

Edgar Filing: EZ EM INC - Form 8-K

EZ EM INC
Form 8-K
November 04, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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): October 30, 2004

E-Z-EM, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-11479

11-1999504

(Commission File Number)

(IRS Employer Identification No.)

1111 Marcus Avenue, Lake Success, New York

11042

(Address of Principal Executive Offices)

(Zip Code)

(516) 333-8230

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.01 Completion of Acquisition or Disposition of Assets

On October 30, 2004, E-Z-EM, Inc. (the "Company") completed the spin-off of its subsidiary, AngioDynamics, Inc. when it distributed

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.856377 of a share of AngioDynamics common stock as a dividend on each outstanding share of E-Z-EM common stock to E-Z-EM stockholders of record as of October 11, 2004. An aggregate of 9.2 million shares was distributed by the Company. A copy of the press release issued by the Company on November 4, 2004 announcing its completion of the spin-off is being filed as Exhibit 99.1 to this Form 8-K and is incorporated by reference in its entirety.

ITEM 9.01 Financial Statements and Exhibits

(b) Pro Forma financial information

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated financial information of the Company is based on and should be read in conjunction with the historical consolidated financial statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the fiscal year ended May 29, 2004 and the unaudited consolidated financial statements filed in the Company's Quarterly Report on Form 10-Q for the thirteen weeks ended August 28, 2004. The Pro Forma Condensed Consolidated Balance Sheet as of August 28, 2004 reflects the financial position of the Company after giving effect to the spin-off of AngioDynamics and assumes the spin-off took place on August 28, 2004. The Pro Forma Condensed Consolidated Statements of Earnings for the thirteen weeks ended August 28, 2004 and the fifty-two weeks ended May 29, 2004, May 31, 2003 and June 1, 2002 assume that the spin-off of AngioDynamics took place at the beginning of the fifty-two week period ended June 1, 2002.

In the opinion of management, the accompanying pro forma condensed consolidated financial information includes all material adjustments necessary to reflect, on a pro forma basis, the impact of the spin-off on the historical financial information of the Company. The adjustments are described in the notes to the unaudited pro forma condensed consolidated financial statements and are set forth in the "Pro Forma Adjustments" columns.

The unaudited pro forma condensed consolidated financial information has been presented for illustrative purposes only and is not necessarily indicative of the future financial position or future results of operations of the Company, or of the financial position or results of operations of the Company that would have actually occurred had the transaction been in effect as of the date or for the periods presented.

2

E-Z-EM, Inc. and Subsidiaries

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET August 28, 2004 (unaudited)

	As Reported	Pro Forma Adjustments ----- Angio- Dynamics (A)	Other
--	----------------	--	-------

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	-----	-----	-----
		(in thousands)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents.....	\$ 30,127	\$20,749	
Restricted cash.....	102	102	
Debt and equity securities, at fair value...	16,923	739	
Accounts receivable, net.....	22,309	7,176	\$ 409 (B)
Inventories.....	29,371	9,216	55 (C)
Other current assets.....	6,719	1,221	
	-----	-----	-----
Total current assets.....	105,551	39,203	464
PROPERTY, PLANT AND EQUIPMENT -			
AT COST, net.....	23,520	7,450	
OTHER ASSETS.....	13,314	1,977	
	-----	-----	-----
	\$142,385	\$48,630	\$ 464
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable.....	\$ 394		
Current maturities of long-term debt.....	291	\$ 160	
Accounts payable.....	6,806	2,122	\$ 106 (B)
Accrued liabilities.....	7,605	2,107	
Accrued income taxes.....	590	145	
Due to E-Z-EM, Inc.....		303	303 (B)
	-----	-----	-----
Total current liabilities.....	15,686	4,837	409
OTHER NONCURRENT LIABILITIES.....	6,735	3,060	
MINORITY INTEREST.....	7,983		(7,983) (D)
	-----	-----	-----
Total liabilities.....	30,404	7,897	(7,574)
STOCKHOLDERS' EQUITY.....	111,981	40,733	8,038 (E)
	-----	-----	-----
	\$142,385	\$48,630	\$ 464
	=====	=====	=====

See accompanying Notes to Pro Forma Condensed Financial Information.

3

E-Z-EM, Inc. and Subsidiaries

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
Thirteen weeks ended August 28, 2004
(unaudited)

	Pro Forma Adjustments	
	-----	-----
As	Angio-	Other
Reported	Dynamics (F)	-----
-----	-----	-----

(in thousands, except per share data)

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Net sales.....	\$36,870	\$13,105	\$247 (G)
Cost of goods sold.....	19,855	6,112	252 (H)
	-----	-----	-----
Gross profit.....	17,015	6,993	(5)
	-----	-----	-----
Operating expenses			
Selling and administrative.....	13,077	4,595	56 (I)
Plant closing and operational restructuring costs.....	601		
Research and development.....	2,156	1,128	
	-----	-----	-----
Total operating expenses.....	15,834	5,723	56
	-----	-----	-----
Operating profit (loss).....	1,181	1,270	(61)
Other income.....	700	15	
	-----	-----	-----
Earnings before income taxes and minority interest.....	1,881	1,285	(61)
Income tax provision (benefit).....	484	524	(21) (N)
	-----	-----	-----
Earnings before minority interest.....	1,397	761	(40)
Minority interest.....	146		(146) (O)
	-----	-----	-----
NET EARNINGS.....	\$1,251	\$ 761	\$106
	=====	=====	=====
 Earnings per common share			
Basic.....	\$.12		
	=====		
Diluted.....	\$.11		
	=====		
 Weighted average common shares			
Basic.....	10,732		
	=====		
Diluted.....	10,932		
	=====		

See accompanying Notes to Pro Forma Condensed Financial Information.

4

E-Z-EM, Inc. and Subsidiaries

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
Fifty-two weeks ended May 29, 2004
(unaudited)

	Pro Forma Adjustments		
	As	Angio-	Other
	Reported	Dynamics (F)	
	-----	-----	-----

(in thousands, except per share data)

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Net sales.....	\$148,771	\$49,055	\$ 893	
Cost of goods sold.....	82,913	23,254	893	(H)
	-----	-----	-----	
Gross profit.....	65,858	25,801	--	
	-----	-----	-----	
Operating expenses				
Selling and administrative.....	48,847	17,127	308	(I)
Plant closing and operational restructuring costs.....	1,771			
Research and development.....	8,019	3,551		
	-----	-----	-----	
Total operating expenses.....	58,637	20,678	308	
	-----	-----	-----	
Operating profit.....	7,221	5,123	(308)	
Other income (expense).....	2,702	(742)	(485)	(J)
	-----	-----	-----	
Earnings before income taxes and minority interest.....	9,923	4,381	(793)	
Income tax provision.....	3,182	1,238	(114)	(L)
	-----	-----	-----	
Earnings before minority interest.....	6,741	3,143	(679)	
Minority interest.....	15		(15)	(O)
	-----	-----	-----	
NET EARNINGS.....	\$ 6,726	\$ 3,143	\$ (664)	
	=====	=====	=====	
Earnings per common share				
Basic.....	\$.65			
	=====			
Diluted.....	\$.63			
	=====			
Weighted average common shares				
Basic.....	10,344			
	=====			
Diluted.....	10,625			
	=====			

See accompanying Notes to Pro Forma Condensed Financial Information.

5

E-Z-EM, Inc. and Subsidiaries

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
Fifty-two weeks ended May 31, 2003
(unaudited)

	Pro Forma Adjustments			
	As Reported	Angio- Dynamics (F)	Other	
(in thousands, except per share data)				
Net sales.....	\$133,158	\$38,434	\$ 959	(G)

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Cost of goods sold.....	75,362	18,572	1,006 (H)
	-----	-----	-----
Gross profit.....	57,796	19,862	(47)
	-----	-----	-----
Operating expenses			
Selling and administrative.....	47,075	14,115	191 (I)
Asset impairment and facility			
closing costs.....	116		
Research and development.....	6,776	2,509	
	-----	-----	-----
Total operating expenses.....	53,967	16,624	191
	-----	-----	-----
Operating profit.....	3,829	3,238	(238)
Other income (expense).....	409	(983)	(726) (J)
	-----	-----	-----
Earnings before income taxes.....	4,238	2,255	(964)
Income tax provision.....	1,497	1,069	(71) (L)
	-----	-----	-----
NET EARNINGS.....	\$ 2,741	\$ 1,186	\$ (893)
	=====	=====	=====
 Earnings per common share			
Basic.....	\$.27		
	=====		
Diluted.....	\$.26		
	=====		
 Weighted average common shares			
Basic.....	10,048		
	=====		
Diluted.....	10,419		
	=====		

See accompanying Notes to Pro Forma Condensed Financial Information.

6

E-Z-EM, Inc. and Subsidiaries

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
Fifty-two weeks ended June 1, 2002
(unaudited)

	As Reported	Pro Forma Adjustments	
		Angio- Dynamics (F)	Other
	-----	-----	-----
(in thousands, except per share data)			
Net sales.....	\$122,133	\$30,890	\$1,045 (G)
Cost of goods sold.....	70,848	15,333	987 (H)
	-----	-----	-----
Gross profit.....	51,285	15,557	58
	-----	-----	-----
Operating expenses			

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Selling and administrative.....	41,766	11,218	146	(I)
Asset impairment and facility closing costs.....	1,393			
Research and development.....	6,220	1,951	2	(I)
	-----	-----	-----	
Total operating expenses.....	49,379	13,169	148	
	-----	-----	-----	
Operating profit (loss).....	1,906	2,388	(90)	
Other income (expense).....	525	(818)	(693)	(K)
	-----	-----	-----	
Earnings before income taxes.....	2,431	1,570	(783)	
Income tax provision.....	1,846	561	(311)	(M)
	-----	-----	-----	
NET EARNINGS (LOSS).....	\$ 585	\$ 1,009	\$ (472)	
	=====	=====	=====	
Earnings (loss) per common share				
Basic.....	\$.06			
	=====			
Diluted.....	\$.06			
	=====			
Weighted average common shares				
Basic.....	9,848			
	=====			
Diluted.....	10,160			
	=====			

See accompanying Notes to Pro Forma Condensed Financial Information.

7

E-Z-EM, Inc. and Subsidiaries

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AND STATEMENTS OF EARNINGS
(unaudited)

- (A) To eliminate the assets and liabilities of AngioDynamics included in the Company's consolidated balance sheet at August 28, 2004.
- (B) To reverse the elimination of amounts due to/from the Company and AngioDynamics at August 28, 2004.
- (C) To reverse the elimination of profit in ending inventory on AngioDynamics sales to the Company at August 28, 2004.
- (D) To eliminate the minority interest in AngioDynamics at August 28, 2004.
- (E) To eliminate the minority interest in AngioDynamics of \$7,983,000 and to reverse the elimination of profit in ending inventory on AngioDynamics sales to the Company of \$55,000 at August 28, 2004.
- (F) To eliminate the profit and loss of AngioDynamics for the entire period.
- (G) To reverse the elimination of AngioDynamics intercompany sales.

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- (H) To reverse the elimination of AngioDynamics intercompany cost of goods sold.
- (I) To reflect corporate allocations which were originally charged to AngioDynamics, that would be recorded as an expense of the Company.
- (J) To eliminate imputed interest income on loans to AngioDynamics, as interest was suspended by the Company. Certain loans, which were capitalized in connection with the initial public offering of AngioDynamics, were assumed to be capitalized as of the earliest date presented.
- (K) To eliminate interest income on loans to AngioDynamics, as interest was suspended by the Company. Certain loans, which were capitalized in connection with the initial public offering of AngioDynamics, were assumed to be capitalized as of the earliest date presented.
- (L) To reflect the estimated income tax effect of the pro forma adjustments referred to in Note (I) at the then annual effective federal and state income tax rate. The imputed interest referred to in Note (J) was not previously tax effected.
- (M) To reflect the estimated income tax effect of the pro forma adjustments referred to in Notes (I) and (K) at the then annual effective federal and state income tax rate.
- (N) To reflect the estimated income tax effect of the pro forma adjustments referred to in Note (I) at the then annual effective federal and state income tax rate.
- (O) To eliminate the minority interest in the net earnings of AngioDynamics.

8

(c) Exhibits

99.1 Press release dated November 4, 2004.

9

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.

Dated: November 4, 2004

E-Z-EM, INC.
(Registrant)

By: /s/ Peter J. Graham

Peter J. Graham
Vice President - General Counsel

10

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EXHIBIT INDEX

Exhibit -----	Description -----
99.1	Press Release dated November 4, 2004.