

PRIMEDEX HEALTH SYSTEMS INC

Form 10-Q/A

October 02, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

# **FORM 10-Q/A**

**(AMENDMENT NO. 1)**

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

**For the quarterly period ended July 31, 2006**

**or**

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

For the transition period from to

Commission File Number 0-19019

**PRIMEDEX HEALTH SYSTEMS, INC.**

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(Exact name of registrant as specified in charter)

**New York**

(State or other jurisdiction of  
incorporation or organization)

**13-3326724**

(I.R.S. Employer  
Identification No.)

**1510 Cotner Avenue**  
**Los Angeles, California**  
(Address of principal executive offices)

**90025**  
(Zip Code)

**(310) 478-7808**

**(Registrant's telephone number, including area code)**

n/a



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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes  No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY**

**PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

The number of shares outstanding of the registrant's common stock as of September 6, 2006 was 42,228,761 (excluding treasury shares).

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Explanatory Note: This Amendment No. 1 on Form 10-Q/A to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2006 includes a new discussion in Item 2. under Overview with respect to our evaluation of disclosure controls and procedures, clarifies our discussion in Item 4., and adds a paragraph to our CEO and CFO certifications filed as Exhibits 31.1 and 31.2.

## PART 1 FINANCIAL INFORMATION

### Item 1. Financial Statements

#### PRIMEDEX HEALTH SYSTEMS, INC. AND AFFILIATES

#### CONSOLIDATED BALANCE SHEETS

	October 31, 2005	JULY 31, 2006 (Unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,000	\$ 2,000
Accounts receivable, net	22,319,000	24,299,000
Unbilled receivables and other receivables	476,000	1,035,000
Other	1,799,000	3,533,000
Total current assets	24,596,000	28,869,000
<b>PROPERTY AND EQUIPMENT, NET</b>	68,107,000	62,836,000
<b>OTHER ASSETS</b>		
Accounts receivable, net	1,267,000	1,379,000
Goodwill	23,099,000	23,099,000
Deferred financing costs	472,000	5,198,000
Trade name and other	3,692,000	5,219,000
Total other assets	28,530,000	34,895,000
Total assets	\$ 121,233,000	\$ 126,600,000
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Cash disbursements in transit	\$ 3,425,000	\$ 5,748,000
Line of credit	13,341,000	
Accounts payable and accrued expenses	22,469,000	20,962,000
Short-term notes expected to be refinanced:		
Notes payable	69,066,000	
Obligations under capital lease	56,927,000	
Notes payable	1,101,000	867,000
Obligations under capital lease	1,697,000	1,849,000
Total current liabilities	168,026,000	29,426,000
<b>LONG-TERM LIABILITIES</b>		
Subordinated debentures payable	16,147,000	16,147,000
Line of credit		6,868,000
Notes payable to related party	3,533,000	
Notes payable, net of current portion		145,154,000
Obligations under capital lease, net of current portion	4,129,000	3,552,000
Accrued expenses	31,000	22,000

Total long-term liabilities	23,840,000	171,743,000
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS DEFICIT</b>	(70,633,000	) (74,569,000
Total liabilities and stockholders deficit	\$ 121,233,000	\$ 126,600,000

The accompanying notes are an integral part of these financial statements

**PRIMEDEX HEALTH SYSTEMS, INC. AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

JULY 31,	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2005	2006	2005	2006
<b>NET REVENUE</b>	\$ 36,178,000	\$ 40,336,000	\$ 105,478,000	\$ 118,462,000
<b>OPERATING EXPENSES</b>				
Operating expenses	26,790,000	30,105,000	79,792,000	88,701,000
Depreciation and amortization	4,243,000	4,071,000	12,905,000	12,175,000
Provision for bad debts	946,000	2,000,000	2,789,000	4,739,000
Loss on disposal of equipment, net		224,000	698,000	210,000