functions and expects to take a total restructuring charge, primarily comprised of severance and facility restructuring costs, of $1.6 million. In the first quarter of 2011, the Company incurred $679,000 of these restructuring costs consisting of $588,000 in employee severance and $91,000 in legal and other costs.

The Company has paid $495,000 of the restructuring cost as of March 31, 2011 and $184,000 remaining to be paid is included in Accrued Expense and Other Current Liabilities on the Consolidated Balance Sheet. The $184,000 remaining to be paid of the restructuring cost primarily consists of the severance to employees and will all be paid out by December 31, 2011. The Company expects the total restructuring charge for 2011 to be approximately $1.6 million and to realize an annual savings of $1.2 million from the restructuring.

Note 3 Stockholders Equity

The following summarizes the activity of the Stockholders equity accounts for the period from December 31, 2010 through March 31, 2011:

(in thousands)	Common Stock Shares	Common Stock Amount	Addi-tional Paid-in Capital	Treas-ury Stock	Accumulated Retained Earnings	Other Compre-hensive Gain (Loss)	Stock-holders Equity
Balance at December 31, 2010	15,632	$4	$48,074	$ (16)	$6,792	$25	$54,879
Stock options exercised	41		35				35
Restricted shares issued	7						
Stock based compensation			341				341
Purchase of treasury stock	(38)			(188)			(188)
Tax benefit on exercise of stock options							
Equity adjustment from foreign currency translation						65	65
Net income					351		351
Balance at March 31, 2011	15,642	$4	$48,450	$(204)	$7,143	$90	$55,483

On December 15, 2010, our Board of Directors authorized $2 million in funds for use in our common stock repurchase program over the following 18 months from December 2010. Repurchase under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws, including Rule 10b-18. Rule 10b-18 puts limitations on this repurchase program, including but not limited to, the manner of purchase, the time of the repurchases, the prices paid and the volume of shares repurchased. The timing of the repurchases and the exact number of shares of common stock to be purchased will be determined by the discretion of our management under the supervision of the audit committee of our board of directors, and will depend upon market conditions and other factors. The program will be funded using our cash on hand and cash generated from operations. On March 14, 2011, we entered into a 10b5-1 Stock Repurchase Agreement with our broker so we had the ability to repurchase shares of our common stock during our standard blackout periods. The program may be extended, suspended or discontinued at any time.

The following table provides information relating to our repurchase of common stock for the first quarter of 2011:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
January 1 January 31, 2011				$ 1,984,177
February 1 February 28, 2011	2,509	$ 4.67	2,509	$ 1,972,387
March 1 March 31, 2011	35,104	$ 5.01	35,104	$ 1,795,332
	37,613		37,613	

Note 4 Earnings Per Share

Basic income per common share for the three months ended March 31, 2011 and 2010 was calculated by dividing the net income available to Common Stockholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted income per share for the three months ended March 31, 2011 and 2010 was calculated by dividing net income by the weighted average number of shares of common stock outstanding, adjusted for the effect of potentially dilutive securities using the treasury stock method.

The computation of basic income per common share and diluted income per common share was as follows:

	Three Months Ended March 31,	
	2011	2010
Net income basic and diluted	$ 351	$ 711
Denominator basic:		
Weighted average number of common shares	15,652	14,545
Basic income per common share	$ 0.02	$ 0.05
Denominator diluted:		
Weighted average number of common shares	15,652	14,545
Common share equivalents of outstanding stock options	428	467
Common share equivalents of unrecognized compensation expense	337	370
Weighted average number of dilutive common equity shares	16,417	15,382
Diluted income per common share	$ 0.02	$ 0.05

Options to purchase 553,000 and 492,000 shares of BioClinica s common stock respectively, had been excluded from the calculation of diluted earnings per common share for the three months ended March 31, 2011 and March 31, 2010, respectively, as they were all antidilutive.

Note 5 Commitments and Contingencies

On March 4, 2009, the Company entered into an employment agreement with its President and Chief Executive Officer effective March 1, 2009 and expires on February 28, 2012. In addition, the Company has employment agreements with its Chief Financial Officer and the President of eClinical Solutions. The Chief Financial Officer s agreement expires January 31, 2012 and is renewable on an annual basis. The President of eClinical Solutions agreement expires September 30, 2011 and is renewable on an annual basis. The aggregate amount due from March 31, 2011 through the expiration under these agreements is $784,000.

On May 5, 2010, the Company entered into an unsecured, committed line of credit with PNC Bank expiring May 5, 2012. In April 2011 the Company extended this line of credit for an expiration of May 4, 2013. Under the credit agreement, the Company has the ability to borrow $7.5 million at interest rates equal to LIBOR plus 1.75%. In addition, the Company pays a fee of 0.25% per annum on the loan commitment regardless of usage. The credit agreement requires our compliance with certain covenants, including maintaining a minimum stockholders equity of $35 million. As of March 31, 2011, the Company had no borrowings under this line of credit, and was compliant with the covenants.

Note 6 Accounts Receivable and Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts on a specific identification method for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of its customers were to deteriorate, resulting in an impairment of the customers ability to make payments, additional allowances may be required. The Company does not have any off-balance-sheet credit exposure related to its customers and the trade accounts receivable do not bear interest.

(in thousands)	March 31, 2011	December 31, 2010
Billed trade accounts receivable	$ 11,984	$ 11,085
Unbilled trade accounts receivable	654	782
Other	21	14
Total Receivables	$ 12,659	$ 11,881
Allowance Rollforward (in thousands):		
Balance at January 1, 2011	$ 15	
Additions	0	
Write offs (Recoveries)	0	
Balance at March 31, 2011	$ 15	

Note 7 Acquisitions

2010 Acquisition

On March 25, 2010, the Company acquired substantially all of the assets of privately held TranSenda International, LLC (TranSenda). Headquartered in Bellevue, WA, TranSenda was a provider of clinical trial management software (CTMS) solutions. TranSenda s suite of web-based, Office-Smart CTMS solutions creates efficiencies for trial operations through interoperability with Microsoft Office tools. With this acquisition, BioClinica enhanced its ability to serve customers throughout the clinical research process with technologies that include improved efficiencies by reducing study durations and costs through integrated operational management. The acquisition was made pursuant to an Asset Purchase Agreement, dated March 25, 2010, by and between the Company and TranSenda (the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, the Company purchased and acquired from TranSenda all rights, title and interest of TranSenda in and to the Purchased Assets (as defined in the Purchase Agreement) and assumed the Assumed Liabilities (as defined in the Purchase Agreement) of TranSenda.

As consideration for the Purchased Assets and Assumed Liabilities, the Company issued 577,960 shares of common stock, par value $0.00025 per share, of the Company, valued at a volume weighted average price per share equal to $4.325560, and subject to a post-closing adjustment based on the Final Closing Net Working Capital (as defined in the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, 15% of the aggregate consideration was held in escrow to cover any potential indemnification claims under the Purchase Agreement for a period of 12 months following the Closing Date (as defined in the Purchase Agreement). On March 25, 2011, the amounts held in escrow were released and there were no indemnification claims. As part of the Purchase Agreement, TranSenda agreed not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of the Company s common stock received pursuant to the Purchase Agreement for a period beginning on the date the Purchase Agreement was executed and continuing to and including the date 12 months after such date. The Company recorded the fair value of the acquisition of $2,468,000 based on the Company s market value of $4.27 for the stock consideration on March 25, 2010, the date of acquisition.

Pro Forma Results. The following schedule includes consolidated statements of income data for the unaudited pro forma results for the three months ended March 31, 2010 as if the TranSenda acquisition had occurred as of the beginning of the periods presented after giving effect to certain adjustments. The unaudited pro forma information is provided for illustrative purposes only and is not indicative of the results of operations or financial condition that would have been achieved if the TranSenda acquisition would have taken place at the beginning of the periods presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Pro forma adjustments are tax-effected at our effective tax rate.

(in thousands except per share data)	Three Months Ended March 31, 2010
Total revenue	$ 18,335
Income from operations	549
Net Income	334
Basic earnings per share	$ 0.02
Diluted earnings per share	$ 0.02

In connection with the acquisition of TranSenda, the Company performed an evaluation of the guidance included in FASB ASC 280, *Segment Reporting* (FASB ASC 280) and FASB ASC 350, *Intangibles - Goodwill and Other* (FASB ASC 350). Based on that evaluation, the Company included TranSenda as part of its clinical trials services reportable segment.

In accordance with FASB ASC 805, *Business Combinations*, the Company expensed all costs related to the acquisition.

The following table summarizes the amounts of identified assets acquired and liabilities assumed from TranSenda at the acquisition date fair value:

	TranSenda
Accounts Receivable	$ 309
Property and Equipment	91
Other Assets	58
Other Liabilities	(459)
Customer Relationships	100
Technology	1,000
Goodwill, including Workforce	1,369
Total Fair Value of Purchase Price	$ 2,468

Accounts receivable, other assets and other liabilities were stated at their historical carrying values, which approximate fair value given the short-term nature of these assets and liabilities. The goodwill is attributable to the workforce of the acquired business and synergies expected to arise after the acquisition of the business.

In accordance with FASB ASC 820, *Fair Value Measurements* (FASB ASC 820), the Company determined that the non-financial assets and liabilities summarized above are derived from significant unobservable inputs (Level 3 inputs) determined by management based on various market and income analyses and recent asset appraisals. The goodwill recorded in connection with these acquisitions will be deductible for tax purposes over 15 years.

2009 Acquisition

On September 15, 2009, BioClinica acquired substantially all of the assets of Tourtellotte Solutions, Inc. (Tourtellotte). Tourtellotte provides software applications and consulting services which support clinical trials in the pharmaceutical industry. The purchase price for Tourtellotte was $2.1 million in cash. Pursuant to the acquisition agreement, the Company agreed to pay up to an additional $3.2 million in cash and 350,000 shares of our common stock based upon achieving certain milestones, which include certain product development and revenue targets (the earn-out). In December 2010, the Company paid the first acquisition earn-out of $1,257,000 in cash and the issuance of 350,000 shares of the Company s Common Stock. The remaining cash contingent consideration expected to be paid in the fair value amount of $1,943,000 was classified as a long-term liability on the financial statements at March 31, 2011. The difference between the fair value of the cash contingent consideration at date of

acquisition and the expected payment will be recorded as an expense in the financial statements at the end of each reporting period. The Company recorded $57,000 and $94,000 for the three months ended March 31, 2011 and 2010, respectively, of accretion expense in mergers and acquisition related costs on the income statement for this difference.

The following table represents changes in assets and liabilities measured at fair value using Level 3 inputs:

	Fair value at September 15, 2009	**Earn out accretion**	**Payment on earn-out 1**	**Fair value at March 31, 2011**
Cash contingent consideration	$2,747,000	$453,000	$ (1,257,000)	$1,943,000

Note 8 Intangible Assets

At March 31, 2011 the composition of intangible assets were as follows:

(in thousands)	March 31, 2011	Estimated Useful Life
Amortized intangible assets:		
Technology	$ 1,843	5 years
Trademarks	48	5 years
Customer backlog	2,112	3 to 7 years
Non-competition agreement	349	2 to 3 years
	4,352	
Accumulated amortization	(2,077)	
	$ 2,275	
Unamortized intangible assets:		
Goodwill	$ 34,302	

Estimated future amortization of the intangible assets is as follows:

(in thousands)	Year Ending December 31,
Remainder of 2011	$ 467
2012	534
2013	337
2014	309
2015	160
2016 and beyond	468
	$ 2,275

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

BioClinica provides integrated clinical research technology solutions to pharmaceutical, biotechnology, medical device companies and other organizations such as contract research organizations, or CROs, engaged in global clinical studies. Our products and services include: medical image management, electronic image transport and archive solutions, electronic data capture, clinical data management, interactive voice and web response, clinical trial supply forecasting tools, and clinical trial management software solutions. By supplying enterprise-class software and hosted solutions accompanied by expert services to fully utilize these tools, we believe that our offerings provide our clients, large and small, improved speed and efficiency in the execution of clinical studies, with reduced clinical and business risk.

Market for our Services

Our vision is to build critical mass in the complementary disciplines of clinical research related to data collection and processing especially those which can benefit from our information technology products and support services and to integrate them in ways that yield efficiency and value for our clients. Our goal is to provide demonstrable benefits to sponsor clients through this strategy, that is, faster and less expensive drug development. We believe that the outsourcing of these services should continue to increase in the future because of increased pressure on clients, including factors such as: the need to more tightly manage costs, capacity limitations, reductions in marketing exclusivity periods, the desire to reduce development time, increased globalization of clinical trials, productivity challenges, imminent patent expirations and more stringent regulation. We believe these trends will continue to create opportunities for companies like BioClinica that are focused on improving the efficiency of drug and medical device development.

Sales and Backlog

Our sales cycle, referring to the period from the presentation by us to a potential client to the engagement of us by such client, has historically ranged from three to 12 months. In addition, the contracts under which we perform services typically cover a period of three to 60 months and the volume and type of services performed by us generally vary during the course of a project. We cannot assure you that our project revenues will be at levels sufficient to maintain profitability.

Our contracted/committed backlog, referred to as backlog, is the expected service revenue that remains to be earned and recognized on both signed and verbally agreed to contracts. Our backlog as of March 31, 2011 was $111.3 million, compared to $99.7 million at March 31, 2010. Changes in backlog for the period reflect the net effect of new contract signings, addendums, cancellations, expansions, and reductions in scope of existing projects, all of which impacted our backlog at March 31, 2011.

Contracts included in backlog are subject to termination by our clients at any time. In the event that a contract is cancelled by the client, we would be entitled to receive payment for all services performed up to the cancellation date. The duration of the projects included in our backlog range from less than three months to 60 months. We do not believe that backlog is a reliable predictor of future results because service revenues may be incurred in a given period on contracts that were not included in the previous reporting period s backlog and/or contract cancellations or project delays may occur in a given period on contracts that were included in the previous reporting period s backlog.

Acquisitions

On March 25, 2010, we acquired substantially all of the assets of privately held TranSenda International, LLC, or TranSenda. Headquartered in Bellevue, WA, TranSenda was a provider of CTMS solutions. TranSenda s suite of web-based, Office-Smart CTMS solutions create efficiencies for trial operations through interoperability with Microsoft Office tools. The CTMS solutions enable our clients to have their applications work together instead of being locked into a single suite vendor and serves as the foundation for operational data interchange among different software applications. This facilitates easier access to data with a consistent user interface and reduces training costs. With this acquisition, we enhanced our ability to serve customers throughout the clinical research process with technologies that include improved efficiencies by reducing study durations and costs through integrated operational management. The acquisition was made pursuant to an Asset Purchase Agreement, dated March 25, 2010, by and between BioClinica and TranSenda, referred to herein as the Purchase Agreement. Pursuant to the terms of the Purchase Agreement, we purchased and acquired from TranSenda all right, title and interest of TranSenda in and to the Purchased Assets (as defined in the Purchase Agreement) and assumed the Assumed Liabilities (as defined in the Purchase Agreement) of TranSenda.

As consideration for the Purchased Assets and Assumed Liabilities, we issued 577,960 shares of common stock, par value $0.00025 per share, of the Company, valued at a volume weighted average price per share equal to $4.325560, and subject to a post-closing adjustment based on the Final Closing Net Working Capital (as defined in the Purchase Agreement). Pursuant to the terms of the Purchase Agreement, 15% of the aggregate consideration was held in escrow to cover any potential indemnification claims under the Purchase Agreement for a period of 12 months following the Closing Date (as defined in the Purchase Agreement). On March 25, 2011, the amounts held in escrow were released and there were no indemnification claims. As part of the Purchase Agreement, TranSenda agreed not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of BioClinica s common stock received pursuant to the Purchase Agreement for a period beginning on the date the Purchase Agreement was executed and continuing to and including the date 12 months after such date. We recorded the fair value of the acquisition of $2,468,000 based on our market value of $4.27 on March 25, 2010, the date of acquisition.

Forward Looking Statements

Certain matters discussed in this Form 10-Q are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as believes , expects , may , should or anticipates or the negative thereof or other variations thereon or comparable terminology, c by discussions of strategy that involve risks and uncertainties. In particular, our statements regarding: our projected financial results; the demand for our services and technologies; growing recognition for the use of independent medical image review services; trends toward the outsourcing of imaging services in clinical trials; realized return from our marketing efforts; increased use of digital medical images in clinical trials; integration of our acquired companies and businesses; expansion into new business segments; the success of any potential acquisitions and the integration of current acquisitions; and the level of our backlog are examples of such forward-looking statements. The forward-looking statements include risks and uncertainties, including, but not limited to, the timing of revenues due to the variability in size, scope and duration of projects, estimates made by management with respect to our critical accounting policies, regulatory delays, clinical study results which lead to reductions or cancellations of projects and other factors, including general economic

conditions and regulatory developments, not within our control. The factors discussed in this Form 10-Q and expressed from time to time in our filings with the SEC could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this filing, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Recent Accounting Pronouncements

In December 2010, the FASB issued ASU 2010-29, Business Combinations (ASC Topic 805) - Disclosure of Supplementary Pro Forma Information for Business Combinations. This amendment expands the supplemental pro forma disclosures required. This amendment is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with earlier adoption permitted. As the adoption of ASU 2010-29 only requires enhanced disclosures, this standard will have no impact on our financial statements.

In October 2009, the FASB issued guidance on revenue recognition that became effective for us beginning on January 1, 2011. Under the new guidance on arrangements that include software elements, tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software-enabled products will now be subject to other relevant revenue recognition guidance. Additionally, the FASB issued guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how application of the relative selling price method affects the timing and amount of revenue recognition. The adoption of this new guidance did not have a material impact on the Company s financial statements.

Results of Operations

Three Months Ended March 31, 2011 and 2010

(in thousands)	Three Months ended March 31, 2011	% of Total Revenue	Three Months ended March 31, 2010	% of Total Revenue	$ Change	% Change
Service revenues	$16,144	82.1%	$14,746	81.5%	$1,398	9.5%
Reimbursement revenues	3,521	17.9%	3,358	18.5%	163	4.9%
Total revenues	19,665	100.0%	18,104	100.0%	1,561	8.6%
Cost and expenses:						
Cost of service revenues	10,557	53.7%	8,951	49.4%	1,606	17.9%
Cost of reimbursement revenues	3,521	17.9%	3,358	18.5%	163	4.9%
Sales and marketing expenses	1,860	9.5%	2,210	12.2%	(350)	(15.8)%
General and administrative expenses	2,222	11.3%	2,072	11.4%	150	7.2%
Amortization of intangible assets related to acquisitions	156	0.8%	141	0.8%	15	10.6%
Mergers and acquisitions related costs	103	0.5%	205	1.1%	(102)	(49.8)%
Restructuring costs	679	3.5%		0.0%	679	100.0%
Total cost and expenses	19,098	97.1%	16,937	93.6%	2,161	12.8%
Income from operations	567	2.9%	1,167	6.4%	(600)	(51.4)%
Interest income	2	0.0%	6	0.0%	(4)	(66.7)%
Interest expense	(9)	0.0%	(3)	0.0%	(6)	200.0%

Income before income tax	560	2.8%	1,170	6.5%	(610)	(52.1)%
Income tax provision	(209)	(1.1)%	(459)	(2.5)%	250	(54.5)%
Net income	$ 351	1.8%	$ 711	3.9%	$ (360)	(50.6)%

Service revenues were $16.1 million for the three months ended March 31, 2011 and $14.7 million for the same period in 2010, an increase of $1.4 million, or 9.5%. The increase in service revenues was due to an increase in work performed on the increased backlog from the prior year. Pfizer, Inc., encompassing 17 projects (including legacy projects with Wyeth Pharmaceuticals), represented 19.7% of our service revenue for the three months ended March 31, 2011. For the three months ended

March 31, 2010, Pfizer Inc., encompassing 15 distinct projects, represented 18.3% of our service revenues.

Reimbursement revenues and cost of reimbursement revenues were $3.5 million for the three months ended March 31, 2011 and $3.4 million for the same period in 2010, an increase of $163,000, or 4.9%. Reimbursement revenues and cost of reimbursement revenues consist of payments received from the customer for reimbursable costs. Reimbursement revenues and cost of reimbursement revenues fluctuate significantly over the course of any given project, and quarter to quarter variations are a reflection of this project timing. Therefore, our management believes that reimbursement revenues and cost of reimbursement revenues are not a significant indicator of our overall performance trends. At the request of our clients, we may directly pay the independent radiologists who review our client s imaging data. In such cases, per contractual arrangement, these costs are billed to our clients and are included in reimbursement revenues and cost of reimbursement revenues.

Cost of service revenues were $10.6 million for the three months ended March 31, 2011 and $8.9 million for the same period in 2010, an increase of $1.6 million, or 18.2%. Cost of service revenues for the three months ended March 31, 2011 and 2010 were comprised of professional salaries and benefits and allocated overhead. The increase is primarily attributable to the progressive increase in personnel throughout 2010 to build operational readiness for our eClinical offerings, including supporting the operational launch of our Trident IWR product, increase in consulting activities and additional personnel assumed with the TranSenda acquisition. The cost of revenues as a percentage of total revenues also fluctuates due to work-flow variations in the utilization of staff and the mix of services provided by us in any given period. We expect that our cost of service revenues will increase in fiscal 2011 to service our newly released products.

Sales and marketing expenses were $1.9 million for the three months ended March 31, 2011 and $2.2 million for the same period in 2010, a decrease of $350,000, or 15.8%. Sales and marketing expenses for the three months ended March 31, 2011 and 2010 were comprised of direct sales and marketing costs, salaries and benefits and allocated overhead. The decrease is primarily due to less tradeshow and marketing costs. We expect that our sales and marketing expenses will increase in fiscal 2011.

General and administrative expenses were $2.2 million for the three months ended March 31, 2011 and $2.1 million for the same period in 2010, an increase of $150,000, or 7.2%. General and administrative expenses for the three months ended March 31, 2011 and 2010 consisted primarily of salaries and benefits, allocated overhead, professional and consulting services and corporate insurance. The increase is due to the inclusion of costs from the acquisition of TranSenda and increased professional fees. We expect that our general and administrative expenses will increase in fiscal 2011.

Amortization of intangible assets related to acquisitions was $156,000 for the three months ended March 31, 2011 and $141,000 for the same period in 2010, an increase of $15,000, or 10.6%. Amortization of intangible assets related to acquisitions consisted primarily of amortization of customer backlog, customer relationships, software and non-compete intangibles acquired from the acquisitions of PDS, Tourtellotte, TranSenda and Theralys. The increase is primarily due to the acquisition of TranSenda. We expect that the amortization of intangible assets related to acquisitions will remain relatively flat in fiscal 2011.

Merger and acquisition related costs were $103,000 for the three months ended March 31, 2011 and $205,000 for the same period in 2010, a decrease of $102,000, or 49.8%. The three months ended March 31, 2010 included expenses resulting directly from merger and acquisition activities for the

TranSenda acquisition such as legal, accounting and other due diligence and integration costs. The three months ended March 31, 2011 includes $57,000 for the accretion related to the change in the fair value of the second earn-out payment associated with the Tourtellotte acquisition. It also includes professional fees associated with the TranSenda acquisition.

The launch of our BioPacs imaging management system and the release of our integrated BioRead image review software further enhances the quality of our imaging corelab service offering and has enabled us to gain efficiencies by better utilizing resources across our U.S. and European operations. As a result, in 2011, we are realigning our global resources to eliminate certain duplicate functions and expect to take a total restructuring charge, primarily comprised of severance and facility restructuring costs, of $1.6 million. In the first quarter of 2011, we incurred $679,000 of this restructuring costs consisting of $588,000 in employee severance and $91,000 in legal and other costs. We have paid $495,000 of these restructuring costs at March 31, 2011.

Net interest expense was $7,000 for the three months ended March 31, 2011 and $3,000 interest income for the three months ended March 31, 2010, an increase of $10,000, or 333%. Interest income is comprised of interest income earned on our cash balance and interest expense is comprised of interest expense incurred on equipment lease obligations. The increase is due to the capital lease obligation we entered into in December 2010.

Our income tax provision was $209,000 for the three months ended March 31, 2011 and $459,000 for the same period in 2010, a decrease of $243,000, or 52.9%. The effective tax rate for the three months ended March 31, 2011 was approximately 37.3% and 39.2% for the three months ended March 31, 2010. The lower effective tax rate in fiscal 2011 was due to the decreased operating income from the restructuring costs as well as credits for increasing research activities.

Business Segments and Geographic Information

We view our operations and manage our business as one operating segment, clinical trials services.

Our corporate headquarters and operational facilities are in Pennsylvania, in the United States. We also have a European facility in Leiden, the Netherlands. We manage our services for European-based clinical trials from the Leiden facility. Our European facility has similar processing and analysis capabilities as our United States headquarters. We also have a facility in Lyon, France that provides product development and research activities. We have an office in Bhubaneshwar, India to provide information technology support.

Liquidity and Capital Resources

Our principal liquidity requirements have been, and we expect will be, for working capital and general corporate purposes, including capital expenditures.

Statement of Cash Flow for the three months ended March 31, 2011 compared to March 31, 2010

(in thousands)	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net cash provided by operating activities	$ 1,168	$ 1,138
Net cash used in investing activities	$ (1,280)	$ (2,255)
Net cash (used in) provided by financing activities	$ (193)	$ 65

At March 31, 2011, we had cash and cash equivalents of $10.2 million. Working capital, defined as current assets minus current liabilities, at March 31, 2011 was $9.1 million.

Net cash provided by operating activities for the three months ended March 31, 2011 was $1.2 million as compared to $1.1 million for the three months ended March 31, 2010. This increase from the prior year is primarily due to the increase in accounts payable.

Net cash used in investing activities for the three months ended March 31, 2011 was $1.3 million as compared to net cash used in investing activities of $2.3 million for the three months ended March 31, 2010. This decrease is primarily due to less capitalized software for the three months ended March 31, 2011 as compared to the three months ended March 31, 2010. We currently anticipate that capital expenditures for fiscal 2011 will be approximately $6.0 million, funded by cash from operations, as compared to $7.2 million for fiscal 2010. These expenditures primarily represent capitalization of software costs and network and data center computer equipment.

Net cash used in financing activities for the three months ended March 31, 2011 was $193,000 as compared to net cash provided by financing activities of $65,000 for the three months ended March 31, 2010. The change to the use of cash for financing activities was primarily due to our purchase of treasury shares for the three months ended March 31, 2011.

The following table lists our cash contractual obligations as of March 31, 2011:

(in thousands)	Payments Due By Period				
Contractual obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Facility rent operating leases	$ 19,884	$ 2,616	$ 5,730	$ 4,979	$ 6,559
Capital lease	834	166	353	315	
Employment agreements	784	784			
Earn-outs for Tourtellotte acquisition	2,000		2,000		
Total contractual cash obligations	$ 23,502	$ 3,566	$ 8,083	$ 5,294	$ 6,559

On May 5, 2010, we entered into an unsecured, committed line of credit with PNC Bank expiring May 5, 2012. In April 2011 we extended this line of credit for an expiration of May 4, 2013. Under the credit agreement, we have the ability to borrow $7.5 million at interest rates equal to LIBOR plus 1.75%. In addition, we pay a fee of 0.25% per annum on the loan commitment regardless of usage. The credit agreement requires our compliance with certain covenants, including maintaining a minimum stockholders equity of $35 million. As of March 31, 2011, we had no borrowings under this line of credit, and we were compliant with the covenants.

Capital lease obligations consist of one equipment lease obligation at March 31, 2011. In December 2010, we entered into a capital lease with a bank totaling $892,000, which included a $194,000 sale-leaseback transaction that we entered into with the same bank in September 2010 and $698,000 of equipment lease obligation, the lease term is 5 years with an interest rate of 3.87% per annum.

We have neither paid nor declared dividends on our common stock since our inception and do not plan to pay dividends on our common stock in the foreseeable future.

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of or requirements for capital resources.

We anticipate that our existing capital resources together with cash flow from operations will be sufficient to meet our cash needs for the next 12 months. However, we cannot assure you that our operating results will maintain profitability on an annual basis in the future. The inherent operational risks associated with the following factors may have a material adverse effect on our future liquidity:

- our ability to gain new client contracts;
- project cancellations;
- the variability of the timing of payments on existing client contracts; and
- other changes in our operating assets and liabilities.

We may seek to raise additional capital from equity or debt sources in order to take advantage of unanticipated opportunities, such as more rapid expansion, acquisitions of complementary businesses or the development of new services. We cannot assure you that additional financing will be available, if at all, on terms acceptable to us.

Changes to Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. As of March 31, 2011, there have been no changes to such critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We invest in high-quality financial instruments, comprised of savings accounts, certificate of deposits and money market funds. Due to the short-term nature of our investments, we do not believe that we have any material exposure to interest rate risk arising from our investments.

Foreign Currency Risk

In accordance with our foreign exchange rate risk management policy, we had purchased monthly Euro call options in prior years. These options were intended to hedge against the exposure to variability in our cash flows resulting from the Euro denominated costs for our Netherlands and France subsidiaries. During the three months ended March 31, 2011 and 2010, we have not purchased any Euro call options, because our foreign currency needs are generally being met by the cash flow generated by Euro denominated contracts. As of March 31, 2011, there were no outstanding derivative positions.

Under our current foreign exchange rate risk management policy, and upon expiration or ineffectiveness of any derivatives, we will record a gain or loss from such derivatives that are deferred in stockholders equity to cost of revenues and general and administrative expenses in the Consolidated Statement of Income based on the nature of the underlying cash flow hedged.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. We evaluated, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934 (Exchange Act), as amended) as of March 31, 2011, the end of the period covered by this report on Form 10-Q. Based on this evaluation, our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal accounting and financial officer) have concluded that our disclosure controls and procedures were effective at March 31, 2011. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and were operating in an effective manner for the period covered by this report, and (ii) is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in internal control over financial reporting. There was no change in our internal controls over financial reporting that occurred during the first quarter of 2011 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

In the normal course of business, we may be a party to legal proceedings. We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors.

The more prominent risks and uncertainties inherent in our business are described below. However, additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations may suffer. Any of the following factors could harm our business and future results of operations, and you could lose all or part of your investment.

Risks Related to Our Company and Business

We may incur financial losses because contracts may be delayed or terminated or reduced in scope for reasons beyond our control.

Our clients may terminate or delay their contracts for a variety of reasons, including, but not limited to:

unexpected or undesired clinical results;
the client s decision to terminate the development of a particular product or to end a particular study;
insufficient patient enrollment in a study;
insufficient investigator recruitment;
failure to perform our obligations under the contract; or
the failure of products to satisfy safety requirements.

In addition, we believe that companies that are regulated by the United States Food and Drug Administration, or FDA, may proceed with fewer clinical trials or conduct them without assistance of contract service organizations if they are trying to reduce costs as a result of cost containment pressures associated with healthcare reform, budgetary limits or changing priorities. These factors may cause such companies to cancel contracts with contract service organizations.

We cannot assure you that our clients will continue to use our services or that we will be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenues. Further, we cannot assure you that our clients will continue to generate consistent amounts of revenues over time.

The loss, reduction in scope or delay of a large contract or the loss or delay of multiple contracts could materially adversely affect our business.

The recent economic downturn may adversely impact our ability to grow our business.

The recent economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. The fallen equity markets and adverse credit markets may make it difficult for us to raise capital or procure credit in the future to fund the growth of our business, which could have a negative impact on our business and results of operations and limit our ability to pursue acquisitions.

We depend on a small number of industries and clients for all of our business, and the loss of one such significant client could cause revenues to drop quickly and unexpectedly.

We depend on research and development expenditures by pharmaceutical, biotechnology and medical device companies to sustain our business. Our operations could be materially and adversely affected if:

- our clients businesses experience financial problems or are affected by a general economic downturn;
- consolidation in the pharmaceutical, biotechnology or medical device industries leads to a smaller client base for us; or
- clients reduce their research and development expenditures.

Contracts with one client, Pfizer, Inc., which encompassed 17 projects, represented 19.7% of our service revenues for the three months ended March 31, 2011. For the three months ended March 31, 2010, Pfizer, Inc. represented 18.3% of our service revenue, encompassing 15 projects. The loss of business from a significant client or our failure to continue to obtain new business to replace completed or canceled projects would have a material adverse effect on our business and revenues.

Our contracted/committed backlog may not be indicative of future results.

Our reported contracted/committed backlog of $111.3 million at March 31, 2011 is based on anticipated service revenue from uncompleted projects with clients. Backlog is the expected service revenue that remains to be earned and recognized on signed and verbally agreed to contracts. Contracts included in backlog are subject to termination by our clients at any time. In the event that a client cancels a contract, we would be entitled to receive payment for all services performed up to the cancellation date and subsequent client authorized services related to the cancellation of the project. The duration of the projects included in our backlog range from less than three months to seven years. We cannot assure you that this backlog will be indicative of future results. A number of factors may affect backlog, including:

- the variable size and duration of the projects (some are performed over several years);
- the loss or delay of projects;
- the change in the scope of work during the course of a project; and
- the cancellation of such contracts by our clients.

Also, if clients delay projects, the projects will remain in backlog, but will not generate revenue at the rate originally expected. Accordingly, the historical relationship of backlog to revenues may not be indicative of future results.

We made one acquisition in the first quarter 2010, two acquisitions in the third quarter of 2009, and may engage in future acquisitions, which may be expensive and time consuming, and from which we may not realize anticipated benefits.

On March 25, 2010, we acquired substantially all of the assets of privately held TranSenda International, LLC, headquartered in Bellevue, WA. In the third quarter of 2009, we acquired the

CardioNow unit from AGFA Healthcare and substantially all of the assets of Tourtellotte Solutions, Inc. and may acquire additional businesses, technologies and products if we determine that these additional businesses, technologies and products complement our existing business, or otherwise serve our strategic goals. Either as a result of the recent acquisitions or future acquisitions undertaken, the process of integrating the acquired business, technology or product may result in operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of our business. Moreover, we may never realize the anticipated benefits of any such acquisition. Such acquisitions could result in potentially dilutive issuances of our securities, the incurrence of debt and contingent liabilities and amortization expenses related to intangible assets, all of which could adversely affect our results of operations and financial condition.

Loss of key personnel, or failure to attract and retain additional personnel, may cause the success and growth of our business to suffer.

Future success depends on the personal efforts and abilities of the principal members of our senior management to provide strategic direction, develop business, manage operations and maintain a cohesive and stable environment. Specifically, we are dependent upon Mark L. Weinstein, President and Chief Executive Officer, Ted I. Kaminer, Executive Vice President of Finance and Administration and Chief Financial Officer, David A. Pitler, Executive Vice President, President of Medical Imaging Solutions, and Peter Benton, Executive Vice President, President of eClinical Solutions. Although we have employment agreements with Mr. Weinstein, Mr. Kaminer and Mr. Benton, this does not necessarily mean that they will remain with us. Although we have executive retention agreements with our officers, we do not have employment agreements with any other key personnel. Furthermore, our performance also depends on our ability to attract and retain management and qualified professional and technical operating staff. Competition for these skilled personnel is intense. The loss of services of any key executive, or inability to continue to attract and retain qualified staff, could have a material adverse effect on our business, results of operations and financial condition. We do not maintain any key employee insurance on any of our executives.

We may not be able to effectively manage our international operations.

We maintain facilities in France, the Netherlands and India, and we may continue to expand our international operations in the future. There are significant risks associated with the establishment of foreign operations, including, but not limited to: geopolitical risks, foreign currency exchange rates and the impact of shifts in the U.S. and local economies on those rates, compliance with local laws and regulations, the protection of our intellectual property and that of our customers, the ability to integrate our corporate culture with local customs and cultures, and the ability to effectively and efficiently supply our international facilities with the required equipment and materials. If we are unable to effectively manage these risks, these locations may not produce the revenues, earnings, or strategic benefits that we anticipate which could have a material adverse affect on our business.

Our revenues, earnings and operating costs are exposed to exchange rate fluctuations.

During the three months ended March 31, 2011, a portion of our service revenues were denominated in foreign currency. Our financial statements are denominated in United States dollars. In the event a greater portion of our service revenues are denominated in a foreign currency, changes in foreign currency exchange rates could affect our results of operations and financial condition. Fluctuations in foreign currency exchange rates could materially impact the operating costs of our European facilities in Leiden, the Netherlands and Lyon, France, which are primarily Euro denominated. We hedge our foreign currency exposure when and as appropriate to mitigate the adverse impact of fluctuating exchange rates.

We may be required to record additional significant charges to earnings if our goodwill becomes impaired.

Under accounting principles generally accepted in the United States, we review our goodwill for impairment each year as of December 31 and when events or changes in circumstances indicate the carrying value may not be recoverable. The carrying value of our goodwill may not be recoverable due to factors such as a decline in stock price and market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. Estimates of future cash flows are based on an updated long-term financial outlook of our operations. However, actual performance in the near-term or long-term could be materially different from these forecasts, which could impact future estimates. For example, a significant decline in our stock price and/or market capitalization may result in impairment of our goodwill valuation. We may be required to record a charge to earnings in our financial statements during a period in which an impairment of our goodwill is determined to exist, which may negatively impact our results of operations.

Our software products and hosted solutions are at varying stages of market acceptance and the failure of any of our products to achieve or maintain wide acceptance would harm our operating results.

We began offering our electronic data capture software solution for clinical trials in March 2008. Continued use of our current electronic data capture software products, and broad and timely acceptance of newly-introduced electronic data capture software products, as well as integrated solutions combining one or more of our software products, is critical to our future success and is subject to a number of significant risks, some of which are outside our control. These risks include:

- our customers and prospective customers desire for and acceptance of our electronic data capture, clinical data management, drug safety and interactive response technology solutions;
- our ability to meet product development and release schedules;
- our software products and hosted solutions ability to support large numbers of users and manage vast amounts of data;
- our ability to significantly expand our internal resources and increase our capital and operating expenses to support the anticipated growth and continued integration of our software products, services and hosted solutions; and
- our customers ability to use our software products and hosted solutions, train their employees and successfully deploy our technology in their clinical trial and safety evaluation and monitoring activities.

Our failure to address, mitigate or manage these risks would seriously harm our business, particularly if the failure of any or all of our software products or hosted solutions to achieve market acceptance negatively affects our sales of our other products and services.

We may be unable to adequately protect, and we may incur significant costs in defending, our intellectual property and other proprietary rights or in defending claims that we are infringing upon the intellectual property rights of others.

Our success depends on our ability to protect our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright, patent and unfair competition laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring certain of our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. To the extent that our intellectual property and other proprietary rights are not adequately protected, third parties might gain access to our proprietary information, develop and market products or services similar to ours or use trademarks similar to ours, each of which could materially harm our business. Existing U.S. federal and state intellectual property laws offer only limited protection. Moreover, the laws of other countries in which we market our software products, services and hosted solutions may afford little or no effective protection of our intellectual property. If we are involved in legal proceedings to enforce our intellectual property rights, to determine the validity and scope of the intellectual property or other proprietary rights of others or to defend against claims of infringement by third parties, the proceedings could be burdensome and expensive, even if we were to prevail. Any potential infringement actions brought against us could require us to stop using the product or service which incorporates such third party intellectual property, obtain a license to use such third party intellectual property (which could be costly or unavailable) or redesign our products or services that incorporate such third party intellectual property (which could be time consuming and costly and affect the market acceptance of such product or service). The failure to adequately protect our intellectual property and other proprietary rights or acknowledge third party intellectual property rights may have a material adverse effect on our business, results of operations or financial condition.

Risks Related to Our Industry

Our failure to compete effectively in our industry could cause our revenues to decline.

Significant factors in determining whether we will be able to compete successfully include:

- consultative and clinical trials design capabilities;
- reputation for on-time quality performance;
- expertise and experience in specific therapeutic areas;
- the scope of service offerings;
- strength in various geographic markets;
- the price of services;
- ability to acquire, process, analyze and report data in a time-saving and accurate manner;
- ability to manage large-scale clinical trials both domestically and internationally;
- our size;
- the service and product offerings of our competitors; and
- our ability to upgrade our products, services and hosted solutions so such offerings are not deemed obsolete in comparison to the service and product offerings of our competitors.

If our services are not competitive based on these or other factors, our business, financial condition and results of operations could be materially harmed.

The biopharmaceutical services industry is highly competitive, and we face numerous competitors in

our business, including hundreds of CROs. If we fail to compete effectively, we will lose clients, which would cause our business to suffer. We primarily compete against in-house departments of pharmaceutical companies, full service CROs, small specialty CROs, and to a lesser extent, universities and teaching hospitals. Some of these competitors have substantially greater capital, technical and other resources than we do. In addition, certain of our competitors that are smaller specialized companies may compete effectively against us because of their concentrated size and focus.

Changes in outsourcing trends in the pharmaceutical and biotechnology industries could adversely affect our operating results and growth rate.

Service revenues depend greatly on the expenditures made by the pharmaceutical and biotechnology industries in research and development. Accordingly, economic factors and industry trends that affect our clients in these industries also affect our business. For example, the practice of many companies in these industries has been to hire outside organizations like us to conduct clinical research projects. This practice has grown significantly in the last decade, and we have benefited from this trend. However, if this trend were to change and companies in these industries were to reduce the number of research and development projects they outsource, our business could be materially adversely affected.

Additionally, numerous governments have undertaken efforts to control growing healthcare costs through legislation, regulation and voluntary agreements with medical care providers and pharmaceutical companies. If future regulatory cost containment efforts limit the profits that can be derived from new drug sales, our clients might reduce their research and development spending, which could reduce our business.

Consolidation among our customers could cause us to lose customers, decrease the market for our products and result in a reduction of our revenues.

Our customer base could decline because of industry consolidation, and we may not be able to expand sales of our products and services to new customers. Consolidation in the pharmaceutical, biotechnology and medical device industries has accelerated in recent years, and we expect this trend to continue. As these industries consolidate, competition to provide products and services to industry participants will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may try to use their market power to negotiate price reductions for our products and services. Also, if consolidation of larger current customers occurs, the combined organization may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined organization s revenues to continue to achieve growth.

The recent economic downturn coupled with the current regulatory environment could have a negative impact on the pharmaceutical, biotechnology and medical device industries.

The recent economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. Our revenues are contingent upon the research and development expenditures by pharmaceutical, biotechnology and medical device companies. Some companies in these industries have found it difficult to raise capital in the equity and debt markets or through traditional credit markets to fund research and development. In addition, increased regulatory scrutiny from the FDA may have increased the costs of research and development for these companies. These companies have responded to the recent economic downturn and regulatory environment by

postponing, attenuating or cancelling clinical trials projects, or portions thereof, which may reduce the need for our services. As a result, our revenues may be similarly decreased. Furthermore, while our revenues may decrease, our costs may remain relatively fixed, resulting in decreased earnings.

Failure to comply with existing regulations could result in increased costs to complete clinical trials.

Our business is subject to numerous governmental regulations, primarily relating to pharmaceutical product development and the conduct of clinical trials. In particular, we are subject to 21 CFR Part 11 of the Code of Federal Regulations that provides the criteria for acceptance by the FDA of electronic records. If we fail to comply with these governmental regulations, it could result in the termination of ongoing clinical research or the disqualification of data for submission to regulatory authorities. We also could be barred from providing clinical trial services in the future or be subjected to fines. Any of these consequences would harm our reputation, our prospects for future work and our operating results.

We may be affected by health care reform.

In March 2010, the United States Congress enacted health care reform legislation intended over time to expand health insurance coverage and impose health industry cost containment measures. This legislation may significantly impact the pharmaceutical and biotechnology industries. In addition, the U.S. Congress, various state legislatures and European and Asian governments may consider various types of health care reform in order to control growing health care costs. We are presently uncertain as to the effects of the recently enacted legislation on our business and are unable to predict what legislative proposals will be adopted in the future, if any.

Implementation of health care reform legislation may have certain benefits but also may contain costs that could limit the profits that can be made from the development of new drugs. This could adversely affect research and development expenditures by pharmaceutical and biotechnology companies, which could in turn decrease the business opportunities available to us both in the United States and abroad. In addition, new laws or regulations may create a risk of liability, increase our costs or limit our service offerings.

In addition to healthcare reform legislation, the expansion of managed care organizations in the healthcare market may result in reduced spending on research and development. Managed care organizations efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

Changes in governmental regulation could decrease the need for the services we provide, which would negatively affect our future business opportunities.

Governmental agencies throughout the world, but particularly in the United States, strictly regulate the drug development/approval process. Our business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as relaxation in regulatory requirements or the introduction of simplified drug approval procedures or an increase in regulatory requirements that we may have difficulty satisfying could eliminate or substantially reduce the need for our services. If these changes in regulations were to occur, our business, results of operations and financial condition could be materially adversely affected. These and other changes in regulation could have a material adverse impact on our available business opportunities.

If governmental agencies do not accept the data and analyses generated by our services, the need for our services would be eliminated or substantially reduced.

The success of our business is dependent upon continued acceptance by the FDA and other regulatory authorities of the data and analyses generated by our services in connection with the evaluation of the safety and efficacy of new drugs and devices. The FDA has formal guidelines that encourage the use of surrogate measures through submission of digital image data, for evaluation of drugs to treat life-threatening or debilitating conditions. We cannot assure you that the FDA or other regulatory authorities will accept the data or analyses generated by us in the future and, even assuming acceptance, the FDA or other regulatory authorities may not require the application of imaging techniques to the number of patients and over time periods substantially similar to those required of traditional safety and efficacy techniques. If the governmental agencies do not accept data and analyses generated by our services in connection with the evaluation of new drugs and devices, the need for our services would be eliminated or substantially reduced, and, as a result, our business, results of operations and financial condition could be materially adversely affected.

In the course of conducting our business, we possess or could be deemed to possess personal medical information in connection with the conduct of clinical trials. If we fail to keep this information properly protected we could be subject to significant liability.

Our software solutions are used to collect, manage and report information in connection with the conduct of clinical trial and safety evaluation and monitoring activities. This information is or could be considered to be personal medical information of the clinical trial participants or patients. Regulation of the use and disclosure of personal medical information is complex and growing. Increased focus on individuals rights to confidentiality of their personal information, including personal medical information, could lead to an increase of existing and future legislative or regulatory initiatives giving direct legal remedies to individuals, including rights to damages, against entities deemed responsible for not adequately securing such personal information. In addition, courts may look to regulatory standards in identifying or applying a common law theory of liability, whether or not that law affords a private right of action. Since we receive and process personal information of clinical trial participants and patients from customers utilizing our hosted solutions, there is a risk that we could be liable if there were a breach of any obligation to a protected person under contract, standard of practice or regulatory requirement. If we fail to properly protect this personal information that is in our possession or deemed to be in our possession, we could be subjected to significant liability.

We may be exposed to liability claims as a result of our involvement in clinical trials.

We may be exposed to liability claims as a result of our involvement in clinical trials. We cannot assure you that liability claims will not be asserted against us as a result of work performed for our clients. We maintain liability insurance coverage in amounts that we believe are sufficient for the pharmaceutical services industry. Furthermore, we cannot assure you that our clients will agree to indemnify us, or that we will have sufficient insurance to satisfy any such liability claims. If a claim is brought against us and the outcome is unfavorable to us, such outcome could have a material adverse impact on us.

In the event we are unable to satisfy regulatory requirements relating to internal control over financial reporting, or if these internal controls are not effective, our business and financial results may suffer.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our brand and operating results could be harmed. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to furnish a report by management on internal control over financial reporting, including management s assessment of the effectiveness of such control. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed, we could fail to meet our reporting obligations, and there could also be a material adverse effect on our stock price.

Risks Related to Our Common Stock

Your percentage ownership and voting power and the price of our common stock may decrease as a result of events that increase the number of our outstanding shares.

As of March 31, 2011, we had the following capital structure (in thousands):

Common stock outstanding	15,642
Common stock issuable upon:	
Exercise of options which are outstanding	1,844
Restricted stock units outstanding	509
Number of shares remaining under equity plan which have not been granted	804
Total common stock outstanding assuming exercise or conversion of all of the above	18,799

As of March 31, 2011, we had outstanding options to purchase 1.8 million shares of common stock at exercise prices ranging from $0.72 to $8.06 per share (exercisable at a weighted average of $4.88 per share), of which 1.2 million options were then exercisable. Exercise of our outstanding options into shares of our common stock may significantly and negatively affect the market price for our common stock as well as decrease your percentage ownership and voting power. In addition, we may conduct future offerings of our common stock or other securities with rights to convert the securities into shares of our common stock. As a result of these and other events, such as future acquisitions, that increase the number of our outstanding shares, your percentage ownership and voting power and the price of our common stock may decrease.

Shares of our common stock eligible for public sale may have a negative impact on its market price.

Future sales of shares of our common stock by existing holders of our common stock or by

holders of outstanding options, upon the exercise thereof, could have a negative impact on the market price of our common stock. As of March 31, 2011, we had 15.6 million shares of our common stock issued and outstanding, substantially all of which are currently freely tradable. As additional shares of common stock become available for resale in the public market pursuant to registration statements and releases of lock-up agreements, the market supply of shares of common stock will increase, which could also decrease its market price.

We are unable to estimate the number of shares that may be sold because this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Any sale of substantial amounts of our common stock or other securities in the open market may adversely affect the market price of our securities and may adversely affect our ability to obtain future financing in the capital markets as well as create a potential market overhang.

There are a limited number of stockholders who have significant control over our common stock, allowing them to have significant influence over the outcome of all matters submitted to our stockholders for approval, which may conflict with our interests and the interests of our other stockholders.

Our directors, officers and principal stockholders (stockholders owning 10% or more of our common stock), including Covance Inc., beneficially owned 23% of the outstanding shares of common stock and stock options that could have been converted to common stock at March 31, 2011, and such stockholders will have significant influence over the outcome of all matters submitted to our stockholders for approval, including the election of our directors and other corporate actions. In addition, such influence by these affiliates could have the effect of discouraging others from attempting to take us over, thereby increasing the likelihood that the market price of the common stock will not reflect a premium for control.

Because we do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance further research and development and do not expect to pay any cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

Trading in our common stock may be volatile, which may result in substantial declines in its market price.

The market price of our common stock has experienced historical volatility and might continue to experience volatility in the future in response to quarter-to-quarter variations in:

- operating results;
- analysts reports;
- market conditions in the industry;
- changes in governmental regulations; and
- changes in general conditions in the economy or the financial markets.

The overall market (including the market for our common stock) has also experienced significant decreases in value in the past. This volatility and potential market decline could affect the market prices

of securities issued by many companies, often for reasons unrelated to their operating performance, and may adversely affect the price of our common stock. Between January 1, 2011 and March 31, 2011, our common stock has traded at a low of $4.20 per share and a high of $5.60 per share.

Our common stock began trading on the NASDAQ Global Market, formerly called the NASDAQ National Market, on December 18, 2003 and has a limited trading market. We cannot assure that an active trading market will develop or, if developed, will be maintained. As a result, our stockholders may find it difficult to dispose of shares of our common stock and, as a result, may suffer a loss of all or a substantial portion of their investment.

Certain provisions of our charter and Delaware law could make a takeover difficult and may prevent or frustrate attempts by our stockholders to replace or remove our management team.

We have an authorized class of 3,000,000 shares of undesignated preferred stock, of which 1,250,000 shares were previously issued and converted to common stock and 36,000 shares designated as Series A Junior Participating Preferred Stock under our stockholder rights plan as previously disclosed. The remaining 1,714,000 shares may be issued by our board of directors, on such terms and with such rights, preferences and designation as the board of directors may determine. Issuance of such preferred stock, depending upon the rights, preferences and designations thereof, may have the effect of delaying, deterring or preventing a change in control of our company. In addition, we are subject to provisions of Delaware corporate law which, subject to certain exceptions, will prohibit us from engaging in any business combination with a person who, together with affiliates and associates, owns 15% or more of our common stock for a period of three years following the date that the person came to own 15% or more of our common stock, unless the business combination is approved in a prescribed manner. Our board of directors also adopted a stockholder rights plan, dated as of July 20, 2009, as amended and restated on March 23, 2011, similar to plans adopted by many other publicly traded companies. The stockholder rights plan is intended to protect stockholders against unsolicited attempts to acquire control of us that do not offer a fair price to our stockholders as determined by our board of directors.

These provisions of our certificate of incorporation, stockholders rights plan and of Delaware law, may have the effect of delaying, deterring or preventing a change in control of our company, may discourage bids for our common stock at a premium over market price and may adversely affect the market price, and the voting and other rights of the holders, of our common stock. In addition, these provisions make it more difficult to replace or remove our current management team in the event our stockholders believe this would be in the best interest of our company and our stockholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On December 15, 2010, our Board of Directors authorized $2 million in funds for use in our common stock repurchase program over the following 18 months from December 2010. Repurchase under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable federal securities laws, including Rule 10b-18. Rule 10b-18 puts limitations on this repurchase program, including but not limited to, the manner of purchase, the time of the repurchases, the prices paid and the volume of shares repurchased. The timing of the repurchases and the exact number of shares of common stock to be purchased will be determined by the discretion of our management under the supervision of the audit committee of our board of directors, and will depend upon market conditions and other factors. The program will be funded using our cash on hand and cash generated from operations. On March 14, 2011, we entered into a 10b5-1 Stock Repurchase Agreement with our broker so we had the ability to repurchase shares of our common stock during our standard blackout periods. The program may be extended, suspended or discontinued at any time.

The following table provides information relating to our repurchase of common stock for the first quarter of 2011:

	Total Number of Shares Purchased	Approximate Dollar Value of Shares that May

	Total Number of Shares Purchased	Average Price Paid per Share	as Part of Publicly Announced Program	Yet Be Purchased Under the Program
January 1 January 31, 2011				$ 1,984,177
February 1 February 28, 2011	2,509	$ 4.67	2,509	$ 1,972,387
March 1 March 31, 2011	35,104	$ 5.01	35,104	$ 1,795,332
	37,613		37,613	

Item 3. Defaults Upon Senior Securities.

None.

Item 4. (Removed and Reserved)

Item 5. Other Information.

None.

Item 6. Exhibits.

4.1	Amended and Restated Rights Agreement, dated as of March 23, 2011, between BioClinica, Inc. and Computershare Trust Company, N.A. Incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K, dated March 25, 2011.
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of principal financial and accounting officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 (furnished herewith).
32.2	Certification of principal financial and accounting officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 (furnished herewith).

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.

BIOCLINICA, INC.

DATE: May 6, 2011

By: /s/ Mark L. Weinstein
Mark L. Weinstein, President and Chief Executive
Officer (Principal Executive Officer)

DATE: May 6, 2011

By: /s/ Ted I. Kaminer
Ted I. Kaminer, Executive Vice President of Finance
and Administration and Chief Financial Officer
(Principal Financial and Accounting Officer)