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SONICS & MATERIALS INC
Form 8-K/A
November 14, 2001

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1
FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Act of 1934

Date of Report (Date of Earliest Event Reported): August 31, 2001

SONICS & MATERIALS, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

0-20573

(Commission
File Number)

06-0854713

(I.R.S. Employer
Identification No.)

53 Church Hill Road
Newtown, CT

(Address of Principal Executive Offices)

06470

(Zip Code)

(203) 270-4600

(Registrant's Telephone Number, including area code)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

This Amendment No. 1 to the Registrants Report on Form 8-K, dated August 31, 2001, is made in order to file, as required by Items 7(b) of Form 8-K, the pro-forma financial information in connection with the Registrant's disposition of its property located at 53 Church Hill Road, Newtown, Connecticut.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(b) Pro-forma financial information reflects the disposition of the property located at 53 Church Hill Road, Newtown, Connecticut.

SONICS & MATERIALS, INC.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

On August 31, 2001, Sonics sold its Newtown, Connecticut real estate, consisting of land and its principal offices and manufacturing facility, to Acme Realty ("Acme"), a New York general partnership. The purchase price was \$4,000,000 cash, less expenses of approximately \$244,000. Upon completion of the sale, Sonics signed a triple net lease with Acme for an initial noncancelable term of ten years, with options to renew for two additional five-year periods. Sonics will occupy 58,363 square feet of the building for the first year of the lease, and 44,500 square feet for the balance of the lease term.

The following unaudited pro forma financial statements include the historical financial statements of Sonics as of and for the year ended June 30, 2001, and include adjustments as explained in the accompanying notes. These unaudited pro forma financial statements are not necessarily indicative of the actual financial results that would have occurred if the transaction described above had been effective on and as of the dates indicated and may not be indicative of operations in future periods or as of future dates.

SONICS & MATERIALS, INC.
UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
JUNE 30, 2001

	Historical -----	Pro forma Adjustments -----	a ---
ASSETS -----			
Current assets			
Cash and cash equivalents	\$ 820,835	\$ 407,403 (1)	\$
Accounts receivable - net	1,335,861		
Inventories	3,961,383		
Other current assets	65,788		
	-----	-----	-----
Total current assets	6,183,867	407,403	
Property and equipment - net	3,754,724	(3,418,788) (1)	
Other assets	618,925	25,012 (1) (38,729) (2)	

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Total assets	\$ 10,557,516	\$ (3,025,102)	\$

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LIABILITIES AND STOCKHOLDERS' EQUITY			

Current liabilities			
Note payable - bank	\$ 1,190,000		\$
Current maturities of long-term debt	186,781	\$ (33,421) (1)	
Accounts payable and accrued expenses	877,217	(14,424) (1)	
Customer advances	147,535		
	-----	-----	-----
Total current liabilities	2,401,533	(47,845)	
Deferred gain		336,735 (3)	
Long-term debt	3,381,460	(3,275,263)	
	-----	-----	-----
Total liabilities	5,782,993	(2,986,373)	
Stockholders' equity			
Common stock	105,603		
Additional paid-in capital	6,575,010		
Accumulated deficit	(1,906,090)	(38,729) (2)	
	-----	-----	-----
Total stockholders' equity	4,774,523	(38,729)	
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 10,557,516	\$ (3,025,102)	\$
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SONICS & MATERIALS, INC.
UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2001

	Historical	Pro forma Adjustments	a
	-----	-----	-----
Net sales	\$ 11,347,937		\$
Cost of sales	7,767,931	(55,145) (1) 302,167 (2)	
	-----	-----	-----
Gross profit	3,580,006	(247,022)	
	-----	-----	-----
Operating expenses:			
Selling	2,477,305	(24,775) (1)	
General and administrative	1,340,930	135,756 (2) (34,000) (3)	
Research and development	410,346		
Loss on assets held for sale	1,016,094		
	-----	-----	-----
Total operating expenses	5,244,675	76,981	
	-----	-----	-----

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Operating loss	(1,664,669)	324,003	
Interest - net	339,809	(226,004) (4)	
	-----	-----	
Loss before income taxes	(2,004,478)	(97,999)	
Provision for income taxes	73,737		

Loss from continuing operations	\$ (2,078,215)	\$ (97,999)	\$
	=====	=====	=====
Net loss per share	\$ (0.59)		\$
	=====		=====
Shares used in per share computation	3,520,100		
	=====		=====

SONICS & MATERIALS, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

Balance sheet:

- (1) Records the sale of Sonics' Newtown, Connecticut real estate, the repayment of mortgage loan principal and accrued interest, and payment of the security deposit, as if the transaction occurred on June 30, 2001.
- (2) Records the write-off of deferred loan fees related to the mortgage loan.
- (3) Records the deferred gain on sale of the property. The gain will be amortized to earnings over the lease term.

Statement of Operations:

- (1) Records the reversal of annual depreciation expense on the property.
- (2) Records annual rent expense for the initial year of the lease, based on usage of 58,363 square feet. Rent for subsequent years will be based on usage of 44,465 square feet.
- (3) Records amortization of the deferred gain on sale of the property.
- (4) Records the reversal of interest expense incurred on the building mortgage loan.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

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Sonics & Materials, Inc.

(Registrant)

November 14, 2001

/s/ Lauren H. Soloff

Lauren H. Soloff
Vice President, Corporate Secretary