

Pharma-Bio Serv, Inc.  
Form 10-Q  
June 14, 2018

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 April 30, 2018

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. 000-50956

PHARMA-BIO SERV, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

20-0653570  
(IRS Employer Identification No.)

Pharma-Bio Serv Building,  
# 6 Road 696  
Dorado, Puerto Rico  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code 787-278-2709

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 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 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 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, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer    Accelerated filer  
Non-accelerated filer    Smaller reporting company  
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes    No

The number of shares of the registrant's common stock outstanding as of June 9, 2018 was 23,062,531.



PHARMA-BIO SERV, INC.  
FORM 10-Q  
FOR THE QUARTER ENDED APRIL 30, 2018

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## PART I – FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

PHARMA-BIO SERV, INC.  
Condensed Consolidated Balance Sheets  
(Unaudited)

	April 30, 2018*	October 31, 2017**
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$12,986,820	\$11,751,714
Marketable securities	36,219	26,600
Accounts receivable	6,567,453	7,208,054
Other	352,488	550,163
Total current assets	19,942,980	19,536,531
Property and equipment	2,145,703	2,390,545
Other assets	422,081	422,925
Total assets	\$22,510,764	\$22,350,001
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion-obligations under capital leases	\$14,168	\$13,949
Accounts payable and accrued expenses	1,719,378	1,526,904
Current portion of US Tax Reform Transition Tax and income taxes payable	217,712	2,067
Total current liabilities	1,951,258	1,542,920
US Tax Reform Transition Tax payable	2,485,000	-
Obligations under capital leases	52,963	59,795
Total liabilities	4,489,221	1,602,715
Stockholders' equity:		
Preferred Stock, \$0.0001 par value; authorized 10,000,000 shares; none outstanding	-	-
Common Stock, \$0.0001 par value; authorized 50,000,000 shares; 23,333,083 and 23,333,083 shares issued, and 23,062,531 and 23,089,631 shares outstanding, at April 30, 2018 and October 31, 2017, respectively	2,333	2,333
Additional paid-in capital	1,330,414	1,295,314
Retained earnings	16,767,771	19,560,131
Accumulated other comprehensive loss	182,847	137,671
Treasury stock, at cost; 270,552 and 243,452 common shares held at April 30, 2018	18,283,365 (261,822)	20,995,449 (248,163)

and October 31, 2017, respectively

Total stockholders' equity	18,021,543	20,747,286
Total liabilities and stockholders' equity	\$22,510,764	\$22,350,001

\* Unaudited.

\*\* Condensed from audited financial statements.

See notes to the condensed consolidated financial statements.





PHARMA-BIO SERV, INC.  
Condensed Consolidated Statements of Operations  
(Unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2018	2017	2018	2017
REVENUES	\$4,404,411	\$3,921,167	\$8,616,789	\$7,967,458
COST OF SERVICES	3,397,197	2,879,977	6,526,430	5,893,923
GROSS PROFIT	1,007,214	1,041,190	2,090,359	2,073,535
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,156,364	1,365,758	2,220,347	2,782,100
LOSS FROM OPERATIONS	(149,150)	(324,568)	(129,988)	(708,565)
OTHER INCOME, NET	20,802	1,911	38,651	5,523
LOSS BEFORE INCOME TAX AND US TAX REFORM TRANSITION TAX EXPENSE	(128,348)	(322,657)	(91,337)	(703,042)
INCOME TAX AND US TAX REFORM TRANSITION TAX EXPENSE	-	106	2,701,023	1,856
NET LOSS	\$(128,348)	\$(322,763)	\$(2,792,360)	\$(704,898)
BASIC LOSSES PER COMMON SHARE	\$(0.006)	\$(0.014)	\$(0.121)	\$(0.031)
DILUTED LOSSES PER COMMON SHARE	\$(0.006)	\$(0.014)	\$(0.121)	\$(0.031)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC	23,062,531	23,110,541	23,076,594	23,078,658
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – DILUTED	23,062,531	23,110,541	23,078,143	23,084,634

See notes to the condensed consolidated financial statements.



PHARMA-BIO SERV, INC.

Condensed Consolidated Statements of Comprehensive Loss  
(Unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2018	2017	2018	2017
NET LOSS	\$(128,348)	\$(322,763)	\$(2,792,360)	\$(704,898)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF RECLASSIFICATION ADJUSTMENTS AND TAXES:				
Foreign currency translation gain (loss)	(47,262)	656	35,557	4,357
Net unrealized gain (loss) on available-for-sale-securities	11,163	(1,663)	9,619	23
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(36,099)	(1,007)	45,176	4,380
COMPREHENSIVE LOSS	\$(164,447)	\$(323,770)	\$(2,747,184)	\$(700,518)

See notes to the condensed consolidated financial statements.



PHARMA-BIO SERV, INC.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	Three months ended April 30,		Six months ended April 30,	
	2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss	\$(128,348)	\$(322,763)	\$(2,792,360)	\$(704,898)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Stock-based compensation	17,550	22,050	35,100	44,100
Depreciation and amortization	152,858	100,646	302,606	210,106
(Increase) decrease in accounts receivable	(536,500)	(588,464)	708,840	260,706
Decrease in other assets	85,216	65,295	206,295	243,673
Increase (decrease) in liabilities	257,941	(185,991)	2,870,084	(777,523)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(151,283)</b>	<b>(909,227)</b>	<b>1,330,565</b>	<b>(723,836)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment	(6,649)	(43,370)	(57,764)	(324,092)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,649)</b>	<b>(43,370)</b>	<b>(57,764)</b>	<b>(324,092)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repurchase of common stock	-	(8,040)	(13,659)	(9,922)
Payments on obligations under capital lease	(3,327)	(3,995)		