

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 5, 2003

OraSure Technologies, Inc.

(Exact name of issuer as specified in charter)

DELAWARE
(State or Other
Jurisdiction
of Incorporation or
Organization)

001-16537
(Commission
file
number)

36-4370966
(I.R.S. Employer
Identification
Number)

220 East First Street
Bethlehem, Pennsylvania 18015-1360
(Address of principal executive offices)

(610) 882-1820
(Registrant's telephone number, including area code)

Item 5 - Other Events.

On February 5, 2003, OraSure Technologies, Inc. (the "Company" or "OraSure") announced total revenues of \$32.0 million for the full year 2002 and \$8.25 million for the quarter ended December 31, 2002. Full year 2002 revenues reflect a 2% decline from the \$32.6 million in revenues recorded for 2001. Revenues for the quarter ended December 31, 2002, were 2% higher than those for the same period of 2001.

The Company's net loss was \$3.3 million, or \$(0.09) per share, for the full year 2002 and \$82,000, or \$(0.00) per share, for the fourth quarter of 2002, a penny better than street estimates. These results represent an improvement from the net loss of \$3.7 million, or \$(0.10) per share, for the full year 2001 and the net loss of \$2.3 million, or \$(0.06) per share, for the fourth quarter of 2001.

The decline in 2002 full year revenues was primarily the result of a \$1.2 million decrease in license and product development revenues, partially offset by higher product revenues. Product revenues were \$31.7 million for the full year 2002 and \$8.25 million for the quarter ended December 31, 2002, representing increases of 2% and 5%, respectively, over the comparable 2001 periods.

The Company's gross margin for the full year 2002 decreased from 62% to 60% compared to 2001, primarily as a result of lower license and development revenues. This was partially offset by a more favorable product mix and the impact of the Company's ongoing cost savings efforts. For the fourth quarter of 2002, the Company's gross margin increased from 53% to 58% as compared to the fourth quarter of 2001. The gross margin in 2001 was negatively impacted by a \$600,000 inventory reserve recorded in the fourth quarter of that year.

For the full year 2002, operating expenses declined 8% from the \$24.6 million recorded in 2001, which included \$450,000 in restructuring charges. Operating expenses for the quarter ended December 31, 2002 declined 28% from a year ago to \$4.9 million. These declines were the result of cost savings generated by workforce reductions, and lower relocation, travel, legal and consulting expenses.

Cash and short-term investments were \$14.9 million and working capital was \$18.9 million at December 31, 2002. The Company's total debt outstanding at December 31, 2002 amounted to \$4.5 million. Cash flow from operations improved from a use of \$5.3 million in 2001 to a use of \$0.5 million in 2002, an improvement of \$4.8 million for the year.

"During 2002, we achieved an historic milestone for the Company with the approval of the OraQuick(R) HIV-1 test in the fourth quarter which, when combined with the recent CLIA waiver, establishes this product as a significant commercial opportunity for years to come," said Mike Gausling, President and CEO of OraSure Technologies. "On the infrastructure side, we focused on streamlining our cost structure and lowering our operating expense levels. This led to a \$4.8 million improvement in our cash flow from operations over 2001 and positive cash flow from operations for the final three quarters of 2002. At December 31, 2002, our balance sheet was strong and we are well positioned to support our product initiatives in 2003."

Condensed Financial Data
(In thousands, except per-share data)
(Unaudited)

	Three months ended December 31,		Year ended December 31,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Results of Operations				
Revenues	\$ 8,248	\$ 8,063	\$ 32,010	\$ 32,573
Cost of products sold	3,445	3,754	12,889	12,334
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Gross margin	4,803	4,309	19,121	20,239
Operating expenses	4,926	6,802	22,662	24,121
Restructuring - related costs	-	-	-	450
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Operating loss	(123)	(2,493)	(3,541)	(4,332)
Other income (expense), net	41	190	198	604
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Net loss	\$ (82)	\$ (2,303)	\$ (3,343)	\$ (3,728)
	=====	=====	=====	=====
Net loss per common share:				
Basic and diluted	\$ (0.00)	\$ (0.06)	\$ (0.09)	\$ (0.10)
	=====	=====	=====	=====
Weighted average number of common shares outstanding:				
Basic and diluted	37,863	37,246	37,583	36,868
	=====	=====	=====	=====
Balance Sheets				
	12/31/02	12/31/01		
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Assets				

Cash and short-term investments	\$ 14,908	\$ 15,191		
Accounts receivable, net	5,198	6,058		
Inventories	4,088	4,445		
Other current assets	926	1,114		
Property and equipment, net	7,428	7,800		
Other non-current assets	3,137	2,625		
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Total assets	\$ 35,685	\$ 37,233		
	=====	=====		
Liabilities and Stockholders' Equity				

Current portion of long-term debt	\$ 1,066	\$ 1,058		
Accounts payable	1,802	2,874		
Accrued expenses	3,321	3,112		
Long-term debt, less current portion	3,409	3,586		
Other liabilities	68	62		
Stockholders' equity	26,019	26,541		
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Total liabilities and stockholders' equity	\$ 35,685	\$ 37,233		
	=====	=====		

Revenue Summary By Principal Markets
(Dollars in thousands, unaudited)

	Dollars		% Change	Percentage of Total Revenues	
	2002	2001		2002	2001
Three Months Ended December 31,	-----	-----		-----	-----
Product Revenues					
Insurance risk assessment	\$ 3,131	\$ 2,333	34%	38%	29%
Infectious disease testing	1,517	1,569	(3)%	18%	20%
Substance abuse testing	1,666	2,043	(18)%	20%	25%
Physicians' office therapies	1,932	1,944	(1)%	24%	24%
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	8,246	7,889	5%	100%	98%
License and product development	2	174	(99)%	0%	2%
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Total revenues	\$ 8,248	\$ 8,063	2%	100%	100%
	=====	=====		=====	=====

	Dollars		% Change	Percentage of Total Revenues	
	2002	2001		2002	2001
Year Ended December 31,	-----	-----		-----	-----
Product Revenues					
Insurance risk assessment	\$ 12,030	\$ 11,713	3%	38%	36%
Infectious disease testing	6,063	5,754	5%	19%	18%
Substance abuse testing	6,434	6,955	(7)%	20%	21%
Physicians' office therapies	7,165	6,674	7%	22%	20%
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	31,692	31,096	2%	99%	95%
License and product development	318	1,477	(79)%	1%	5%
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Total revenues	\$ 32,010	\$ 32,573	(2)%	100%	100%
	=====	=====		=====	=====

Item 9 - Regulation FD Disclosure.

On February 5, 2003, the Company announced that it expects 2003 revenues to grow approximately 25% over 2002, primarily as a result of the introduction of the OraQuick(R) HIV-1 test, expansion of Intercept(R) drug testing, and broader distribution of Histofreezer(R), and expects to fill the Company's product pipeline further as a result of the FDA submission of the UPlink(TM) drugs of abuse panel. Additionally, the Company projects profitability in the second half of 2003 and for the year as a whole.

The Company's ability to achieve the financial results projected for 2003 is dependent on several factors, including the timely receipt of regulatory approvals, market acceptance of new products such as OraQuick(R), and the continued performance of the Company's distributors and other business partners.

The foregoing discussion contains certain forward-looking statements, including with respect to revenues, earnings, markets, regulatory submissions and products. Actual results could be significantly different. Factors that could affect results include the ability to market products; impact of competitors, competing products and technology changes; ability to develop, commercialize and market new products; market acceptance of oral fluid testing or other products; ability to fund research and development and other projects and operations; ability to obtain and timing of obtaining necessary regulatory approvals; ability to develop product distribution channels; uncertainty relating to patent protection

and potential patent infringement claims; ability to enter into international manufacturing agreements; obstacles to international marketing and manufacturing of products; ability to sell products internationally; loss or impairment of sources of capital; exposure to product liability and other types of litigation; changes in international, federal or state laws and regulations; changes in relationships with strategic partners and reliance on strategic partners for the performance of critical activities under collaborative arrangements; changes in accounting practices or interpretation of accounting requirements; customer inventory practices and consolidations; equipment failures and ability to obtain needed raw materials and components; the impact of terrorism and civil unrest; and general business, political and economic conditions. These and other factors are discussed more fully in the Securities and Exchange Commission filings of OraSure Technologies, including its registration statements, its Annual Report on Form 10-K for the year ended December 31, 2001, and its most recent Quarterly Report on Form 10-Q. Although forward-looking statements help to provide complete information about future prospects, readers should keep in mind that forward-looking statements may not be reliable. The forward-looking statements are made as of the date of this press release and OraSure Technologies undertakes no duty to update these statements.

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

OraSure Technologies, Inc.

Date: February 6, 2003

By: /s/ Jack E. Jerrett

Jack E. Jerrett
Senior Vice President, General Counsel
and Secretary