

RadNet, Inc.  
Form 10-Q  
November 09, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549  
FORM 10-Q

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, 2011

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 0-19019

RadNet, Inc.

(Exact name of registrant as specified in charter)

Delaware  
(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)

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

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Indicate by check mark whether 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

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

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(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  No

The number of shares of the registrant's common stock outstanding on November 3, 2011, was 37,426,460 shares.

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## PART I - FINANCIAL INFORMATION

RADNET, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS EXCEPT SHARE DATA)

	September 30, 2011 (unaudited)	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$254	\$627
Accounts receivable, net	122,036	96,094
Prepaid expenses and other current assets	16,303	14,304
Total current assets	138,593	111,025
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>191,431</b>	<b>194,230</b>
<b>OTHER ASSETS</b>		
Goodwill	153,895	143,353
Other intangible assets	54,389	57,348
Deferred financing costs, net	13,517	15,486
Investment in joint ventures	17,275	15,444
Deposits and other	3,134	2,628
Total assets	\$572,234	\$539,514
<b>LIABILITIES AND EQUITY DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$93,840	\$82,619
Due to affiliates	1,525	2,975
Deferred revenue	1,191	1,568
Current portion of notes payable	5,339	8,218
Current portion of deferred rent	974	745
Current portion of obligations under capital leases	6,556	9,139
Total current liabilities	109,425	105,264
<b>LONG-TERM LIABILITIES</b>		
Deferred rent, net of current portion	12,069	10,379
Deferred taxes	277	277
Line of credit	31,300	-
Notes payable, net of current portion	477,877	481,578
Obligations under capital lease, net of current portion	2,871	5,639
Other non-current liabilities	14,599	18,850
Total liabilities	648,418	621,987
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY DEFICIT</b>		
Common stock - \$.0001 par value, 200,000,000 shares authorized; 37,426,460 and 37,223,475 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	4	4
Paid-in-capital	165,185	162,444
Accumulated other comprehensive loss	(1,324	) (2,137 )

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Accumulated deficit	(240,157 )	(242,841 )
Total Radnet, Inc.'s equity deficit	(76,292 )	(82,530 )
Noncontrolling interests	108	57
Total equity deficit	(76,184 )	(82,473 )
Total liabilities and equity deficit	\$572,234	\$539,514

The accompanying notes are an integral part of these financial statements.

**RADNET, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(IN THOUSANDS EXCEPT SHARE DATA)**  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<b>NET REVENUE</b>	\$ 150,845	\$ 140,093	\$ 452,693	\$ 403,222
<b>OPERATING EXPENSES</b>				
Cost of operations	117,747	106,634	352,688	311,478
Depreciation and amortization	14,309	13,002	42,526	40,153
Provision for bad debts	8,608	8,458	25,261	24,603
Loss (gain) on sale and disposal of equipment	(331 )	451	(1,928 )	606
Severance costs	316	164	970	731
Total operating expenses	140,649	128,709	419,517	377,571
<b>INCOME FROM OPERATIONS</b>	10,196	11,384	33,176	25,651
<b>OTHER EXPENSES</b>				
Interest expense	13,242	12,781	39,307	35,477
Loss on extinguishment of debt	-	-	-	9,871
Other expenses (income)	(1,506 )	821	(3,566 )	1,971
Total other expenses	11,736	13,602	35,741	47,319
<b>LOSS BEFORE INCOME TAXES AND EQUITY</b>				
<b>IN EARNINGS OF JOINT VENTURES</b>	(1,540 )	(2,218 )	(2,565 )	(21,668 )
Provision for income taxes	(234 )	(317 )	(718 )	(523 )
Equity in earnings of joint ventures	1,822	2,282	6,129	6,114
<b>NET INCOME (LOSS)</b>	48	(253 )	2,846	(16,077 )
Net income attributable to noncontrolling interests	9	32	162	75
<b>NET INCOME (LOSS) ATTRIBUTABLE TO RADNET, INC.</b>				
<b>COMMON STOCKHOLDERS</b>	\$ 39	\$(285 )	\$ 2,684	\$(16,152 )
<b>BASIC NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO RADNET, INC.</b>				
<b>COMMON STOCKHOLDERS</b>	\$ 0.00	\$(0.01 )	\$ 0.07	\$(0.44 )
<b>DILUTED NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO RADNET, INC.</b>				
<b>COMMON STOCKHOLDERS</b>	\$ 0.00	\$(0.01 )	\$ 0.07	\$(0.44 )
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>				
Basic	37,426,460	36,979,725	37,347,946	36,755,781

Diluted	38,469,973	36,979,725	39,078,998	36,755,781
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The accompanying notes are an integral part of these financial statements.



RADNET, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENT OF EQUITY DEFICIT  
 (IN THOUSANDS EXCEPT SHARE DATA)  
 (unaudited)

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Radnet, Inc.'s Equity Deficit	Noncontrolling Interests	Total Equity Deficit
BALANCE - JANUARY 1, 2011	37,223,475	\$4	\$162,444	\$ (242,841 )	\$ (2,137 )	\$(82,530)	\$ 57	\$(82,473)
Issuance of common stock upon exercise of options/warrants	202,985	-	242	-	-	242	-	242

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