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IMMUCELL CORP /DE/  
Form 8-K  
October 15, 2002

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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

October 1, 2002  
-----  
(Date of earliest event reported)

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

0-15507  
-----  
(Commission file number)

DELAWARE  
-----  
(State or other jurisdiction  
of incorporation)

01-0382980  
-----  
(I.R.S. Employer  
Identification No.)

56 Evergreen Drive  
Portland, ME 04103  
-----  
(Address of principal executive offices and zip code)

(207) 878-2770  
-----  
(Registrant's telephone number, including area code)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On October 1, 2002, the Company agreed to accept \$930,000 from Kamar, Inc. of Steamboat Springs, Colorado in consideration of the early termination of a product license. Since 1988, the Company had marketed the Kamar(R) Heatmount(R) Detector, a product used to detect standing heat in cows, under an exclusive license from Kamar that was set to expire on December 31, 2004. The \$930,000 approximates the expected net contribution from the product over the remaining twenty-seven months of the license term, had it not been terminated. As this license had no book value, the full amount of the proceeds represents a

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pre-tax gain of \$930,000 before associated legal and accounting fees. As a result of this transaction, sales, cost of sales and marketing expenses will be reduced accordingly beginning October 1, 2002. The accompanying pro forma financial information gives effect to this transaction as if it occurred as of the beginning of the periods for the pro forma Statements of Operations and as of June 30, 2002 for the pro forma Balance Sheet.

The Company received \$200,000 at closing and the remaining \$730,000 balance is due, pursuant to a short-term note, no later than October 31, 2002. The short-term note is secured by a trademark security agreement. The Company expects to collect approximately \$261,000 in accounts receivable from customers over the next thirty to sixty days pertaining to related sales made prior to October 1, 2002. The Company expects to transfer related product inventory on hand at September 30, 2002 to Kamar for approximately its cost of \$158,000 no later than October 15, 2002.

A summary of this transaction was provided in a press release dated October 3, 2002, a copy of which is filed as Exhibit 99 to this Current Report on Form 8-K and is incorporated herein by this reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(b) Unaudited pro forma financial information

Schedule 1. Unaudited pro forma Statement of Operations for the year ended December 31, 2001.

Schedule 2. Unaudited pro forma Statement of Operations for the six months ended June 30, 2002.

Schedule 3. Unaudited pro forma Balance Sheet as of June 30, 2002.

(c) Exhibits

2. Termination of Distribution and Licensing Agreement dated October 1, 2002.

99. Press release of the Registrant dated October 3, 2002.

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.

IMMUCELL CORPORATION

Date October 15, 2002  
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/s/ Michael F. Brigham  
-----  
Michael F. Brigham  
President and Chief Executive Officer

INDEX TO SCHEDULES

Schedule Number	Description	Sequential Page number(s)
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1.	Unaudited pro forma Statement of Operations for the year ended December 31, 2001.	4

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- |    |   |     |
|----|---|-----|
| 2. | Unaudited pro forma Statement of Operations for the six months ended June 30, 2002. | 5   |
| 3. | Unaudited pro forma Balance Sheet as of June 30, 2002.                              | 6-7 |

On October 1, 2002, the Company agreed to accept \$930,000 from Kamar, Inc. of Steamboat Springs, Colorado in consideration of the early termination of a product license. Since 1988, the Company had marketed the Kamar(R) Heatmount(R) Detector, a product used to detect standing heat in cows, under an exclusive license from Kamar that was set to expire on December 31, 2004. The \$930,000 approximates the expected net contribution from the product over the remaining twenty-seven months of the license term, had it not been terminated. As this license had no book value, the full amount of the proceeds represents a pre-tax gain of \$930,000 before associated legal and accounting fees. As a result of this transaction, sales, cost of sales and marketing expenses will be reduced accordingly beginning October 1, 2002. The pro forma financial information provided in Schedules 1-3 gives effect to this transaction as if it occurred as of the beginning of the periods for the pro forma Statements of Operations and as of June 30, 2002 for the pro forma Balance Sheet.

The Company received \$200,000 at closing and the remaining \$730,000 balance is due, pursuant to a short-term note, no later than October 31, 2002. The short-term note is secured by a trademark security agreement. The Company expects to collect approximately \$261,000 in accounts receivable from customers over the next thirty to sixty days pertaining to related sales made prior to October 1, 2002. The Company expects to transfer related product inventory on hand at September 30, 2002 to Kamar for approximately its cost of \$158,000 no later than October 15, 2002.

Further details about the pro forma adjustments are set forth in the notes appearing at the end of the pro forma financial information. The pro forma financial information is not necessarily indicative of the operating results or financial position that would have occurred had the product license been terminated at the beginning of the periods presented or as of the end of the period presented, nor is it necessarily indicative of future operating results or financial condition.

### EXHIBIT INDEX

Exhibit Number	Description	Sequential Page number(s)
2.	Termination of Distribution and Licensing Agreement dated October 1, 2002	9-12
99.	Press release of the Registrant dated October 3, 2002.	13

Schedule 1

ImmuCell Corporation  
Pro forma Statement of Operations  
Unaudited

Year Ended December 31, 2001	Adjustments (Note 1)	Pro forma Adjusted
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REVENUES:			
Product sales	6,395,140	2,468,235	3,926,905
Grant income	132,581	0	132,581
Royalty income	78,595	0	78,595
Technology licensing income	45,450	0	45,450
Sale of option to technology	25,000	0	25,000
	-----		
Total revenues	6,676,766	2,468,235	4,208,531
COSTS AND EXPENSES:			
Product costs	3,214,984	1,539,616	1,675,368
Research and development expenses	0	0	849,174
849,174			
Sales and marketing expenses	0	0	684,602
1,358,563		673,961	
General and administrative expenses	0	0	583,161
583,161			
	-----		
Total costs and expenses	6,005,882	2,213,577	3,792,305
Net operating income	670,884	254,658	416,226
Interest and other income	62,671	0	62,671
Interest expense	(36,515)	0	(36,515)
	-----		
Net interest and other	26,156	0	26,156
INCOME BEFORE TAXES	697,040	254,658	442,382
TAX EXPENSE	276,605	101,055	175,550
	-----		
NET INCOME	420,435	153,603	266,832
Net Income per Common Share:			
Basic	\$ 0.15	\$ 0.05	\$ 0.10
Diluted	\$ 0.15	\$ 0.06	\$ 0.09
Weighted Average Common Shares Outstanding:			
Basic	2,717,857	2,717,857	2,717,857
Diluted	2,836,309	2,836,309	2,836,309

Schedule 2

ImmuCell Corporation  
Pro forma Statement of Operations  
Unaudited

	Six Months Ended June 30, 2002	Adjustment (Note 1)	Pro forma Adjusted
REVENUES:			
Product sales	3,180,518	1,642,238	1,538,280
Grant income	190,260	0	190,260
Royalty income	25,767	0	25,767
Technology licensing income	27,270	0	27,270

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Sale of option to technology	30,000	0	30,000
Total revenues	3,453,815	1,642,238	1,811,577
COSTS AND EXPENSES:			
Product costs	1,704,956	1,012,806	692,150
Research and development expenses	416,663	0	416,663
Sales and marketing expenses	774,727	401,696	373,031
General and administrative expenses	299,762	0	299,762
Total costs and expenses	3,196,108	1,414,502	1,781,606
Net operating income	257,707	227,736	29,971
Interest and other income	14,259	0	14,259
Interest expense	(19,707)	0	(19,707)
Net interest and other	(5,448)	0	(5,448)
INCOME BEFORE TAXES	252,259	227,736	24,523
TAX EXPENSE	105,828	95,540	10,288
NET INCOME	146,431	132,196	14,235
Net Income per Common Share:			
Basic	\$ 0.05	\$ 0.04	\$ 0.01
Diluted	\$ 0.05	\$ 0.04	\$ 0.01
Weighted Average Common Shares Outstanding:			
Basic	2,734,998	2,734,998	2,734,998
Diluted	2,809,248	2,809,248	2,809,248

Schedule 3

IMMUCELL CORPORATION  
PRO FORMA BALANCE SHEET  
UNAUDITED

	As of June 30, 2002	Adjustments (Note 2)	Pro forma Adjusted
ASSETS			
-----			
CURRENT ASSETS:			
Cash and cash equivalents	1,299,280	200,000	1,499,280
Short-term investments	489,145	0	489,145
Short-term note receivable	0	730,000	730,000
Accounts receivable, net of allowance for doubtful accounts of \$38,000	741,198	0	741,198
Inventories	764,070	(158,220)	605,850
Current portion of deferred			

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tax asset	78,650	0	78,650
Prepaid expenses	165,658	0	165,658
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Total current assets	3,538,001	771,780	4,309,781
PROPERTY, PLANT AND EQUIPMENT, AT COST:			
Laboratory and manufacturing equipment	1,273,366	0	1,273,366
Building and improvements	1,300,137	0	1,300,137
Office furniture and equipment	89,984	0	89,984
Land	50,000	0	50,000
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	2,713,487	0	2,713,487
Less - accumulated deprec	1,046,539	0	1,046,539
Net property, plant and equipment	1,666,948	0	1,666,948
DEFERRED TAX ASSET	1,515,780	(390,135)	1,125,645
PRODUCT RIGHTS AND OTHER ASSETS, NET OF AMORTIZATION of \$81,000			
	289,208	0	289,208
<hr/>			
TOTAL ASSETS	7,009,937	381,645	7,391,582

Schedule 3

IMMUCELL CORPORATION  
PRO FORMA BALANCE SHEET  
UNAUDITED

	As of June 30, 2002	Adjustments (Note 2)	Pro forma Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY			
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CURRENT LIABILITIES:			
Accounts Payable	294,777	(158,220)	136,557
Accrued Expenses	228,077	0	228,077
Deferred Revenue	72,280	0	72,280
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Total current liabilities	595,134	(158,220)	436,914
LONG-TERM LIABILITIES:			
Long-term portion of deferred revenue	200,000	0	200,000
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Total long-term liabilities	200,000	0	200,000
STOCKHOLDERS' EQUITY:			
Common stock	312,558	0	312,558
Capital in excess of par value	8,935,649	0	8,935,649
Accumulated deficit	(2,446,669)	539,865	(1,906,804)
Treasury stock at cost	(586,735)	0	(586,735)
<hr/>			
Total stockholders' equity	6,214,803	539,865	6,754,668

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TOTAL LIABILITIES AND STOCK- HOLDERS' EQUITY	7,009,937	381,645	7,391,582
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ImmuCell Corporation  
Notes to Unaudited Pro Forma Financial Information

Note 1

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The unaudited pro forma statements of operations for the year ended December 31, 2001 (Schedule 1) and for the six months ended June 30, 2002 (Schedule 2) give effect to the disposition of the product license covering the sale of the Kamar(R) Heatmount(R) Detector product in consideration of \$930,000 as of the beginning of the periods reported. The reported sales and cost of sales figures were reduced by the amounts attributable to the licensed product. Additionally, the reported sales and marketing expenses were reduced by the cost of advertisement placements and marketing royalties pertaining directly to the licensed product. No pro forma adjustment was made to reflect any overhead or general and administrative costs, as none of these amounts are directly attributable to the product license that has been terminated. The historical tax rates of 39.68% and 41.95% for the twelve month period ended December 31, 2001 and for the six month period ended June 30, 2002, respectively, were utilized in estimating the pro forma tax provisions. These unaudited pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of ImmuCell Corporation.

Note 2

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The unaudited pro forma balance sheet as of June 30, 2002 (Schedule 3) gives effect to the disposition of the product license covering the sale of the Kamar(R) Heatmount(R) Detector product in consideration of \$930,000 as of June 30, 2002. The increase in cash of \$200,000 was received on October 1, 2002. The \$730,000 note receivable is due from Kamar by October 31, 2002. Approximately \$158,000 in inventory shall be acquired by Kamar by October 15, 2002 and net against amounts due from the Company to Kamar as of September 30, 2002. The historical tax rate of 41.95% for the six month period ended June 30, 2002 was applied to the \$930,000 pre-tax gain to allocate approximately \$390,000 against the Company's long-term deferred tax asset. Approximately \$261,000 in accounts receivable is expected to be collected from customers within the thirty to sixty days after September 30, 2002. This unaudited pro forma financial statement should be read in conjunction with the historical financial statements and notes thereto of ImmuCell Corporation.