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ESCALADE INC
Form 8-K/A
June 06, 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): April 14, 2003

ESCALADE, INCORPORATED

(Exact name of Registrant as specified in its charter)

Indiana	0-6966	13-2739290
-----	-----	-----
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer I.D. No.)

817 Maxwell Avenue, Evansville, Indiana 47711

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (812) 467-1200

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On April 14, 2003 Escalade, Inc.'s ("Escalade") wholly owned subsidiary Martin Yale Industries, Inc. ("Martin Yale") successfully completed a tender offer for Schleicher & Co., International AG ("Schleicher"). After the tender offer, Martin Yale owns 97.2% or 2,784,603 shares of Schleicher. The acquisition of shares was for cash and the cost of the acquisition was \$12,486,092.

Schleicher, a Germany company, has office and manufacturing facilities in Germany and sales/distribution facilities in France, England and the United States. The assets of Schleicher include accounts receivable; inventory; and property, plant and equipment used in the manufacture and distribution of data shredders. Escalade intends to maintain Schleicher's current locations and will use the property, plant and equipment to manufacture Schleicher's current product line. Escalade believes the business combination of Martin Yale and Schleicher has significant synergies that have immediate benefits to both companies.

Schleicher shares were acquired through direct purchases on the German stock market, privately negotiated transactions and the tender offer. Cash for the acquisition was obtained from the Company's long-term financing agreement with Bank One Indiana, N.A.

This amendment to Escalade's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 29, 2003, is submitted to include the financial statements and pro forma financial information required by Item 7, which were impracticable to provide at the time the Form 8-K was initially filed.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of the business acquired.

Schleicher and Co. International Aktiengesellschaft audited financial statements for the nine months ended December 31, 2002 (including report of independent auditors)

Schleicher and Co. International Aktiengesellschaft unaudited financial statements for the three months ended March 22, 2003

The historical financial information required in this Form 8-K/A is based on prior Escalade filings with the Securities and Exchange Commission and on prior Schleicher filings with German Securities Regulatory Agencies. The Schleicher audited historical financial statements were audited by Bodensee Treuhand GmbH and are included as an exhibit to this Form 8-K/A. The Escalade audited historical financial statements were audited by BKD LLP, which are included in Escalade's Form 10-K filed with the Securities Exchange Commission on March 14, 2003. The following unaudited financial information for the first quarter of 2003 should be read in connection with the historical financial statements of both companies.

The accompanying unaudited interim financial information for Escalade and Schleicher for the three months ended March 22, 2003 was prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the information does not include all of the information and disclosures required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals necessary for a fair presentation are included. The results of operations for the three months ended March 22, 2003 for Escalade and Schleicher may not indicate the results for the full fiscal year. All amounts are stated in U.S. Dollars.

SCHLEICHER & CO., INTERNATIONAL AG
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands)

	March 22, 2003	December
ASSETS		
Current Assets:		
Cash and equivalents	\$ 993	\$
Receivables	9,104	
Inventories	10,660	1
Prepaid expenses and other	946	
Deferred tax assets	637	
	-----	-----
Total current assets	22,340	2
Property, plant and equipment	16,185	1
Accumulated depreciation and amortization	(11,884)	(1)

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Net property, plant and equipment	4,301	
Other assets	289	
	\$ 26,930	\$ 2
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable - banks	\$ 11,092	\$ 1
Trade accounts payable	5,151	
Accrued liabilities	4,194	
Accrued taxes payable	454	
Total current liabilities	20,891	2
Long-term debt	422	
Stockholders' equity:		
Common Stock; Authorized 4,200,000 shares; no par value, issued and outstanding 2,866,000 shares	7,459	
Retained earnings	(1,960)	(
Accumulated other comprehensive income (loss)	118	
Total stockholders' equity	5,617	
	\$ 26,930	\$ 2
	=====	=====

SCHLEICHER & CO., INTERNATIONAL AG
CONSOLIDATED CONDENSED INCOME STATEMENTS
(In thousands, except share information)

	3 Months ended March 22, 2003	9 Months December
	-----	-----
Net sales	\$ 11,400	\$ 3
Cost of goods sold	6,101	1
Gross profit	5,299	1
Selling, general and administrative	4,936	1
Interest expense	281	
Other income	58	
Income (loss) before income taxes	140	
Provision for income taxes	51	
Net income (loss)	\$ 89	\$
	=====	=====
Per Share Data:		
Basic and diluted earnings per share	\$ 0.03	\$
Weighted average shares	2,866,000	2,86

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Comprehensive other income (loss)		
Foreign exchange translation adjustment	\$	118
		\$
<p>SCHLEICHER & CO., INTERNATIONAL AG CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOW (In thousands)</p>		
	3 Months ended	9 Month
	March 22, 2003	December
	-----	-----
Operating Activities:		
Net income (loss)	\$	89
Depreciation and amortization		126
Adjustments necessary to reconcile net income (loss) to net cash provided by operating activities		(244)

Net cash provided by operating activities		(29)
Investing Activities:		
Purchase of property, plant and equipment		(113)
Investments in affiliates		
Other		-

Net cash used by investing activities		(113)
Financing Activities:		
Net increase in notes payable - banks		56

Net cash generated (used)		(86)
Currency related value adjustments		56
Cash and equivalents at beginning of period		1,023

Cash and equivalents at end of period	\$	993
		=====
		=====

SCHLEICHER & CO., INTERNATIONAL AG
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Schleicher, a German company, manufactures and distributes data shredders. Schleicher has subsidiaries in Austria, Czech Republic, England, France, India and the USA. The financial statements reflect the consolidation of these subsidiaries.

Basis of Presentation

The significant accounting policies followed by Schleicher and its subsidiaries for interim financial reporting are consistent with the accounting policies followed for annual financial reporting. All adjustments that are of a normal recurring nature and are in the

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opinion of management necessary for a fair statement of the results for the periods reported have been included in the accompanying consolidated condensed financial statements. The condensed consolidated balance sheet of Schleicher as of December 31, 2002 has been derived from the audited consolidated financial statements included as an exhibit to this Form 8-K/A. Certain historical data has been reclassified to conform to financial statement presentation in the United States of America. Certain note disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included as an exhibit to this Form 8-K/A.

NOTE B - INVENTORIES
(In thousands)

	March 22, 2003 -----	December -----
Raw materials	\$ 2,770	\$
Work in progress	634	
Finished goods	7,256	
	-----	-----
	\$ 10,660	\$ 1
	=====	=====

NOTE C - PROVISION FOR INCOME TAXES

The provision for income taxes was computed based on financial statement income.

(b) Pro forma financial information.

Unaudited Pro Forma Condensed Combined Balance Sheets (in thousands)

Unaudited Pro Forma Condensed Combined Income Statements (in thousands, except per share information)

The following unaudited pro forma condensed financial statements combine Escalade's historical results for the three months ended March 22, 2003 and the year ended December 28, 2002 with Schleicher's historical results for the three months ended March 22, 2003 and the year ended December 31, 2002, giving effect to the merger as if it had occurred as of January 1, 2002 for income statement purposes and on December 28, 2002 for balance sheet purposes. The following unaudited pro forma condensed financial statements have been derived from, and should be read in conjunction with, the audited

and unaudited financial information referenced in Item 7(a) of this Form 8-K/A and the related notes thereto. Reliance should not be placed on these unaudited pro forma condensed financial statements as being indicative of the historical results that would have occurred had Escalade and Schleicher been combined during these time periods or the future results that may be achieved as a result of this merger. All amounts are stated in U.S. Dollars.

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF MARCH 22, 2003
(In thousands)

	Escalade	Schleicher	Adjustments
ASSETS			
Current Assets:			
Cash and equivalents	\$ 4,400	\$ 993	
Receivables	13,952	9,104	
Inventories	22,084	10,660	
Prepaid expenses and other	438	946	
Deferred tax assets	814	637	
	41,688	22,340	
Property, plant and equipment	35,563	16,185	(4,376)
Accumulated depreciation and amortization	(26,900)	(11,884)	11,577
	8,663	4,301	
Intangible assets	6,268		
Goodwill	13,351		
Other assets	12,640	289	(6,729)
	\$ 82,610	\$ 26,930	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Notes payable - banks	\$ 5,327	\$ 11,092	
Current portion long-term debt	167		
Trade accounts payable	2,347	5,151	
Accrued liabilities	9,468	4,194	5,748
Accrued taxes payable	1,101	454	
	18,410	20,891	
Long-term debt	16,933	422	
Deferred Compensation	1,343		
Minority Interest			366
Stockholders' equity:			
Common Stock	6,533	7,459	(7,459)
Additional paid-in capital	756		
Retained earnings	38,712	(1,960)	1,934
Accumulated other comprehensive income (loss)	(77)	118	(117)
	45,924	5,617	
	\$ 82,610	\$ 26,930	

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
AS OF DECEMBER 28, 2002
(In thousands)

	Escalade	Schleicher	Adjustments
ASSETS			
Current Assets:			
Cash and equivalents	\$ 3,370	\$ 1,023	
Receivables	34,141	8,658	
Inventories	20,550	10,261	
Prepaid expenses and other	542	900	
Deferred tax assets	814	616	
	59,417	21,458	
Property, plant and equipment	35,258	15,542	(4,232)
Accumulated depreciation and amortization	(26,199)	(11,374)	11,374
	9,059	4,168	
Intangible assets	6,492		
Goodwill	13,351		
Other assets	8,469	275	(2,657)
	\$ 96,788	\$ 25,901	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Notes payable - banks	\$ 11,223	\$ 10,687	
Current portion long-term debt	167		
Trade accounts payable	2,793	5,058	
Accrued liabilities	17,004	3,908	9,519
Accrued taxes payable	1,189	440	
	32,376	20,093	
Long-term debt	17,200	408	
Deferred Compensation	1,337		
Minority Interest			366
Stockholders' equity:			
Common Stock	6,509	7,459	(7,459)
Additional paid-in capital	682		
Retained earnings	38,709	(2,049)	2,049
Accumulated other comprehensive income (loss)	(25)	(10)	10
	45,875	5,400	
Total stockholders' equity	\$ 96,788	\$ 25,901	

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UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 22, 2003
(In thousands, except per share information)

	Escalade -----	Schleicher -----	Adjustments -----
Net sales	\$ 17,703	\$ 11,400	
Cost of goods sold	12,558	6,101	
	-----	-----	
Gross profit	5,145	5,299	
Selling, general and administrative	4,865	4,936	188
Interest expense	167	281	
Other (income) expense	109	(58)	
	-----	-----	
Income (loss) before income taxes	4	140	
Provision for income taxes	1	51	(73)
	-----	-----	
Net income (loss)	\$ 3	\$ 89	
Per Share Data:			
Basic earnings per share	\$ 0.00	\$ 0.03	
Diluted earnings per share	0.00	\$ 0.03	
Weighted average shares outstanding			
Basic	6,511,124	2,866,000	
Diluted	6,632,243	2,866,000	

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002
(In thousands, except per share information)

	Escalade -----	Schleicher -----	Adjustments -----
Net sales	\$ 155,455	\$ 41,439	
Cost of goods sold	111,164	22,850	
	-----	-----	
Gross profit	44,291	18,589	
Selling, general and administrative	26,328	18,954	702
Interest expense	951	992	
Other (income) expense	70	(570)	
	-----	-----	
Income (loss) before income taxes	16,942	(787)	
Provision for income taxes	5,804	105	(253)
	-----	-----	
Net income (loss)	\$ 11,138	\$ (892)	
Per Share Data:			
Basic earnings per share	\$ 1.72	\$ (0.31)	
Diluted earnings per share	1.66	\$ (0.31)	
Weighted average shares outstanding:			
Basic	6,486,081	2,866,000	
Diluted	6,717,152	2,866,000	

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Certain historical data of Schleicher has been reclassified to conform to Escalade's presentation.

2. ALLOCATION OF PURCHASE PRICE

The purchase price of \$12,486 thousand has been allocated to property and equipment.

3. PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed combined income statements include the adjustments necessary to give effect to the purchase price as if it had occurred as of January 1, 2002 for income statement purposes and on December 28, 2002 for balance sheet purposes. Accordingly, the adjustments reflect the allocation of the purchase price and the elimination of Schleicher equity balances.

(c) Exhibits

- 23.1 Consent of Bodensee Treuhand GmbH
- 99.1 Press release dated April 17, 2003 *
- 99.2 Schleicher & Co. International Aktiengesellschaft audited financial statements for the short fiscal year ended December 31, 2002

* Previously filed as part of the initial Form 8-K filed on April 29, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, Escalade, Incorporated has duly caused this report to be signed on its behalf in Evansville, Indiana by the undersigned hereunto duly authorized.

Date: 6 June 2003

ESCALADE, INCORPORATED
By: /s/ John R. Wilson

Vice President and Chief Financial Officer

INDEX TO EXHIBITS

NUMBER	DESCRIPTION
-----	-----
23.1	Consent of Bodensee Treuhand GmbH
99.1	Press release dated April 17, 2003

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99.2

Schleicher & Co. International Aktiengesellschaft audited
financial statements for the short fiscal year ended December 31, 2002