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CAPITAL PACIFIC HOLDINGS INC

Form 8-K/A

May 08, 2001

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Amendment No. 1

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report: March 9, 2001

Date of earliest event reported: February 23, 2001

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CAPITAL PACIFIC HOLDINGS, INC.

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

File No. 001-09911

-----  
(Commission File Number)

Delaware

-----  
(State of incorporation)

95-2956559

-----  
(I.R.S. Employer  
Identification Number)

4100 MacArthur Blvd., Suite 200, Newport Beach, California 92660

-----  
(Address of principal executive offices) (Zip Code)

949-622-8400

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

Amendment to Form 8-K

The undersigned registrant hereby amends the following item of its Current Report on Form 8-K, originally filed with the Securities and Exchange Commission on March 9, 2001.

ITEM 7. Financial Statements and Exhibits

(b) Pro forma financial information

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See pages P-1 through P-5 below.

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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.

May 8, 2001

By: /s/ STEVEN O. SPELMAN, JR.

-----  
Steven O. Spelman, Jr.  
Chief Financial Officer and Corporate  
Secretary (Principal Financial Officer)

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CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

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CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

SUMMARY

These pro forma financial statements should be read in conjunction with the current report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2001.

The following unaudited pro form condensed consolidated balance sheet as of November 30, 2000 and condensed consolidated statements of income for the nine months ended November 30, 2000 and for the year ended February 29, 2000 give

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effect to the Exchange Agreement between the Company and Farallon which closed on February 23, 2001. The pro forma balance sheet gives effect to the Exchange as if it had occurred on the balance sheet date. The pro forma statements of income give effect to the Exchange as if it had occurred at the beginning of the periods presented.

Under APB Opinion No. 16 "Business Combinations" ("APB 16"), the Exchange is accounted for as the simultaneous purchase of the majority of Farallon's minority interest in CPH LLC and certain other residential joint ventures and the disposition of the Company's interest in the Projects and the Buildings.

Certain of the joint ventures disposed of in the Exchange had been consolidated in the Company's historical financial statements, while the balance of the joint ventures had been accounted for on the equity method. As a result, the pro forma adjustments made to reflect the disposition of the consolidated joint ventures impact several captions on the pro forma balance sheet and statements of income.

The pro forma condensed consolidated financial statements have been prepared by the Company's management based on the historical financial statements of the Company and the joint ventures involved in the Exchange. The pro forma financial statements may not be indicative of the results that actually would have occurred if the combination had been in effect on the date indicated or which may be obtained in the future. The pro forma financial statements should be read in conjunction with the notes contained herein. The Company's consolidated financial statements for the year ended February 28, 2001 and going forward will reflect the transaction from the date of closing onward.

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### CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

#### PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET AS OF NOVEMBER 30, 2000 (DOLLARS IN THOUSANDS) (UNAUDITED)

#### ASSETS

|  | HISTORICAL<br>CONSOLIDATED | PRO FORMA<br>ADJUSTMENTS |
|--|----------------------------|--------------------------|
|  | -----                      | -----                    |
| Cash and cash equivalents .....                                      | \$ 6,787                   | \$ (649) (1)             |
| Restricted cash .....  | 857                        |                          |
| Accounts and notes receivable .....                                  | 13,667                     | (19) (1)                 |
| Real estate projects .....   | 275,844                    | (5,546) (2)              |
| Property, plant and equipment .....                                  | 8,106                      | (8,106) (3)              |
| Investment in and advances to unconsolidated joint<br>ventures ..... | 18,259                     | (15,552) (4)             |
| Prepaid expenses and other assets .....                              | 15,781                     | (20) (1)                 |
|  | -----                      | -----                    |
| Total assets .....   | \$ 339,301                 | \$ (29,892)              |
|  | =====                      | =====                    |

#### LIABILITIES AND STOCKHOLDERS' EQUITY

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|  |            |              |
|--|------------|--------------|
| Accounts payable and accrued liabilities .....   | \$ 40,459  | \$ 4,024 (5) |
| Notes payable .....  | 129,030    | (13,665) (6) |
| Senior unsecured notes payable .....   | 55,592     |              |
| Negative goodwill .....  | --         | 9,298 (7)    |
|  | -----      | -----        |
| Total liabilities .....  | 225,081    | (343)        |
|  | -----      | -----        |
| Minority Interest .....  | 36,927     | (29,549) (8) |
|  | -----      | -----        |
| Stockholders' equity:  |            |              |
| Common stock, par value \$.10 per share, 30,000,000 shares<br>authorized; 13,767,911 and 13,815,911 shares issued and<br>outstanding, respectively ..... | 1,500      |              |
| Additional paid-in capital .....   | 211,888    |              |
| Accumulated deficit .....  | (132,580)  |              |
| Treasury stock .....   | (3,515)    |              |
|  | -----      |              |
| Total stockholders' equity .....   | 77,293     |              |
|  | -----      |              |
| Total liabilities and stockholders' equity .....   | \$ 339,301 | \$ (29,892)  |
|  | =====      | =====        |

See accompanying notes to pro forma financial statements.

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CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2000  
(IN THOUSANDS EXCEPT PER SHARE DATA)  
(UNAUDITED)

|  | HISTORICAL<br>CONSOLIDATED | PRO FORMA<br>ADJUSTMENTS | PRO FORMA<br>CONSOLIDATED |
|--|----------------------------|--------------------------|---------------------------|
|  | -----                      | -----                    | -----                     |
| Sales of homes and land .....                              | \$ 245,832                 | \$ (3,323) (9)           | \$ 242,509                |
| Cost of sales .....  | 187,113                    | (2,906) (9)              | 184,207                   |
|  | -----                      | -----                    | -----                     |
| Gross margin .....   | 58,719                     | (417)                    | 58,302                    |
| Income from unconsolidated joint ventures .....            | 13                         | (52) (10)                | (39)                      |
| Selling, general and administrative expenses ....          | (27,725)                   | 1,121 (11)               | (26,604)                  |
| Interest expense .....                                     | (23,013)                   |                          | (23,013)                  |
|  | -----                      | -----                    | -----                     |
| Income from operations .....                               | 7,994                      | 652                      | 8,646                     |
| Interest and other income, net .....                       | 1,376                      |                          | 1,376                     |
| Minority Interest .....                                    | (2,836)                    | 2,290 (12)               | (546)                     |
|  | -----                      | -----                    | -----                     |
| Income before income taxes and extraordinary<br>item ..... | 6,534                      | 2,942                    | 9,476                     |
| Provision for income taxes .....                           | 1,332                      | 1,901 (13)               | 3,233                     |
|  | -----                      | -----                    | -----                     |
| Income before extraordinary item .....                     | \$ 5,202                   | \$ 1,041                 | \$ 6,243                  |
|  | =====                      | =====                    | =====                     |
| Income per share before extraordinary                      |                            |                          |                           |

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|  |         |         |
|--|---------|---------|
| item (basic and diluted) .....                               | \$ 0.38 | \$ 0.45 |
|  | =====   | =====   |
| Weighted average number of common<br>shares -- basic .....   | 13,775  | 13,775  |
|  | =====   | =====   |
| Weighted average number of common<br>shares -- diluted ..... | 13,885  | 13,885  |
|  | =====   | =====   |

See accompanying notes to pro forma financial statements.

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CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEAR ENDED FEBRUARY 29, 2000  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

|   | HISTORICAL<br>CONSOLIDATED | PRO FORMA<br>ADJUSTMENTS | PRO<br>CONS |
|---|----------------------------|--------------------------|-------------|
|   | -----                      | -----                    | -----       |
| Sales of homes and land .....   | \$ 290,791                 | \$                       | \$ 2        |
| Cost of sales .....   | 231,273                    |                          | 2           |
|   | -----                      |                          | ---         |
| Gross margin .....  | 59,518                     |                          |             |
| Income from unconsolidated joint ventures .....                         | 1,730                      | (65) (10)                |             |
| Selling, general and administrative expenses .....                      | (30,813)                   | 1,369 (11)               | (           |
| Interest expense .....  | (22,141)                   |                          | (           |
|   | -----                      | -----                    | ---         |
| Income from operations .....  | 8,294                      | 1,304                    |             |
| Interest and other income, net .....                                    | 1,513                      | 102 (11)                 |             |
| Minority interest .....   | (2,835)                    | 2,289 (12)               |             |
|   | -----                      | -----                    | ---         |
| Income before income taxes .....  | 6,972                      | 3,695                    |             |
| Provision for income taxes .....  | 1,745                      | (875) (13)               |             |
|   | -----                      | -----                    | ---         |
| Income before extraordinary item .....                                  | \$ 5,227                   | \$ 4,570                 | \$          |
|   | =====                      | =====                    | ===         |
| Income per share before extraordinary item<br>(basic and diluted) ..... | \$ 0.37                    |                          | \$          |
|   | =====                      |                          | ===         |
| Weighted average number of common shares -- basic .....                 | 13,923                     |                          |             |
|   | =====                      |                          | ===         |
| Weighted average number of common shares -- diluted ....                | 14,014                     |                          |             |
|   | =====                      |                          | ===         |

See accompanying notes to pro forma financial statements.

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## CAPITAL PACIFIC HOLDINGS, INC. AND SUBSIDIARIES

### NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### BALANCE SHEET ADJUSTMENTS:

- (1) To reflect the disposition of cash, accounts receivable and prepaid expense balances in the consolidated joint ventures disposed of ("Cons. Former Ventures").
- (2) To reflect the disposition of the real estate project balances in the Cons. Former Ventures.
- (3) To reflect the disposition of the property, plant and equipment balances in the Cons. Former Ventures and the adjustment of the remaining balance of \$2.5 million to zero in accordance with APB 16.
- (4) To reflect the collection of advances previously made to unconsolidated joint ventures disposed of ("U/C Former Ventures") and the disposition of the Company's interest in the U/C Former Ventures.
- (5) To reflect deferred income taxes and accrual of costs incurred in connection with the Exchange.
- (6) To reflect the disposition of the note payable balance in one of the Cons. Former Ventures, and the paydown of notes payable with proceeds from the collection of advances previously made to U/C Former Ventures.
- (7) To reflect negative goodwill recorded in accordance with APB 16.
- (8) To reflect the reduction in Farallon's minority interest in CPH LLC and certain other residential joint ventures.

#### STATEMENT OF INCOME ADJUSTMENTS:

- (9) To reflect the elimination of revenues and cost of sales in the Cons. Former Ventures.
- (10) To reflect the elimination of income from the U/C Former Ventures.
- (11) To reflect the elimination of net operating results from Buildings which were disposed of and the amortization of negative goodwill recorded as a result of the Exchange. Negative goodwill is amortized using the straight-line method over a life of five years.
- (12) To reflect the reduction in minority interest allocation to Farallon as a result of the acquisition of a majority of Farallon's interest in CPH LLC in the Exchange.
- (13) To reflect the net amount of additional income taxes provided at the Company's pro forma effective rate for the period presented.