

Edgar Filing: NEWMARK HOMES CORP - Form 8-K

NEWMARK HOMES CORP  
Form 8-K  
April 29, 2002

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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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) - April 15, 2002

NEWMARK HOMES CORP.  
(Name of Registrant as specified in its charter)

|   |                          |   |
|---|--------------------------|---|
| DELAWARE  | 000-23677                | 76-0460831                              |
| (State or other jurisdiction<br>of incorporation or organization) | (Commission File Number) | (I.R.S. Employer<br>Identification No.) |

1200 SOLDIERS FIELD DRIVE  
SUGAR LAND, TEXAS 77479  
(Address of Registrants principal executive offices)

(281) 243-0100  
(Registrants telephone number, including area code)

N/A  
(Former name or former address, if changed since last report.)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

(a) On April 15, 2002, Newmark Homes Corp. (the "Company") completed the sale of Westbrooke Acquisition Corp. to Standard Pacific Corp. for \$41 million in cash, subject to adjustments for changes in stockholder equity from December 31, 2001 through the closing date, and the satisfaction of debt, including intercompany liabilities.

Westbrooke Acquisition Corp. and its subsidiaries build houses in South Florida under the name of "Westbrooke Homes". For the year ended December 31, 2001, the Westbrooke entities had combined revenues of \$206 million and delivered 919 homes.

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Copies of the Stock Purchase Agreement and the Amendment to the Stock Purchase Agreement are filed as Exhibits 2.1 and 2.2, respectively.

### ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

#### (b) Pro Forma Financial Information

The following unaudited pro forma consolidated financial statements give effect to the sale of Westbrooke Acquisition Corp. and its subsidiaries as if it occurred on December 31, 2001. The unaudited pro forma consolidated financial statements are not necessarily indicative of the results which would have actually been obtained had the sale transaction been consummated on such date. In management's opinion, all adjustments necessary to reflect the effect of this transaction have been made. The pro forma consolidated financial statements should be read in conjunction with the Notes to the Pro Forma Consolidated Financial Statements included herein, as well as the Company's historical Financial Statements and Notes thereto filed with its 2001 Annual Report on Form 10-K.

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Newmark Homes Corp. and Subsidiaries  
 Unaudited Pro Forma Consolidated Statement of Financial Condition  
 December 31, 2001  
 (in thousands)

|  | December 31,<br>2001 as<br>Reported | Pro Forma<br>Adjustments for<br>the Sale of<br>Westbrooke | December 31, 2001<br>Pro Forma |
|--|-------------------------------------|---|--------------------------------|
|  | -----                               | -----   | -----                          |
| <b>ASSETS</b>                                  |                                     |   |                                |
| Cash and cash equivalents                      | \$ 24,822                           | \$ (1,344) (a)  | \$ 23,478                      |
| Receivables                                    | 2,289                               | (2,289) (b)   | --                             |
| Inventory                                      | 252,773                             | (90,540) (b)  | 162,233                        |
| Property, premises and equipment, net          | 7,985                               | (2,765) (b)   | 5,220                          |
| Other assets                                   | 7,640                               | (5,748) (b)   | 1,892                          |
| Goodwill, net                                  | 43,814                              | (3,840) (b)   | 39,974                         |
|  | -----                               | -----   | -----                          |
| Total assets                                   | \$ 339,323                          | \$ (106,526)  | \$ 232,797                     |
|  | =====                               | =====   | =====                          |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>    |                                     |   |                                |
| Accounts payable and accrued liabilities       | \$ 26,250                           | \$ (10,377) (b)   | \$ 15,873                      |
| Customer deposits                              | 11,351                              | (7,671) (b)   | 3,680                          |
| Consolidated land bank obligations             | 13,122                              | (13,122) (b)  | --                             |
| Construction loans payable                     | 121,658                             | (73,420) (c)  | 48,238                         |
| Acquisition notes payable                      | 7,370                               | (1,936) (b)   | 5,434                          |
| Other liabilities                              | 5,661                               | -- (b)  | 5,661                          |
|  | -----                               | -----   | -----                          |
| Total liabilities                              | 185,412                             | (106,526)   | 78,886                         |
| Minority interest in consolidated subsidiaries | 99                                  | --  | 99                             |

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|  |            |              |            |
|--|------------|--------------|------------|
| Stockholders' Equity:                      |            |              |            |
| Common stock                               | 115        | --           | 115        |
| Additional paid-in-capital                 | 106,855    | --           | 106,855    |
| Retained earnings                          | 46,842     | --           | 46,842     |
|  | -----      | -----        | -----      |
| Total stockholders' equity                 | 153,812    | --           | 153,812    |
|  | -----      | -----        | -----      |
| Total liabilities and stockholders' equity | \$ 339,323 | \$ (106,526) | \$ 232,797 |
|  | =====      | =====        | =====      |

See accompanying notes to Unaudited Pro Forma Consolidated Financial Statements

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Newmark Homes Corp. and Subsidiaries  
 Unaudited Pro Forma Consolidated Statement of Income  
 Year Ended December 31, 2001  
 (in thousands)

|   | Year Ended<br>December 31, 2001<br>as Reported | Pro Forma<br>Adjustments for<br>the Sale of<br>Westbrooke (d) | Year Ended<br>December 31,<br>2001<br>Pro Forma |
|---|--|---|---|
|   | -----  | -----   | -----   |
| Revenues  | \$ 629,949                                     | \$ (205,661)  | \$ 424,288                                      |
| Cost of sales   | 515,700  | (177,179)   | 338,521   |
|   | -----  | -----   | -----   |
| Gross profit  | 114,249  | (28,482)  | 85,767  |
| Equity in earnings from unconsolidated<br>subsidiaries                        | 1,182  | --  | 1,182   |
| Selling, general and administrative expenses                                  | (69,288)                                       | 16,754  | (52,534)  |
| Merger and related expenses   | (779)  | --  | (779)   |
| Depreciation and amortization   | (5,349)  | 2,957   | (2,392)   |
|   | -----  | -----   | -----   |
| Operating income  | 40,015   | (8,771)   | 31,244  |
| Other income (expense):   |  |   |   |
| Interest expense  | (1,116)  | 29  | (1,087)   |
| Other income, net   | (190)  | (1,376)   | (1,566)   |
|   | -----  | -----   | -----   |
| Income before income taxes  | 38,709   | (10,118)  | 28,591  |
| Income taxes  | 13,996   | (3,846)   | 10,150  |
|   | -----  | -----   | -----   |
| Net income  | \$ 24,713                                      | \$ (6,272)  | \$ 18,441                                       |
|   | =====  | =====   | =====   |
| Earnings per common share:  |  |   |   |
| Basic and diluted   | \$ 2.15  |   | \$ 1.60   |
|   | =====  |   | =====   |
| Weighted average number of shares<br>of common stock equivalents outstanding: |  |   |   |
| Basic and diluted   | 11,500,000                                     |   | 11,500,000                                      |

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See accompanying notes to Unaudited Pro Forma Consolidated Financial Statements

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Newmark Homes Corp. and Subsidiaries  
Notes to Pro Forma Consolidated Financial Statements (Unaudited)  
December 31, 2001  
(in thousands)

On April 15, 2002, the Company completed the sale of Westbrooke Acquisition Corp. to Standard Pacific Corp. for a sales price of \$41,000 subject to certain adjustments for the period December 31, 2001 through the closing date and the satisfaction of debt, including intercompany liabilities. The pro forma adjustments to the Pro Forma Consolidated Financial Statements as of December 31, 2001 are as follows:

- (a) To record the disposal of Westbrooke cash assets net of intercompany liabilities owed to the Company.
- (b) To record the disposal of Westbrooke assets and liabilities as a result of the sale transaction.
- (c) To record the effect on construction loans payable as a result of the sale transaction:

Paydown of construction loan with sale proceeds, net of estimated certain adjustments \$(39,190) Construction loans assumed in sale (34,230) Total Paydown of Construction Loans \$(73,420)

- (d) Reflects the Consolidated Statement of Income for Westbrooke Acquisition Corp. and Subsidiaries for the year ended December 31, 2001.

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(c) Exhibits

- 2.1 Stock Purchase Agreement dated April 6, 2002, between the Company and Standard Pacific Corp.
- 2.2 Amendment to Stock Purchase Agreement dated April 12, 2002, between the Company and Standard Pacific Corp.
- 99.1 Newmark Homes Corp. press release, dated April 8, 2002, announcing the signing of a definitive agreement to sell Westbrooke Acquisition Corp.
- 99.2 Newmark Homes Corp. press release, dated April 15, 2002, announcing the closing of the Westbrooke Acquisition Corp. sale.

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SIGNATURES

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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.

NEWMARK HOMES CORP., a Delaware corporation.

Date: April 29, 2002

By: /s/ Terry C. White

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Terry C. White  
Senior Vice President and Secretary

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### EXHIBIT INDEX

| EXHIBIT<br>NUMBER<br>----- | DESCRIPTION<br>-----  |
|----------------------------|---|
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