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## BASi Reports Second Quarter Results

**WEST LAFAYETTE, IN, May 14, 2015 -- Bioanalytical Systems, Inc. (NASDAQ:BASI)** today (“BASi” or the “Company”) announced financial results for the second quarter of fiscal 2015.

“The second quarter and first half financial results, overall, indicate flat to slightly lower revenue growth versus the prior fiscal year. I am encouraged, however, that the long term will reflect that BASi is consistently improving our focus on providing high-quality, timely data and laboratory instruments in support of new drug discoveries and is growing the business. We have intensified our efforts to actively recruit business by sharing our full line of capabilities with potential new clients at a record high rate, presentation of scientific white papers, attendance and sponsorship at industry leading conventions and by pursuing repeat business with our extensive, satisfied long-term client base while continuing to implement operational efficiency improvements which differentiate our company from other CROs based upon innovation, client-focus and regulatory excellence,” said BASi’s President and Chief Executive Officer, Jacqueline Lemke.

“As we carry our message of high quality data, analysis and instruments to the market and deliver our studies and products on time and in full, we are creating value for not only our clients but our shareholders which will be reflected in long term revenue growth over time, expanded margins and higher cash flow,” Ms. Lemke concluded.

### Second Quarter Results

For the three months ended March 31, 2015, revenues decreased 3.1% to \$5,726,000 compared to \$5,912,000 in the second quarter of fiscal 2014.

Service revenue for the second quarter of fiscal 2015 of \$4,530,000 was essentially flat compared to \$4,526,000 for the same period of the prior fiscal year. Second quarter fiscal 2015 revenues were impacted by lower Other Laboratory services revenue, partially offset by increases in the volume of Preclinical and Bioanalytical analysis revenues.

Product revenue for the second quarter of fiscal 2015 amounted to \$1,196,000, a decrease of 13.7% compared to revenue of \$1,386,000 for the second quarter of fiscal 2014. The decline was due to lower analytical product and other instrument sales in addition to slightly lower sales of the Culex<sup>®</sup> *in vivo* sampling systems.

Gross profit decreased to \$1,802,000, or 31.5% of revenue, in the second quarter of fiscal 2015 compared to \$2,012,000, or 34.0% of revenue, during the comparable period last fiscal year. The decline reflects the impact of lower revenue and a less favorable mix..

Operating expenses for the second quarter of fiscal 2015 decreased to \$1,774,000 compared to \$1,907,000 during the second quarter of fiscal 2014, primarily due to the elimination of a direct sales role in the UK and a Vice-President role in our Evansville facility,

Operating income for the second quarter of fiscal 2015 amounted to \$28,000 compared to operating income of \$105,000 for the second quarter of fiscal 2014, primarily due to lower revenue offset in part by lower operating expenses.

Net income was \$150,000 for the second quarter of fiscal 2015. Diluted net loss, accounting for the adjustment for the change in fair value of warrant liability, was \$(49,000) or \$(0.01) per diluted share compared to a diluted net loss of \$(219,000), or \$(0.03) per diluted share, for the second quarter of fiscal 2014.

Adjusted EBITDA for the second quarter of fiscal 2015 amounted to \$399,000 compared to Adjusted EBITDA for the first quarter of fiscal 2014 of \$504,000.

### **First Half Results**

For the six months ended March 31, 2015, revenue decreased 4.6% to \$11,571,000 compared to \$12,132,000 for the first six months of fiscal 2014. The decline was due to lower Bioanalytical and Other Laboratory revenues and a decline in other instrument sales offset in part by increases in Preclinical services and sales of the Culex®, in-vivo sampling systems. Gross profit decreased by 2.3 percentage points to \$3,706,000, or 32.0% of revenue, compared to \$4,157,000, or 34.3% of revenue, for the same period of the prior fiscal year. The decline was driven by a decrease in revenues which led to lower absorption of fixed costs and a change in sales mix in the Products segment. Operating income decreased to \$170,000 compared to \$567,000 a year earlier. The decline in operating income reflects the impact of lower revenue and lower fixed cost coverage offset in part by lower operating expenses.

Net income amounted to \$332,000 for the first six months of fiscal 2015. Diluted net income, which includes the adjustment for the change in fair value of warrant liability, was \$13,000 or \$0.00 per diluted share for the first six months of fiscal 2015 compared to a diluted net loss of \$(881,000), or \$(0.11) per diluted share, for the first six months of fiscal 2014.

Adjusted EBITDA for the first six months of fiscal 2015 amounted to \$949,000 compared to Adjusted EBITDA for the first six months of fiscal 2014 of \$1,416,000.

### **Cash Used in Operating Activities**

Cash provided by operating activities was \$440,000 for the first six months of fiscal 2015. The Company had \$536,000 in cash and cash equivalents at March 31, 2015. During the first six months, cash from operations, and cash on hand funded capital expenditures for plant, machinery and equipment of approximately \$231,000 and reductions in long-term debt.

### **Earnings Conference Call**

BASi has scheduled a conference call at 11:00 a.m. Eastern Standard Time (EDT) on May 14, 2015 to discuss the results. To participate in the call, dial 877-474-9501, participant passcode 65011068.

A simultaneous webcast of the conference call may be accessed online from the Investors tab at [www.BASinc.com](http://www.BASinc.com). The webcast will be available for replay after 2:00 p.m. (EDT) at this same internet address. For a telephone replay, dial 888-286-8010, participant passcode 27138923 after 4:00 p.m. EDT from May 14<sup>th</sup> to May 21<sup>st</sup>.

### **Non-GAAP to GAAP Reconciliation**

This press release contains financial measures that are not calculated in accordance with generally accepted accounting principles in the United States (GAAP). The non-GAAP financial measures are adjusted EBITDA for the three and six months ended March 31, 2015 and 2014, respectively. Adjusted EBITDA refers to a financial performance measure that excludes certain income statement line items, such as interest, taxes, depreciation, and amortization. Adjusted EBITDA may also exclude certain non-cash expenses, such as stock-based compensation and the income or expense from the change in the warrant liability.

The non-GAAP financial information should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Management, however, believes that these non-GAAP financial measures, when used in conjunction with the results presented in accordance with GAAP, may provide a more complete understanding of the Company's results and may facilitate a fuller analysis of the Company's results, particularly in evaluating performance from one period to another.

Management has chosen to provide this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of results and to illustrate the results giving effect to the non-GAAP adjustments shown in the reconciliation. Management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety and cautions investors that the non-GAAP measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

### **About Bioanalytical Systems, Inc.**

BASi is a pharmaceutical development company providing contract research services and monitoring instruments to the world's leading drug development companies and medical research organizations. The Company focuses on developing innovative services and products that increase efficiency and reduce the cost of taking a new drug to market. Visit [www.BASinc.com](http://www.BASinc.com) for more information about BASi.

*This release contains forward-looking statements that are subject to risks and uncertainties including, but not limited to, risks and uncertainties related to changes in the market and demand for our products and services, the development, marketing and sales of products and services, changes in technology, industry standards and regulatory standards, and various market and operating risks detailed in the Company's filings with the Securities and Exchange Commission. BASi assumes no obligation to update any forward-looking statement. Actual results may vary, and could differ materially, from those anticipated, estimated, projected or expected in these forward-looking statements for a number of reasons, including, among others, the risk factors disclosed in the Company's most recent Annual Report, as filed, with the Securities and Exchange Commission.*

(SEE BELOW FOR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS)

**BIOANALYTICAL SYSTEMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Service revenue	\$ 4,530	\$ 4,526	\$ 8,928	\$ 9,442
Product revenue	1,196	1,386	2,643	2,690
Total revenue	<u>5,726</u>	<u>5,912</u>	<u>11,571</u>	<u>12,132</u>
Cost of service revenue	3,242	3,330	6,498	6,653
Cost of product revenue	682	570	1,367	1,322
Total cost of revenue	<u>3,924</u>	<u>3,900</u>	<u>7,865</u>	<u>7,975</u>
Gross profit	<u>1,802</u>	<u>2,012</u>	<u>3,706</u>	<u>4,157</u>
Operating expenses:				
Selling	426	479	762	916
Research and development	138	170	329	313
General and administrative	1,210	1,258	2,445	2,361
Total operating expenses	<u>1,774</u>	<u>1,907</u>	<u>3,536</u>	<u>3,590</u>
Operating income	28	105	170	567
Interest expense	(75)	(121)	(156)	(285)
Change in fair value of warrant liability decrease (increase)	199	(200)	319	(1,161)
Other income (expense)	(1)	4	1	5
Net Income (loss) before income taxes	151	(212)	334	(874)
Income tax expense	1	7	2	7
Net Income (loss)	<u>\$ 150</u>	<u>\$ (219)</u>	<u>\$ 332</u>	<u>\$ (881)</u>
Other comprehensive income (loss):				
Fair Value adjustment of interest rate swap	(15)	-	(25)	
Foreign currency translation adjustment	51	(8)	93	(34)
Comprehensive Income (loss)	<u>\$ 186</u>	<u>\$ (227)</u>	<u>\$ 400</u>	<u>\$ (915)</u>
Basic net income (loss) per share	\$ 0.02	\$ (0.03)	\$ 0.04	\$ (0.11)
Diluted net income (loss) per share	\$ (0.01)	\$ (0.03)	\$ 0.00	\$ (0.11)
Weighted common shares outstanding:				
Basic	8,076	7,964	8,076	7,848
Diluted	8,105	7,964	8,863	7,848

**BIOANALYTICAL SYSTEMS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share amounts)

	March 31, 2015	September 30, 2014
<b>Assets</b>	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 536	\$ 981
Accounts receivable		
Trade, net of allowance of \$52 at March 31, 2015 and \$54 at September 30, 2014, respectively	3,029	2,557
Unbilled revenues and other	722	878
Inventories	1,672	1,564
Prepaid expenses	445	675
Total current assets	6,404	6,655
Property and equipment, net	15,451	15,949
Goodwill	1,009	1,009
Debt issue costs	108	122
Other assets	36	39
Total assets	\$ 23,008	\$ 23,774
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,550	\$ 2,672
Accrued expenses	1,300	1,842
Customer advances	3,481	2,990
Income tax accruals	18	20
Revolving line of credit	-	202
Fair value of warrant liability	357	676
Current portion of capital lease obligation	259	279
Current portion of long-term debt	786	786
Total current liabilities	8,752	9,467
Fair value of interest rate swap	46	21
Capital lease obligation, less current portion	167	298
Long-term debt, less current portion	4,059	4,452
Total liabilities	13,024	14,238
Shareholders' equity:		
Preferred shares, authorized 1,000,000 shares, no par value:		
1,185 Series A shares at \$1,000 stated value issued and outstanding at March 31, 2015 and September 30, 2014, respectively	1,185	1,185
Common shares, no par value:		
Authorized 19,000,000 shares; 8,076,106 issued and outstanding at March 31, 2015 and 8,075,335 at September 30, 2014	1,981	1,980
Additional paid-in capital	21,202	21,154
Accumulated deficit	(14,458)	(14,790)
Accumulated other comprehensive income	74	7
Total shareholders' equity	9,984	9,536
Total liabilities and shareholders' equity	\$ 23,008	\$ 23,774

**BIOANALYTICAL SYSTEMS, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP EARNINGS**  
(In thousands)  
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
GAAP Net income (loss)	\$ 150	\$ (219)	\$ 332	\$ (881)
Add back: Interest expense	75	121	156	285
Income taxes	1	7	2	7
Depreciation and amortization	353	397	730	799
Change in fair value of warrant liability increase (decrease)	(199)	200	(319)	1,161
Stock option expense	19	(2)	48	45
Adjusted EBITDA	<u>\$ 399</u>	<u>\$ 504</u>	<u>\$ 949</u>	<u>\$ 1,416</u>

*Adjusted EBITDA - Earnings before interest, taxes, depreciation, amortization, stock option expenses, impairment charges and the change in the fair value of warrant liability.*