

PUMATECH INC  
Form 8-K  
December 31, 2003

**UNITED STATES**  
**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): September 14, 2003

**PUMATECH, INC.**

(Exact name of registrant as specified in its charter)

**0-21709**

(Commission File Number)

**Delaware**  
(State or other jurisdiction of

**77-0349154**  
(I.R.S. Employer Identification No.)

incorporation)

**2550 North First Street, San Jose, California 95131**

**(408) 321-7650**

**Item 1. Changes in Control of Registrant.**

Not applicable.

**Item 2. Acquisition or Disposition of Assets.**

On Monday, December 29, 2003, Pumatech, Inc. ( "Pumatech" ) completed its acquisition of Synchronologic, Inc. ( "Synchronologic" ) pursuant to an Agreement and Plan of Merger, dated as of September 14, 2003 (the "Merger Agreement" ), by and among Pumatech, Synchronologic and Homerun Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Pumatech ( "Homerun" ). Pursuant to the Merger Agreement, Homerun was merged with and into Synchronologic (the "Merger" ). As a result of the Merger, the separate corporate existence of Homerun ceased, and Synchronologic became a wholly-owned subsidiary of Pumatech.

In the Merger, each outstanding share of Synchronologic common stock, no par value per share ( "Synchronologic Common Stock" ), Synchronologic Series A Convertible preferred stock, no par value per share ( "Synchronologic Series A Preferred" ), Synchronologic Series B Convertible preferred stock, no par value per share ( "Synchronologic Series B Preferred" ), Synchronologic Series C Convertible preferred stock, no par value per share ( "Synchronologic Series C Preferred" ), and Synchronologic Series D Convertible preferred stock, no par value per share ( "Synchronologic Series D Preferred" ), was converted into the right to receive (i) 0.617608 of a share of common stock, par value \$0.001 per share of Pumatech ( "Pumatech Common Stock" ) per share of Synchronologic Common Stock, (ii) 0.845439 of a share of Pumatech Common Stock per share of Synchronologic Series A Preferred, (iii) 0.914738 of a share of Pumatech Common Stock per share of Synchronologic Series B Preferred, (iv) 0.626301 of a share of Pumatech Common Stock per share of Synchronologic Series C Preferred, and (v) 2.343055 of a share of Pumatech Common Stock per share of Synchronologic Series D Preferred. Instead of issuing any fractional shares of Pumatech Common Stock in the Merger, Pumatech will pay the cash value of a fractional share of Pumatech Common Stock measured over the thirty day trading period ended on December 26, 2003. Each option to purchase Synchronologic Common Stock (a "Synchronologic Option" ) was converted into the right to purchase 0.617608 shares of Pumatech Common Stock per share of Synchronologic Common Stock deemed purchasable pursuant to such Synchronologic Option.

Please see the full text of Pumatech's press release, filed as Exhibit 99.1 hereto, which is incorporated herein by reference.

The issuance of Pumatech Common Stock pursuant to the Merger Agreement was registered under the Securities Act of 1933, as amended, under a registration statement on Form S-4 (File No. 333-109881) (the "Registration Statement" ) filed with the Securities and Exchange Commission and declared effective on November 26, 2003. The Registration Statement contains additional information about the Merger.

**Item 3. Bankruptcy or Receivership.**

Not applicable.

**Item 4. Changes in Registrant's Certifying Accountant.**

Not applicable.

**Item 5. Other Events and Regulation FD Disclosure.**

Not applicable.

**Item 6. Resignations of Registrant s Directors.**

Not applicable.

**Item 7. Financial Statements and Exhibits.**

(a) *Financial Statements of Business Acquired.*

The required financial information of Synchronologic has been included hereto in Exhibit 99.2 :

(b) *Pro Forma Financial Information.*

The required *pro forma* financial information relative to Synchrologic is as follows:

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**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

The following unaudited pro forma combined condensed financial statements have been prepared to give effect to the merger of Pumatech and Synchrologic using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the merger had been completed as of August 1, 2002 for statement of operations purposes and as of October 31, 2003 for balance sheet purposes.

In addition, these unaudited pro forma combined condensed financial statements have been prepared to reflect Pumatech's acquisition of substantially all of the assets of Spontaneous Technology, Inc. on September 17, 2003 using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the Spontaneous Technology acquisition had been completed as of August 1, 2002 for statement of operations purposes. Pumatech's acquisition of Starfish Software, Inc. on March 27, 2003 is also treated as having occurred on August 1, 2002.

Pumatech's fiscal year end is July 31, whereas Synchrologic's and Spontaneous Technology's fiscal year ends are December 31. The following pro forma combined condensed statement of operations data for the year ended July 31, 2003 combines the results of operations of Pumatech for the twelve months ended July 31, 2003 and Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003. Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003, and deducting the results of operations for the six months ended June 30, 2002. In addition, the following pro forma combined condensed statement of operations data for the year ended July 31, 2003 includes the results of operations of Starfish Software for the eight months ended February 28, 2003. Since the acquisition of Starfish Software took place on March 27, 2003, four months of Starfish Software results are included in the consolidated Pumatech results for the year ended July 31, 2003. Starfish Software's results of operations for the eight months ended February 28, 2003 were calculated by deducting the results of operations for the six months ended June 30, 2002 from the results of operations for the twelve months ended December 31, 2002, and adding the results of operations for the two months ended February 28, 2003. The unaudited pro forma combined condensed statement of operations for the three months ended October 31, 2003 combines the results of operations of Pumatech for the three months ended October 31, 2003 and Synchrologic's results of operations for the three months ended September 30, 2003. Synchrologic's results of operations for the three months ended September 30, 2003 were calculated by taking the unaudited results of operations for the nine months ended September 30, 2003, and deducting the unaudited results of operations for the six months ended June 30, 2003. In addition, the following pro forma combined condensed statement of operations data for the three months ended October 31, 2003 includes the results of operations of Spontaneous Technology for the 47 day period ended September 16, 2003. Since the acquisition of Spontaneous Technology took place on September 17, 2003, approximately one and a half months of Spontaneous Technology's results are included in the consolidated Pumatech results for the three months ended October 31, 2003.

The unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the merger and the acquisition noted above occurred on August 1, 2002 for statement of operations purposes and as of October 31, 2003 for balance sheet purposes, nor are they necessarily indicative of the future financial position or results of operations.

The unaudited pro forma combined condensed financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Synchrologic. The final allocation of the purchase price will be determined after the completion of the merger and will be based upon actual net tangible and intangible assets acquired as well as liabilities assumed. The preliminary purchase price allocation for Synchrologic is subject to revision as more detailed analysis is completed and additional information on the fair values of Synchrologic's assets and liabilities becomes available. Any change in the fair value of the net assets of Synchrologic will change the amount of the purchase price allocable to goodwill. Final purchase accounting adjustments may differ materially from the pro forma adjustments presented here.

The unaudited pro forma combined condensed financial statements also include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Spontaneous Technology. The final allocation of the purchase price will be determined as more detailed analysis is completed and additional information on the fair values of Spontaneous Technology's assets and liabilities becomes available and any contingent consideration associated with the acquisition is resolved. Any change in the fair value of the net assets of Spontaneous Technology, as well as any changes to the total purchase price paid by Pumatech, will change the amount of the purchase price allocable to goodwill. Due to the uncertainty associated with the final purchase consideration, final purchase accounting adjustments may differ materially from the pro forma adjustments presented here.

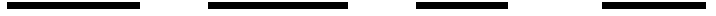
These unaudited pro forma combined condensed financial statements are based upon the respective historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and should be read in conjunction with the historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Pumatech's annual reports, quarterly reports and other information on file with the SEC or contained elsewhere in this registration statement.

## UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except per share amounts)

	Historical	Historical	Pro Forma	
	Pumatech	Synchrologic		
	As of October 31, 2003	As of September 30, 2003	Adjustments	Combined
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,969	\$ 2,261	\$	\$ 7,230
Short-term investments in marketable securities	20,186			20,186
Accounts receivable, net	6,179	2,743		8,922
Inventories	253			253
Prepaid expenses and other current assets	667	316		983
	<u>32,254</u>	<u>5,320</u>		<u>37,574</u>
Restricted investments	296			296
Property and equipment, net	1,261	271		1,532
Goodwill	5,713		52,290 (a)	58,003
Intangible assets, net	4,049		15,300 (a)	19,349
Other assets	975			975
	<u>44,548</u>	<u>5,591</u>	<u>\$ 67,590</u>	<u>\$ 117,729</u>
<b>LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Borrowings	\$	\$ 1,654	\$	\$ 1,654
Accounts payable	2,413	151		2,564
Accrued expenses and other current liabilities	3,940	2,009	1,295 (b)	7,244
Deferred revenue	2,078	1,386	(146)(c)	3,318
	<u>8,431</u>	<u>5,200</u>	<u>1,149</u>	<u>14,780</u>
Long-term debt		287		287
Other long-term liabilities	849			849
Mandatorily Redeemable Convertible Preferred Stock:		31,045	(31,045)(d)	
Stockholders' equity:				
Common stock	49	4,755	(4,740)(d)	64
Additional paid-in capital	160,299	63	68,889 (d)	229,251
Treasury stock		(2,293)	2,293 (d)	
Receivable from stockholder	(138)			(138)
Retained earnings (accumulated deficit)	(123,922)	(33,466)	31,044 (d)	(126,344)
Deferred compensation, net	(1,039)			(1,039)
Accumulated other comprehensive income	19			19
	<u>35,268</u>	<u>(30,941)</u>	<u>97,486</u>	<u>101,813</u>
Total liabilities, mandatorily redeemable preferred stock and stockholders' equity	\$ 44,548	\$ 5,591	\$ 67,590	\$ 117,729





The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements

## UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED

## STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED JULY 31, 2003

(In thousands, except per share amounts)

	Historical		Pro Forma		Historical	Pro Forma	
	Starfish Eight		Spontec		Synchrologic		
	Months		Year		Year		
Pumatech	Ended	Year	ended		ended		
Year	February 28,	June 30,			June 30,		
ended	2003(1)	2003(2)	Adjustments	Combined	2003(2)	Adjustments	Combined
July 31, 2003							
Revenues							
License revenue	\$ 19,169	\$ 662	\$ 149	\$	\$ 19,980	\$ 5,881	\$ 25,861
License revenue - related party		1,019			1,019		1,019
Service revenue	5,691	836	387		6,914	5,951	12,865
Service revenue - related party		350			350		350
Total revenues	24,860	2,867	536		28,263	11,832	40,095
Costs and expenses:							
Cost of revenue	4,094	849	399		5,342	2,795	8,137
Cost of revenue - related party		960			960		960
Sales and marketing	11,468	1,450	495		13,413	3,943	17,356
General and administrative	5,793	2,802	3,565		12,160	2,252	14,412
Research and development	7,389	1,694	1,258		10,341	4,758	15,099
In-process research and development	406			(406)(h)			
Amortization of intangibles	709			681(f)(g)	1,390		3,400(e)
Restructuring and other charges	795	2,506			3,301		3,301
Total operating expenses	30,654	10,261	5,717	275	46,907	13,748	64,055
Loss from operations	(5,794)	(7,394)	(5,181)	(275)	(18,644)	(1,916)	(23,960)
Interest income, net	803		(618)	(42)(i)	143	(215)	(72)
Impairment of investments	(2,394)				(2,394)		(2,394)
Other income, net	(65)		274		209		209
	(1,656)		(344)	(42)	(2,042)	(215)	(2,257)
Loss before taxes	(7,450)	(7,394)	(5,525)	(317)	20,686	(2,131)	(26,217)
Provision for taxes	286				286		286
Net Loss	\$ (7,736)	\$ (7,394)	\$ (5,525)	\$ (317)	\$ (20,972)	\$ (2,131)	\$ (26,503)
Net loss per share - Basic and Diluted	\$ (0.17)			\$ (0.36)	\$ (0.44)		\$ (0.21)
Shares used in per share calculation - Basic and Diluted	46,622			869(k)	47,491		16,200(k)
							63,691

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- (1) Starfish Software's results of operations for the eight months ended February 28, 2003 were calculated by deducting the results of operations for the six months ended June 30, 2002 from the results of operations for the twelve months ended December 31, 2002, and adding the results of operations for the two months ended February 28, 2003.
  - (2) Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003 and deducting the six months ended June 30, 2002.

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements.

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2003**

**(In thousands, except per share amounts)**

	Historical		Pro Forma		Historical		Pro Forma	
	Pumatech	Spontec			Synchrologic			
	Three months-ended October 31, 2003	47 day period ended September 16, 2003	Adjustments	Combined	Three months-ended September 30, 2003 (1)	Adjustments	Combined	
<b>Revenues</b>								
License revenue	\$ 5,270	\$	\$	\$ 5,270	\$ 1,928	\$	\$ 7,198	
Service revenue	2,746	31		2,777	1,385		4,162	
<b>Total revenues</b>	<b>8,016</b>	<b>31</b>		<b>8,047</b>	<b>3,313</b>		<b>11,360</b>	
<b>Costs and expenses:</b>								
Cost of revenue	1,634	31		1,665	513		2,178	
Sales and marketing	3,280	40		3,320	873		4,193	
General and administrative	2,385	278		2,663	859		3,522	
Research and development	2,193	99		2,292	1,123		3,415	
In-process research and development	469		(469)(j)					
Amortization of intangibles	259		49(f)	308		850(e)	1,158	
Restructuring and other charges	76			76			76	
<b>Total operating expenses</b>	<b>10,296</b>	<b>448</b>	<b>(420)</b>	<b>10,324</b>	<b>3,368</b>	<b>850</b>	<b>14,542</b>	
Loss from operations	(2,280)	(417)	420	(2,277)	(55)	(850)	(3,182)	
Interest income, net		(29)		(29)	(40)		(69)	
Other income, net	126			126			126	
	126	(29)		97	(40)		57	
Loss before taxes	(2,154)	(446)	420	(2,180)	(95)	(850)	(3,125)	
Provision for taxes	(107)			(107)			(107)	
<b>Net Loss</b>	<b>\$ (2,261)</b>	<b>\$ (446)</b>	<b>\$ 420</b>	<b>\$ (2,287)</b>	<b>\$ (95)</b>	<b>\$ (850)</b>	<b>\$ (3,232)</b>	
Net loss pe								