

BIOLASE TECHNOLOGY INC

Form 10-Q/A

July 19, 2005

Table of Contents

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 10-Q/A**

**(Amendment No. 2)**

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(Mark One)

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

For the quarterly period ended September 30, 2004

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-19627

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**BIOLASE TECHNOLOGY, INC.**

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(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-0442441**  
(I.R.S. Employer  
Identification No.)

**981 Calle Amanecer**  
**San Clemente, California 92673**  
(Address of principal executive offices, including zip code)

**(949) 361-1200**  
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of the registrant's common stock, \$0.001 par value, as of October 29, 2004: 22,736,000.

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**Table of Contents**

**BIOLASE TECHNOLOGY, INC.**

**EXPLANATORY NOTE**

This Amendment No. 2 on Form 10-Q/A (this Form 10-Q/A ) amends our Quarterly Report on Form 10-Q for the third fiscal quarter ended September 30, 2004, filed with the Securities and Exchange Commission (the SEC ) on November 10, 2004 and is being filed to reflect the restatement of our consolidated financial statements for the three and nine months ended September 30, 2004 and 2003, as discussed in Note 3 thereto. Amendment No. 1 was filed to revise the outstanding number of shares on the cover page of the Form 10-Q originally filed on November 9, 2004.

As reported in the Form 8-K filed May 20, 2005, we decided to restate our financial statements after reaching the conclusion that we had under accrued sales tax and related penalties and interest for fiscal 2002. The impact of these sales tax and related adjustments that impacted 2002, 2003 and the first three quarters of 2004, as well as other adjustments in the areas of value-added tax ( VAT ), payroll and related accruals, deferred revenue, and other accrued liabilities have led our management to recommend, and our Audit Committee to conclude, that the consolidated financial statements as of and for the years ended December 31, 2003 and 2002, the four quarters of 2003 and the first three quarters of 2004 also need to be restated.

We are restating the unaudited consolidated financial statements in this Form 10-Q/A to correct for the following items:

Under accrual of sales tax, and penalties and interest, and the reflection of subsequent abatement for a portion of the penalties and interest

Sales tax on warranty items

Refunds that were recorded for VAT, understating our VAT payable

Training services and consumables in our multiple element arrangements for which these applicable elements of revenue were overstated

Recognition of revenue on a Waterlase system that was not fully functional at the time of shipment

Write-off of an accounts receivable balance for which revenue was improperly recognized

Accruals for bonuses, commissions, payroll, health and dental insurance and vacation

Understatement of our excess and obsolete reserve for items that had previously been reserved

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Recording cost of raw materials

Adjustments identified but not originally recorded that were previously determined to be immaterial.

Except for the foregoing amended information required to reflect the effects of the restated consolidated financial statements, this Form 10-Q/A continues to describe conditions as presented in the original report on Form 10-Q. The Form 10-Q/A does not reflect events occurring after the filing of the Form 10-Q, or modify or update those disclosures, including exhibits to the Form 10-Q affected by subsequent events. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the original filing of the Form 10-Q on November 10, 2004. Accordingly, this Form 10-Q/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the original Form 10-Q, including any amendments to those filings. The following items have been amended (and conforming changes have been made where indicated as restated) as a result of the restatement:

Part I Item 1 Financial Statements (unaudited)

Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I Item 4 Controls and Procedures

The restated consolidated financial statements as of December 31, 2003 and for the years ended December 31, 2002 and 2003 will be included in our Form 10-K as of and for the year ended December 31, 2004. The restatement of the other quarterly and year-to-date periods for 2003 and 2004 will be included in amendments to our Form 10-Q/A for the quarters ended March 31, 2004 and June 30, 2004.

Concurrently with the filing of this Form 10-Q/A, we are filing with the SEC the Form 10-K as of and for the year ended December 31, 2004 which includes the financial statements as of December 31, 2003, and for the two years ended December 31, 2003, on a restated basis, and the Form 10-Q/A for the first and second quarters of 2004 to reflect changes required as a result of the restatements described above. No amendments have been made to our previously filed Annual Reports on Form 10-K for fiscal years 2002 or 2003, or the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003 and therefore they should not be relied upon.

Page 2

**Table of Contents**

**BIOLASE TECHNOLOGY, INC.**

**INDEX**

	<b>Page</b>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited) (Restated):	
<u>Consolidated Balance Sheets as of September 30, 2004 and December 31, 2003</u>	4
<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2004 and September 30, 2003</u>	5
<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2004 and September 30, 2003</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Risk Factors</u>	31
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	38
Item 4. <u>Controls and Procedures</u>	39
<b>PART II. OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings</u>	40
Item 2. <u>Changes in Securities, Use of Proceeds, and Issuer Purchases of Equity Securities</u>	40
Item 6. <u>Exhibits and Reports on Form 8-K</u>	41
<u>Signatures</u>	42

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**Table of Contents**

**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**BIOLASE TECHNOLOGY, INC.**

**CONSOLIDATED BALANCE SHEETS (Unaudited)**

	<u>September 30, 2004</u>	<u>December 31, 2003</u>
	<b>RESTATED</b>	<b>RESTATED</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,993,000	\$ 11,111,000
Short-term investments	32,175,000	
Accounts receivable, less allowance of \$65,000 and \$64,000 in 2004 and 2003, respectively	6,305,000	5,771,000
Inventory	7,131,000	3,808,000
Deferred tax asset		