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ALLIS CHALMERS CORP
Form 8-K/A
September 16, 2003

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): JULY 1, 2003

ALLIS-CHALMERS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

1-2199
(Commission File Number)

39-0126090
(I.R.S. Employer
Identification No.)

7660 WOODWAY, SUITE 200
HOUSTON, TEXAS
(Address of principal executive offices)

77063
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 369-0550

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements.

None

(b) Pro Forma Financial Information.

Unaudited Pro Forma Consolidated Statement of Operations For the Year Ended December 31, 2002	P-1
Unaudited Pro Forma Consolidated Statement of Financial Position as of December 31, 2002	P-2
Unaudited Pro Forma Consolidated Statement of Operations For the Six Months Ended June 30, 2003	P-3
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ALLIS-CHALMERS CORPORATION
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	ALLIS- CHALMERS CONSOLIDATED HISTORICAL -----	M-I AIR DRILLING HISTORICAL -----	AIRCOMP PURCHASE ADJUSTMENTS -----
SALES			
REVENUES	\$ 17,990	\$ 2,453	\$ --
COST OF REVENUES	14,910	3,156	(1,597) a
	-----	-----	-----
GROSS PROFIT	3,080	(703)	1,597
General and administrative expense	3,792	318	3
Personnel restructuring costs	495		
Abandoned acquisition/private placement costs	233	--	--
	-----	-----	-----
Total operating expenses	4,520	318	3
	-----	-----	-----
LOSS FROM OPERATIONS	(1,440)	(1,021)	1,594
Other income (expense):			
Interest income	49	--	--
Interest expense	(2,256)	--	83 b
Minority interest	(189)		(487) c
Factoring costs on note receivable	(191)	300	--
Other income (expense)	58	--	
	-----	-----	-----
NET INCOME (LOSS) BEFORE INCOME TAXES	(3,969)	(721)	1,190
PROVISION FOR INCOME TAXES	--	--	--
	-----	-----	-----
NET INCOME/(LOSS)	(3,969)	(721)	1,190
PREFERRED STOCK DIVIDEND	(321)	--	--
	-----	-----	-----
NET INCOME / (LOSS) ATTRIBUTED TO COMMON SHARES	\$ (4,290)	\$ (721)	\$ 1,190
	=====	=====	=====
Net income / (loss) per common shares	\$ (0.22)		
	=====		
Weighted average number of common shares outstanding	19,633		
	=====		

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ALLIS-CHALMERS CORPORATION
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2002
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	12/31/02 ALLIS-CHALMERS AS REPORTED	MCA PURCHASE ADJUSTMENT	AIRCOMP PURCHASE ADJUSTMENT	
ASSETS				
Cash and cash equivalents	146	(7,245) d,e	7,750	h
Trade receivables, net	4,409			
Lease deposit	525	(525) f		
Lease receivable, current	180			
Prepaids and other current	317			
Total current assets	5,577	(7,770)	7,750	
Property, Plant & Equipment, net	17,124	2,680 d,f	6,822	i
Goodwill	7,829			
Investment in JV AirComp, LLC	-	(903) g		
Other intangible assets, net	2,650			
Debt issuance costs, net	515	(83) h	250	h
Lease receivable, less current portion	1,042			
Other assets	41			
Total assets	34,778	(6,076)	14,822	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current maturities of long-term debt	13,890	(4,850) d	1,144	h
Trade accounts payable	2,106			
Accrued employee benefits and payroll taxes	280			
Accrued interest	811	(240) d		
Accrued expenses	1,506			
Total current liabilities	18,593	(5,090)	1,144	
Accrued postretirement benefit obligations	670			
Long-term debt, less current portion	7,331		11,674	h.i
Other long-term liabilities	270			
Minority interest	1,584		2,004	i
Redeemable warrants	1,500			
Redeemable convertible preferred stock	3,821			

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Common shareholders' equity:

Common shares, \$0.15 par value (110,000,000 shares authorized; 19,633,340 issued and outstanding at December 31, 2002)	2,945	
Capital in excess of par value	7,237	
Accumulated (deficit)	(9,173)	(986)

Total shareholders' equity	1,009	(986)	-
Total liabilities and stockholders' equity	34,778	(6,076)	14,822

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ALLIS-CHALMERS CORPORATION
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE SIX MONTHS ENDED JUNE 30, 2003
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	ALLIS- CHALMERS CONSOLIDATED HISTORICAL	M-I AIR DRILLING HISTORICAL	AIRCOMP PURCHASE ADJUSTMENTS	CO
SALES				
REVENUES	\$ 14,339	\$ 1,722	\$ --	
COST OF REVENUES	10,405	2,203	(753) a	
GROSS PROFIT	3,934	(481)	753	
MARKETING AND ADMINISTRATIVE EXPENSE	2,001	45	(46) d	
INCOME/ (LOSS) FROM OPERATIONS	1,933	(526)	799	
Other income (expense):				
Interest income	--	--	--	
Interest expense	(1,480)	--	(4) b	
Minority interest	(311)	--	(150) c	
Other income (expense):	(174)	--		
NET INCOME / (LOSS) BEFORE INCOME TAXES	(32)	(526)	645	
INCOME TAXES	--	--	--	
NET INCOME / (LOSS)	(32)	(526)	645	
PREFERRED STOCK DIVIDEND	(481)	--	--	
NET INCOME / (LOSS) ATTRIBUTED TO COMMON SHARES	\$ (513)	\$ (526)	\$ 645	
Net income / (loss) per common shares	\$ (0.03)			

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Weighted average number of common shares
outstanding 19,633
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ALLIS-CHALMERS CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2003
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ALLIS-CHALMERS CONSOLIDATED HISTORICAL	MCA PURCHASE ADJUSTMENT	AIR PUR ADJU
<hr/>			
ASSETS			

Cash	30	(7,245) d,e	
Accounts Receivable	6,006		
Lease Deposit	-		
Lease Receivable	180		
Prepays and other current	989		
	<hr/>		
Total current assets	7,205	(7,245)	
Property, Plant & Equipment, net	16,138	2,155 e	
Goodwill	7,829		
Investment in JV AirComp, LLC	-	(903) g	
Other intangible assets, net	2,386		
Debt issuance costs, net	324		
Lease receivable, less current portion	961		
Other assets	203		
	<hr/>		
Total assets	35,046	(5,993)	
	=====		
Liabilities and Shareholders' Equity			
Current maturities of long-term debt	6,406	(4,850) d	
Trade accounts payable	3,491		
Accrued employee salaries, benefits and payroll taxes	213		
Accrued interest	1,279	(240) d	
Accrued expenses	1,113		
	<hr/>		
Total current liabilities	12,502	(5,090)	
Accrued postretirement benefit obligations	649		
Long-term debt, net of current maturities	13,432		
Other long-term liabilities	270		
Minority interest	1,895		
Redeemable warrants	1,500		
Redeemable convertible preferred stock	4,302		

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Common shareholders' equity:		
Common shares, \$0.15 par value (110,000,000 shares authorized; 19,633,340 issued and outstanding at June 30, 2003)	2,945	
Capital in excess of par value	6,756	(903)
Accumulated (deficit)	(9,205)	-

Total shareholders' equity	496	(903)

Total liabilities and stockholders' equity	35,046	(5,993)
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ALLIS-CHALMERS CORPORATION

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Allis-Chalmers Corporation ("Company") entered into a joint venture agreement with a division of M-I L.L.C., and related financing on July 1, 2003. The Company through its subsidiary, Mountain Compressed Air, Inc., and M-I L.L.C. each contributed assets with a combined fair market value in excess of \$27 million and combined net book value of approximately \$13 million to AirComp L.L.C. ("AirComp"). Mountain Compressed Air contributed substantially all of its compressed air drilling assets with an estimated fair market value of approximately \$14.8 million net book value of approximately \$7.2 million to AirComp, which the Company believes will be the world's second largest provider of air compressor products and services to the oil, natural gas and geothermal drilling workover and completion industries. Allis-Chalmers will own 55% and M-I L.L.C. will own 45% of AirComp L.L.C.

In connection with the transaction, AirComp obtained bank financing of \$8 million, of which \$7.3 million was distributed to the Company. The debt bears interest at a floating rate, currently LIBOR plus 0.5% annually. AirComp has the ability to borrow an additional \$2 million under its credit agreement with the bank. AirComp's bank debt is secured by substantially all of the assets of AirComp. The Company used these funds to retire debt of Mountain Compressed Air, Inc. and for general working capital purposes at AirComp. As a result of the debt repayment, the Company is in compliance with all of its loan covenants with its bank lenders. The Company has guaranteed all of Mountain Compressed Air's obligations under the joint venture agreement, and Mountain Compressed Air has guaranteed up to \$2 million of AirComp's debt.

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ALLIS-CHALMERS CORPORATION

NOTES TO UNAUDITED PRO FORMA
CONSOLIDATED FINANCIAL STATEMENTS

- a) To record reversal of lease payment paid by Mountain Compressed Air and M-I Air Drilling (both leases paid off at June 30, 2003).

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- b) To record the effects of the new term loan interest.
- c) To record the effect of the new amortization of deferred finance costs.
- d) To record the payment of the outstanding debt and accrued interest associated with Mountain Compressed Air segment , except for the seller's debt from the original purchase in 2001.
- e) Mountain Compressed Air purchases the remaining obligations of an existing operating lease for \$2,155,000.
- f) Mountain Compressed Air records the lease deposit as part of the purchase of the remaining operating lease.
- g) Mountain Compressed Air contributes all of its property to the new joint venture and nets the property value against the cash received to pay off its outstanding obligations.
- h) AirComp LLC closed on July 2, 2003 , funding of \$8,000,000 from Wells Fargo. Proceeds of this funding were utilized to repay Mountain Compressed Air's debt obligation, Mountain Compressed Air's operating lease in #d and #e above, pay financing costs of approximately \$250,000 and to provide AirComp LLC with operating funds.
- i) M-I Air Drilling contributes all of its property, plant and equipment and operations to AirComp LLC and receives 45% ownership of AirComp LLC. A subordinated loan agreement is entered into by AirComp LLC that requires re-payment to M-I for \$4,818,000. AirComp records minority interest of \$2,004,000 reflective of the beginning balance of M-I 45% unconsolidated interest in AirComp LLC.

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SIGNATURE

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.

ALLIS-CHALMERS CORPORATION

By: Munawar H. Hidayatallah

Munawar H. Hidayatallah
Chief Executive Officer
and Chairman

Date: September 15, 2003