

PUROFLOW INC  
Form 8-K/A  
September 24, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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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 17, 2003

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PUROFLOW INCORPORATED

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(Exact name of registrant as specified in its charter)

Delaware

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(State or other jurisdiction of incorporation)

0-5622

13-1947195

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(Commission File Number) (I.R.S. Employer I.D. Number)

One Church Street

Suite 302

Rockville, MD

20850

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(Address of Principal Executive Offices)

(Zip Code)

(301) 315-0027

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(Registrant's telephone number; including area code)

Note:

Puroflow Incorporated (" Company") or (" PFLW") is amending its Form 8-K (date of report - July 17, 2003) filed July 29, 2003 to include financial statements of businesses acquired and related pro forma financial information.

ITEM 2. Acquisition or Disposition of Assets:

On July 17, 2003, PFLW acquired Southern Maryland Cable, Inc. ("SMC"), by merger of SMC into PFLW's wholly owned subsidiary, PFLW\SMC Acquisition Corp. ("PAC").

SMC provides communications infrastructure installation and utility construction services to commercial customers and agencies of the United States federal government. For the year ended December 31, 2002, SMC had revenues of approximately \$8,808,000. The purchase price of approximately \$4,000,000 was satisfied in cash of which \$260,000 is being held in escrow. PFLW assumed approximately \$971,000 of SMC's debt. The Company consummated a private placement on April 29, 2003. The proceeds after offering costs were approximately \$9.6 million, a portion of which were used to acquire SMC.

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits:

(a) Financial Statements of Businesses Acquired:

Audited balance sheets of SMC as of December 31, 2002 and 2001 and related statements of operations, stockholders' equity and cash flows for the years ended December 31, 2002 and 2001.

Unaudited balance sheet of SMC as of June 30, 2003 and related statements of operations, stockholders' equity and cash flows for the six months then ended June 30, 2003 and June 30, 2002.

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INDEPENDENT AUDITORS' REPORT

To the Stockholders  
Southern Maryland Cable, Inc.  
Tracy's Landing, Maryland

We have audited the accompanying balance sheets of Southern Maryland Cable, Inc. (an "S" corporation) as of December 31, 2002 and 2001, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2002 and 2001 financial statements referred to above present fairly, in all material respects, the financial position of Southern Maryland Cable, Inc. as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have reviewed the accompanying balance sheet of Southern Maryland Cable, Inc. (an "S" corporation) as of June 30, 2003, and the related statements of operations and cash flows for the three and six months ended June 30, 2003 and 2002, and the statements of stockholders' equity for the six months ended June 30, 2003 (the "interim financial statements"). These interim financial statements are the responsibility of the management of Southern Maryland Cable, Inc.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews of the interim financial statements referred to above, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ Sturn Wagner Lombardo & Company, LLC  
Sturn Wagner Lombardo & Company, LLC  
Annapolis, Maryland  
June 27, 2003 (except with respect to the  
matters discussed in Note 13, as to which  
the date is September 11, 2003)



## SOUTHERN MARYLAND CABLE, INC.

## BALANCE SHEETS

	June 30, 2003 (Unaudited)	2002	December 31, 2001
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 158,481	\$ 428	\$ 26,315
Marketable securities (Note 2)	16,642	14,979	16,168
Accounts receivable (Notes 3 and 7)	1,418,292	1,314,620	1,108,040
Refundable income taxes	195	-	3,134
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 4)	78,253	484,345	30,148
Due from shareholders (Note 5)	-	-	57,641
Due from affiliates (Note 10)	16,042	70,631	17,062
Prepaid expenses	49,420	74,707	54,838
Other current assets	18,209	1,122	4,632
Total current assets	1,755,534	1,960,832	1,317,978
<b>PROPERTY AND EQUIPMENT, at cost</b>			
Trucks and automobiles (Note 7)	2,519,233	2,504,203	2,382,521
Machinery and equipment (Note 7)	2,004,940	2,126,440	1,928,182
Buildings	184,810	179,799	179,364
Furniture and fixtures	129,699	146,938	145,046
	4,838,682	4,957,380	4,635,113
Less accumulated depreciation	3,299,411	3,375,048	2,912,992
	1,539,271	1,582,332	1,722,121
<b>OTHER ASSETS</b>			
Security deposits	2,466	1,466	1,483
Loan fees, net of amortization of \$3,451, \$2,804 and	3,019	3,666	4,960

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\$1,510 in 2003,  
2002 and 2001,  
respectively

	5,485		5,132		6,443
\$	3,300,290	\$	3,548,296	\$	3,046,542

	<b>June 30, 2003</b>		<b>December 31,</b>		<b>2001</b>	
	<b>(Unaudited)</b>		<b>2002</b>			
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank borrowings (Note 6)	\$	-	\$	150,000	\$	205,000
Current maturities of long-term debt (Note 7)		429,085		430,915		374,224
Accounts payable		503,674		509,630		117,197
Accrued expenses		154,026		154,261		100,244
Accrued pension contribution (Note 11)		-		-		34,733
Payroll withholdings and other current liabilities		48,930		45,297		47,915
Billings in excess on cost and earnings on uncompleted contracts (Note 4)		90,096		125,597		3,567
Accrued income taxes payable		150,323		4,805		-
Other current liabilities		-		975		-
<b>Total current liabilities</b>		<b>1,376,134</b>		<b>1,421,480</b>		<b>882,880</b>
<b>LONG-TERM DEBT, net of current maturities (Note 7)</b>		<b>554,619</b>		<b>685,488</b>		<b>906,976</b>

COMMITMENTS AND CONTINGENCIES (Notes 8, 9 and 11)