UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

x **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

BIOLASE TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**87-0442441**
(State or other jurisdiction of incorporation or organization)	**(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)

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 x No ¨

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes x 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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EXPLANATORY NOTE

This Form 10-Q/A is being filed to correct an erroneous reference to the outstanding number of shares as of October 29, 2004 on the cover page of the Form 10-Q filed on November 9, 2004. As of October 29, 2004, 22,736,000 shares were outstanding.

BIOLASE TECHNOLOGY, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BIOLASE TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30, 2004	December 31, 2003
ASSETS		
Current assets:		
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
Inventories	7,132,000	3,752,000
Deferred tax asset	1,079,000	1,079,000
Prepaid expenses and other current assets	1,495,000	1,583,000
Total current assets	52,179,000	23,296,000
Property, plant and equipment, net	2,169,000	1,973,000
Intangible assets, net	2,469,000	2,587,000
Goodwill	2,926,000	2,926,000
Deferred tax asset	12,583,000	12,678,000
Other assets	223,000	1,041,000
Total assets	$ 72,549,000	$ 44,501,000
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 4,449,000	$ 3,813,000
Accrued liabilities	5,104,000	5,152,000
Line of credit		1,792,000
Deferred revenue	1,819,000	932,000
Deferred gain on sale of building current portion	63,000	63,000
Debt		888,000
Total current liabilities	11,435,000	12,640,000
Deferred gain on sale of building	32,000	79,000
Total liabilities	11,467,000	12,719,000
Commitments and contingencies (Note 9)		
Stockholders equity:		
Preferred stock, par value $0.001, 1,000,000 shares authorized, no shares issued and outstanding		
Common stock, par value $0.001, 50,000,000 shares authorized; 24,394,000 and 21,559,000 shares issued; 22,869,000 and 21,559,000 outstanding in 2004 and 2003, respectively	24,000	22,000

Additional paid-in capital	101,796,000	59,188,000
Treasury stock (cost of 1,525,000 shares repurchased)	(13,435,000)	
Accumulated other comprehensive loss	(177,000)	(147,000)
Accumulated deficit	(27,126,000)	(27,281,000)
Total stockholders equity	61,082,000	31,782,000
Total liabilities and stockholders equity	$ 72,549,000	$ 44,501,000

See accompanying notes to consolidated financial statements.

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BIOLASE TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue	$ 12,038,000	$ 13,453,000	$ 41,426,000	$ 33,042,000
Cost of sales	4,979,000	5,024,000	15,700,000	12,386,000
Gross profit	7,059,000	8,429,000	25,726,000	20,656,000
Operating expenses:				
Sales and marketing	5,931,000	3,729,000	17,534,000	10,962,000
General and administrative	2,387,000	1,527,000	5,838,000	3,407,000
Engineering and development	1,045,000	629,000	2,523,000	1,662,000
Total operating expenses	9,363,000	5,885,000	25,895,000	16,031,000
Income (loss) from operations	(2,304,000)	2,544,000	(169,000)	4,625,000
Non-operating income, net	272,000	23,000	423,000	135,000
Income (loss) before income taxes	(2,032,000)	2,567,000	254,000	4,760,000
Benefit (provision) for income taxes	799,000		(99,000)	
Net income (loss)	$ (1,233,000)	$ 2,567,000	$ 155,000	$ 4,760,000
Net income (loss) per share:				
Basic	$ (0.05)	$ 0.12	$ 0.01	$ 0.23
Diluted	$ (0.05)	$ 0.11	$ 0.01	$ 0.21
Shares used in the calculation of net income (loss) per share:				
Basic	23,409,000	21,535,000	23,380,000	20,796,000
Diluted	23,409,000	23,448,000	25,252,000	22,813,000

See accompanying notes to consolidated financial statements.

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BIOLASE TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30,	
	2004	**2003**
Cash Flows From Operating Activities:		
Net income	$ 155,000	$ 4,760,000
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	450,000	286,000
Gain on disposal of assets	(47,000)	(51,000)
Gain on foreign exchange contract		(22,000)
Provision for uncollectible accounts	1,000	(138,000)
Provision for inventory obsolescence	108,000	216,000
Deferred income tax	95,000	
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(535,000)	(2,281,000)
Inventory	(3,488,000)	(835,000)
Prepaid expenses and other assets	906,000	689,000
Accounts payable and accrued liabilities	588,000	894,000
Deferred revenue	887,000	(2,671,000)
Net cash (used in) provided by operating activities	(880,000)	847,000
Cash Flows From Investing Activities:		
Purchase of investments	(32,181,000)	
Additions to property, plant and equipment	(492,000)	(286,000)
Business acquisition	(70,000)	(1,825,000)
Net cash used in investing activities	(32,743,000)	(2,111,000)
Cash Flows From Financing Activities:		
Borrowings on line of credit		1,792,000
Payment on line of credit	(1,792,000)	(1,792,000)
Payments on debt	(888,000)	
Proceeds from issuance of common stock, net of expenses	41,868,000	
Proceeds from exercise of stock options and warrants	977,000	3,513,000
Payment of dividends	(235,000)	
Repurchase of common stock	(13,435,000)	
Net cash provided by financing activities	26,495,000	3,513,000
Effect of exchange rate changes on cash	10,000	(66,000)
Net (decrease) increase in cash and cash equivalents	(7,118,000)	2,183,000
Cash and cash equivalents at beginning of period	11,111,000	3,940,000
Cash and cash equivalents at end of period	$ 3,993,000	$ 6,123,000

SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid during the period for interest	$ 32,000	$ 40,000
Cash paid during the period for taxes	$ 59,000	$ 2,000
Noncash financing activities:		
Business acquisition, net assets acquired	$	$ 5,846,000

See accompanying notes to consolidated financial statements.

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BIOLASE TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 BASIS OF PRESENTATION

The unaudited consolidated financial statements include the accounts of BIOLASE Technology, Inc. and its consolidated subsidiaries and have been prepared on a basis consistent with the December 31, 2003 audited consolidated financial statements and include all material adjustments, consisting of normal recurring adjustments and the elimination of all material intercompany transactions and balances, necessary to fairly present the information set forth therein. These unaudited, interim, consolidated financial statements do not include all the footnotes, presentations and disclosures normally required by generally accepted accounting principles in the United States of America (GAAP) for complete financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2003 and notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 3, 2004.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ materially from those estimates.

The results of operations for the three and nine months ended September 30, 2004 are not necessarily indicative of the results to be expected for the full fiscal year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

We sell products domestically to customers through our direct sales force, and internationally through a direct sales force and through distributors. We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104 which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred and title and the risks and rewards of ownership have been transferred to our customer or services have been rendered; (3) the price is fixed and determinable; and (4) collectibility is reasonably assured.

Through August 2003, we recognized revenue for products sold domestically when we received a purchase order, the price was fixed or determinable, and payment was received due to a clause in our purchase order that stated title transferred upon payment in full. We recognized revenue for products sold internationally through our direct sales force when we received a purchase order, the price was fixed or determinable, collectibility of the resulting receivable was probable and installation was completed, which was when the customer became obligated to pay. We recognized revenue for products sold through our distributors internationally when we received a purchase order, the price was fixed or

determinable, collectibility of the resulting receivable was probable and the product was delivered. In August 2003, we modified the sales arrangements with our customers so that title transfers to the customer upon shipment for domestic sales, and there is an enforceable obligation to pay upon shipment for international direct sales. Beginning in August 2003, we have been recording revenue for all sales upon shipment.

We adopted EITF 00-21, Accounting for Revenue Arrangements with Multiple Deliverables , on July 1, 2003, which requires us to evaluate whether the separate deliverables in our arrangements can be unbundled. We determined that the sales of our Waterlase® includes separate deliverables consisting of the product, disposables used with the Waterlase, installation and training. We apply the residual value method, which requires us to allocate the total arrangement consideration less the fair value of the undelivered elements to the delivered element. Included in deferred revenue as of September 30, 2004 and December 31, 2003 was $1,275,000 and $590,000, respectively, of deferred revenue attributable to advanced training courses and undelivered elements.

Extended warranty contracts, which are sold to our non-distributor customers, are recorded as revenue on a straight-line basis over the period of the contracts, which is one year. Included in deferred revenue as of September 30, 2004 and December 31, 2003 is $544,000 and $342,000, respectively, of deferred revenue for our extended warranty contracts.

Although all sales are final, we accept returns of products in certain, limited circumstances and record a provision for sales returns based on historical experience concurrent with the recognition of revenue. The sales returns allowance is recorded as a reduction of accounts receivable, revenue and cost of goods sold. As of September 30, 2004 and December 31, 2003, respectively, $234,000 and $327,000 was recorded as a reduction of accounts receivable.

We recognized revenue for royalties under licensing agreements for our patented technology. On a quarterly basis, we estimate and recognize the amount earned based on historical performance and current knowledge about the business operations of the licensees. Our estimates have been historically consistent with amounts recorded. Revenue from royalties was $135,000 and $407,000 for the three and nine months ended September 30, 2004, respectively, and $20,000 for the three and nine months ended September 30, 2003.

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Provision for Warranty Expense

Products sold directly to end-users are under warranty against defects in material and workmanship for a period of one year. Products sold internationally to distributors are covered by a warranty on parts for up to fourteen months with additional coverage on certain components for up to two years. We estimate warranty costs at the time of product shipment based on historical experience. Estimated warranty expenses are recorded as an accrued liability, with a corresponding provision to cost of sales.

Changes in the product warranty accrual for the nine months ended September 30, 2004 and 2003 were as follows:

	Nine Months Ended September 30,	
	2004	2003
Beginning balance	$ 727,000	$ 625,000
Provision for estimated warranty cost	1,816,000	970,000
Warranty expenditures	(1,644,000)	(853,000)
Ending balance	$ 899,000	$ 742,000

Stock-based compensation

We measure compensation expense for stock-based employee compensation plans using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25. As the exercise price of all options granted under these plans was equal to the fair market price of the underlying common stock on the grant date, no stock-based employee compensation cost is recognized in the consolidated statements of income.

On December 31, 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock Based Compensation Transition and Disclosure, which amends SFAS No. 123. SFAS No. 148 requires more prominent and more frequent disclosures about the effects of stock-based compensation by presenting pro forma net income (loss), pro forma net income (loss) per share and other disclosures concerning our stock-based compensation plan.

The following table illustrates the effect on net income (loss) and net income (loss) per share if we had applied the fair value recognition provisions of SFAS No. 123 to options granted under our stock-based employee compensation plans.

	Three Months Ended September 30,	Nine Months Ended September 30,

	2004	2003	2004	2003
Reported net income (loss)	$ (1,233,000)	$ 2,567,000	$ 155,000	$ 4,760,000
Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(520,000)	(418,000)	(1,452,000)	(1,079,000)
Pro-forma net income (loss)	$ (1,753,000)	$ 2,149,000	$ (1,297,000)	$ 3,681,000
Basic net income (loss) per share:				
Reported	$ (0.05)	$ 0.12	$ 0.01	$ 0.23
Pro-forma	$ (0.07)	$ 0.10	$ (0.06)	$ 0.18
Diluted net income (loss) per share:				
Reported	$ (0.05)	$ 0.11	$ 0.01	$ 0.21
Pro-forma	$ (0.07)	$ 0.09	$ (0.06)	$ 0.16

The pro forma amounts were estimated using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Expected term (years)	3.50	3.50	3.50	3.50
Volatility	66%	80%	66%	80%
Annual dividend per share	0.02%	0.00%	0.02%	0.00%
Risk free interest rate	2.90%	2.30%	2.96%	2.02%
Weighted average fair value	$ 4.23	$ 6.41	$ 5.91	$ 5.67

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The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Our options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate.

Net Income (Loss) Per Share Basic and Diluted

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. In computing diluted earnings (loss) per share, the weighted average number of shares outstanding is adjusted to reflect the effect of potentially dilutive securities.

Stock options totaling 1,053,000 and 92,000 were not included in the diluted earnings (loss) per share amounts for the three and nine months ended September 30, 2004, respectively, as their effect would have been anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Weighted average shares outstanding basic	23,409,000	21,535,000	23,380,000	20,796,000
Dilutive effect of stock options and warrants		1,913,000	1,872,000	2,017,000
Weighted average shares outstanding diluted	23,409,000	23,448,000	25,252,000	22,813,000

Inventories

We value inventories at the lower of cost or market (determined by the first-in, first-out method). We periodically evaluate the carrying value of inventories and maintain an allowance for obsolescence to adjust the carrying value to the lower of cost or market, based on physical and technical functionality as well as other factors affecting the recoverability of the asset through future sales. The allowance for obsolescence is adjusted based on such evaluation, with a corresponding provision included in cost of sales. Components of inventories, net of an allowance for excess and obsolete items of $354,000 and $246,000 as of September 30, 2004 and December 31, 2003, respectively, were as follows:

	September 30, 2004	December 31 2003
Materials	$ 3,264,000	$ 1,669,000
Work-in-process	991,000	894,000
Finished goods	2,877,000	1,189,000

Inventories	$ 7,132,000	$ 3,752,000

Property, Plant and Equipment

We state property, plant and equipment at acquisition cost less accumulated depreciation and amortization. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the respective assets, except for leasehold improvements, which are amortized over the lesser of the estimated useful lives of the respective assets or the related lease terms. Maintenance and repairs are expensed as incurred. Upon sale or disposition of assets, any gain or loss is included in the consolidated statements of income.

We continually monitor events and changes in circumstances, which could indicate that the carrying balances of property, plant and equipment may exceed the undiscounted expected future cash flows from those assets. If such a condition were to exist, we will recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

Property, plant and equipment consisted of the following:

	September 30, 2004	December 31, 2003
Total cost	$ 3,044,000	$ 2,576,000
Accumulated depreciation	(875,000)	(603,000)
Net property, plant and equipment	$ 2,169,000	$ 1,973,000

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Intangible Assets and Goodwill

Costs incurred to establish and defend patents, trademarks and licenses and to acquire products and process technologies are capitalized and amortized over their estimated useful lives. Useful lives are based on our estimate of the period that the assets will generate revenue or otherwise productively support our business.

Goodwill and other intangible assets with indefinite lives are no longer subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the assets might be impaired. We conducted our annual impairment test on June 30, 2004, and no impairment was noted. We will continue to test for impairment annually as of June 30th or when events occur that may trigger an impairment. Intangible assets with finite lives continue to be subject to amortization and any impairment is determined in accordance with SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets. We believe no event has occurred that would trigger an impairment of these intangible assets. We recorded amortization expense for the three and nine months ended September 30, 2004, of $62,000 and $187,000, respectively, and $58,000 and $95,000, respectively, for the same periods of 2003.

The following table presents details of our intangible assets, related accumulated amortization, expected useful lives, and goodwill. Other intangible assets consist of acquired customer lists and a non-compete agreement.

	As of September 30, 2004			As of December 31, 2003		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Patents (10 years)	$ 1,284,000	$ (248,000)	$ 1,036,000	$ 1,284,000	$ (150,000)	$ 1,134,000
Trademarks (6 years)	69,000	(68,000)	1,000	69,000	(60,000)	9,000
Trade names (Indefinite life)	979,000		979,000	979,000		979,000
Other (4 to 6 years)	593,000	(140,000)	453,000	523,000	(58,000)	465,000
Total	$ 2,925,000	$ (456,000)	$ 2,469,000	$ 2,855,000	$ (268,000)	$ 2,587,000
Goodwill (Indefinite life)	$ 2,926,000	$	$ 2,926,000	$ 2,926,000	$	$ 2,926,000

The following table presents the amortization of the intangible assets over the next five years.

	Remaining of 2004	2005	2006	2007	2008	2009
Patents (10 years)	$ 33,000	$ 130,000	$ 121,000	$ 117,000	$ 117,000	$ 117,000
Trademarks (6 years)	1,000					
Other (4 to 6 years)	27,000	109,000	109,000	109,000	100,000	
Total	$ 61,000	$ 239,000	$ 230,000	$ 226,000	$ 217,000	$ 117,000

Non-operating income, net

Non-operating income, net consists of interest income and expense and foreign currency gains and losses. The operations and cash flows of our German subsidiary, for which the euro is the functional currency, are translated to U.S. dollars at average exchange rates during the period and its assets and liabilities are translated using the end-of-period exchange rates. Translation gains or losses related to our Germany subsidiary are shown as a component of accumulated other comprehensive income (loss) in stockholders equity. Foreign currency gains or losses relating to sales and purchase transactions which are denominated in other than the functional currency are shown as a net gain or loss in the consolidated statements of operations.

The following table presents details of non-operating income, net:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Gain on foreign currency transactions	$ 12,000	$ 27,000	$ 46,000	$ 135,000
Gain on forward exchange contract				22,000
Gain on sale of marketable securities	95,000		95,000	
Interest income	177,000	8,000	315,000	21,000
Interest expense	(12,000)	(12,000)	(33,000)	(43,000)
	$ 272,000	$ 23,000	$ 423,000	$ 135,000

New Accounting Pronouncements

In December 2003, the FASB issued FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (FIN 46R). FIN 46R requires the application of either FIN 46 or FIN 46R by Public Entities to all Special Purpose Entities (SPE) created prior to February 1, 2003 as of December 31, 2003 for calendar year-end companies. FIN 46R is applicable to all non-SPEs created prior to February 1, 2003 at the end of the first interim or annual period ending after March 15, 2004. For all entities created subsequent to January 31, 2003, Public Entities were required to apply the provisions of FIN 46R. The adoption of FIN 46R did not have an impact to our consolidated financial position, results of operations or cash flows.

In March 2004, the Financial Accounting Standards Board (FASB) approved the consensus reached on the Emerging Issues Task Force (EITF) Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. The Issue s objective is to provide guidance for identifying other-than-temporarily impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. The accounting provisions of EITF 03-1 are effective for all reporting periods beginning after June 15, 2004, while the disclosure requirements are effective for annual periods ending after June 15, 2004. In September 2004, the FASB issued a FASB Staff Position (FSP) EITF 03-1-1 that delays the effective date of the measurement and recognition guidance in EITF 03-1 on certain impaired debt securities until after further deliberations by the FASB. The adoption of this pronouncement did not impact the Company s results of operations or financial position.

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NOTE 3 INVESTMENTS IN MARKETABLE SECURITIES

Our investments are comprised of U.S. government notes and bonds and have been categorized as available-for-sale. We have classified our available-for-sale securities as either short-term or long-term based on management s expectations of when the funds will be used. Unrealized gains (losses) on the investments are included in the other comprehensive income (loss) in stockholders equity. As of September 30, 2004, we recorded an unrealized loss of $6,000. The following summarizes our investments as of September 30, 2004:

	Amortized Cost	Unrealized Gain/(Loss)	Fair Value
Short-term			
U.S. Government bond	$ 32,181,000	$ (6,000)	$ 32,175,000
Total investments in marketable securities	$ 32,181,000	$ (6,000)	$ 32,175,000

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable includes $34,000 and $223,000 of customer deposits at September 30, 2004 and December 31, 2003, respectively.

Components of accrued liabilities were as follows:

	September 30, 2004	December 31, 2003
Payroll and benefits	$ 1,753,000	$ 1,894,000
Warranty expense	899,000	727,000
Sales taxes	344,000	897,000
Amounts due to customers	333,000	205,000
Other	1,775,000	1,429,000
Total accrued liabilities	$ 5,104,000	$ 5,152,000

We reimburse our customers for their costs related to certain marketing programs. On our purchase orders we state the amount that we will reimburse the customers, which is recorded as a reduction of revenue when revenue of the purchase order is recognized. Amounts due to customers represent our obligation to reimburse our customers for these programs.

NOTE 5 ACQUISITIONS

On May 21, 2003, we acquired the American Dental Laser (ADL) assets from American Medical Technologies, Inc. (AMT) for approximately $5.8 million, in order to leverage our marketing, strengthen our portfolio of intellectual property and expand our product lines. The assets acquired included inventory, dental laser patents, customer lists, brand names and other intellectual property, as well as laser products. No liabilities of AMT were assumed in the transaction. The consideration paid by us consisted of approximately $1.8 million in cash, $215,000 in transaction costs directly attributable to the acquisition and 308,000 shares of common stock with a fair value of approximately $3.8 million. For purposes of computing the purchase price, the value of the common stock of $12.38 per share was determined by taking the average closing price of our common stock as quoted on NASDAQ between May 19, 2003 and May 23, 2003. The total purchase price has been allocated to the acquired tangible and intangible assets of ADL based on the fair values with the balance allocated to goodwill. The acquis