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SL INDUSTRIES INC
Form 8-K/A
December 09, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) November 24, 2003

SL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New Jersey	1-4987	21-0682685
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

520 Fellowship Road, Suite A114, Mount Laurel, New Jersey	08054
-----	-----
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (856) 727-1500

(Former name or former address, if changed since last report)

INTRODUCTORY NOTE:

The purpose of this Form 8-K/A is to amend SL Industries, Inc.'s (the "Registrant") current Report on Form 8-K filed with the Securities and Exchange Commission on November 26, 2003 to provide the required Unaudited Pro Forma Financial Statements reflecting the sale of the operating assets of SL Surface Technologies, Inc. ("SurfTech"), a wholly owned subsidiary of the Registrant and to reflect the use of the proceeds to pay debt.

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On November 24, 2003, SurfTech, a wholly owned subsidiary of the Registrant, sold the operating assets of its business to Everlast Coatings Inc. (the "Purchaser") pursuant to an Asset Purchase Agreement (the "Purchase Agreement").

Description of Assets

SurfTech sold the operating assets of its business, which was engaged in coatings and platings. The Registrant retained (a) the land and building and

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(b) specific liabilities as detailed in the Purchase Agreement.

Consideration

Pursuant to the terms of the sale, the consideration paid by the Purchaser was \$600,000 in cash plus the assumption of certain liabilities. The consideration was determined by arms-length negotiation. Cash proceeds were used to pay debt.

Relationship with Purchaser

John R. Willey, the President of the Purchaser, was a former executive of SurfTech. In connection with the sale, the Registrant entered into a ten (10) year lease with the Purchaser for the lease of the land and building retained by the Registrant.

Other than as described herein, the Registrant, on the one hand, and the Purchaser and its affiliates, on the other hand, have no common officers, directors or control persons.

For additional information, reference is made to the press release, which is attached to the Registrant's Current Report on Form 8-K dated November 26, 2003.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired.

Not Applicable.

(b) Pro Forma Financial Information.

Unaudited Pro Forma Consolidated Statement of Operations for the year ended December 31, 2002.

Unaudited Pro Forma Consolidated Statement of Operations for the nine months ended September 30, 2003.

Unaudited Pro Forma Consolidated Balance Sheet as of September 30, 2003.

(c) Exhibits.

2.1 Asset Purchase Agreement

2.2 Lease Agreement

Item 7 (b) Basis of Presentation

The following Unaudited Pro Forma Consolidated Financial Statements reflect the sale of the operating assets of SurfTech, a wholly owned subsidiary of the Registrant after giving effect to the pro forma adjustments described in the accompanying notes. These Unaudited Pro Forma Consolidated Financial Statements have been prepared from, and should be read in conjunction with, the historical consolidated financial statements and notes thereto of SL Industries Inc. which are included in SL Industries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002 and the Quarterly Report on Form 10-Q for the period ended September 30, 2003.

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The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of operating results or financial position that would have occurred had the sale been consummated at the dates indicated, nor is it necessarily indicative of future operating results or financial position of SL Industries.

The Unaudited Pro Forma Consolidated Statements of Operations give effect to the sale as if it had occurred at the beginning of the periods presented. The Unaudited Pro Forma Consolidated Balance Sheet gives effect to the sale of the operating assets of SurfTech as if it had occurred on September 30, 2003 and the use of proceeds to pay current maturities of debt.

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SL Industries, Inc.
Pro Forma Consolidated Statement Of Operations
For The Year Ended December 31, 2002
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SL Industries, Inc. ----- (Historical)	(1) SurfTech ----- (Historical)	Adjustme -----
Net sales	\$ 110,149 -----	\$ 2,237 -----	\$ -----
Cost of sales	71,199	1,828	1
Engineering & product development	7,579	0	
Selling, general and administrative	25,194	984	(1
Depreciation and amortization	2,948	314	8
Restructuring costs	265	35	
Impairment of intangibles	703	703	
Special charges	1,834	0	
	-----	-----	-----
Total cost and expenses	109,722	3,864	8
Income (loss) from operations	427	(1,627)	(8
Other income (expense):			
Interest income	25	0	
Interest expense	(2,454)	(198)	(15
	-----	-----	-----
Loss from continuing operations before income taxes	(2,002)	(1,825)	(24
Income tax (benefit)	(755)	(474)	(8
	-----	-----	-----
Loss from continuing operations	\$ (1,247)	\$ (1,351)	\$ (16
Basic net income (loss) per common share	\$ (0.21)		
Diluted net income (loss) per common share	\$ (0.21)		
Weighted shares outstanding - basic	5,867		
Weighted shares outstanding - diluted	5,867		

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The accompanying notes are an integral part of the Pro Forma Financial Statements.

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SL Industries, Inc.
 Pro Forma Consolidated Statement Of Operations
 For The Nine Months Ended September 30, 2003
 (UNAUDITED)
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SL Industries, Inc. ----- (Historical)	(1) SurfTech ----- (Historical)	A ----- -----
Net sales	\$ 80,394 -----	\$ 1,514 -----	\$ -----
Cost of sales	51,250	1,293	
Engineering & product development	5,788	0	
Selling, general and administrative	18,636	569	
Depreciation and amortization	1,891	180	
Asset impairment charges	703 -----	703 -----	
Total cost and expenses	78,268	2,745	
Income (loss) from operations	2,126	(1,231)	
Other income (expense):			
Interest income	130	0	
Interest expense	(440) -----	(83) -----	
Income (loss) from continuing operations before income taxes	1,816	(1,314)	
Income tax provision (benefit)	776 -----	(405) -----	
Income (loss) from continuing operations	\$ 1,040	\$ (909)	\$
Basic net income (loss) per common share	\$ 0.18		
Diluted net income (loss) per common share	\$ 0.18		
Weighted shares outstanding - basic	5,908		
Weighted shares outstanding - diluted	5,931		

The accompanying notes are an integral part of the Pro Forma Financial Statements.

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SL Industries, Inc.
 Pro Forma Consolidated Balance Sheet
 September 30, 2003
 (UNAUDITED)
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SL Industries, Inc.	(1) SurfTech	Adju
	----- (Historical)	-----	-----
ASSETS			
Current assets:			
Cash and equivalents	\$ 648	\$ --	\$
Receivables, net	15,762	389	
Note receivable	1,000	0	
Inventories, net	11,290	78	
Prepaid expenses	917	3	
Deferred income taxes, net	4,381	0	
	-----	-----	-----
Total current assets	33,998	470	
Property, plant & equipment, net	9,849	213	
Deferred income taxes, net	3,423	0	
Goodwill, net	10,303	0	
Other intangible assets, net	1,009	0	
Other assets and deferred charges	1,694	0	
	-----	-----	-----
Total assets	\$ 60,276	\$ 683	\$
	=====	=====	=====
 LIABILITIES			
Current liabilities:			
Debt, current portion	\$ 1,310	\$ --	\$
Accounts payable	3,255	43	
Accrued income taxes	2,459	0	
Accrued payroll and related costs	4,196	30	
Other accrued liabilities	6,667	10	
	-----	-----	-----
Total current liabilities	17,887	83	
	-----	-----	-----
Debt, less current portion	2,507	0	
Deferred compensation and supplemental retirement benefits	3,996	0	
Other liabilities	883	0	
	-----	-----	-----
Total liabilities	\$ 25,273	\$ 83	\$
	-----	-----	-----
 SHAREHOLDERS' EQUITY			
Common stock, \$.20 par value; authorized, 25,000,000 shares; issued 8,298,000 shares	\$ 1,660	\$ --	\$
Capital in excess of par value	38,822	0	

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Retained earnings	9,467	0	
Treasury stock at cost, 2,359,000	(14,946)	0	
	-----	-----	-----
Total shareholders' equity	\$ 35,003	\$ --	\$
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 60,276	\$ 83	\$
	=====	=====	=====

The accompanying notes are an integral part of the Pro Forma Financial Statements.

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SL INDUSTRIES, INC.

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

- Eliminates the results of operations of SurfTech for the period as if the sale had been completed as of the beginning of the operating periods presented. Also, eliminates the operating assets and liabilities of SurfTech as if the sale had been completed as of September 30, 2003.
- Reflects the net operating lease commitment related to equipment, which was not sold.
- Reflects rental income to be received related to the building, which is occupied by the purchaser as part of the lease agreement.
- Depreciation expense for the periods presented for the building, which was retained by SL Industries.
- Reflects the add back of inter-company interest expense net of a reduction of interest expense attributable to the application of the proceeds from the sale of the SurfTech's operations to reduce debt.
- Reflects the income tax effect of the pro forma adjustments at the U.S. federal statutory rate of 34%.
- Represents the portion of the sale proceeds paid into escrow at closing.
- Reflects the sale of equipment directly related to the sale of SurfTech's operating assets.
- Reflects the application of the proceeds from the sale of SurfTech's operating assets and other equipment sold to a third party, the proceeds of which were used to reduce debt.
- Reflects the tax benefit related to the loss on the sale of SurfTech's operating assets.
- Reflects the estimated liability related to certain exit costs.
- Estimated closing and lease termination costs.
- Net loss on the sale net of tax.

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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 hereunto duly authorized.

SL INDUSTRIES, INC.

Date: December 9, 2003

By: /s/ David R. Nuzzo

David R. Nuzzo
Vice President Finance and
Administration

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EXHIBIT INDEX

Exhibit No. -----	Description -----
2.1	Asset Purchase Agreement
2.2	Lease Agreement

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