

SYKES ENTERPRISES INC

FORM 8-K/A (Amended Current report filing)

Filed 03/12/99 for the Period Ending 12/29/98

Address	400 NORTH ASHLEY DRIVE TAMPA, FL 33602
Telephone	8132741000
CIK	0001010612
Symbol	SYKE
SIC Code	7373 - Computer Integrated Systems Design
Industry	Computer Networks
Sector	Technology
Fiscal Year	12/31

SYKES ENTERPRISES INC

FORM 8-K/A (Unscheduled Material Events)

Filed 3/12/1999 For Period Ending 12/29/1998

Address	100 NORTH TAMPA ST STE 3900 TAMPA, Florida 33602
Telephone	813-274-1000
CIK	0001010612
Industry	Computer Networks
Sector	Technology
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(AMENDMENT NO. 1)

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of the earliest event reported) December 29, 1998

SYKES ENTERPRISES, INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction of Incorporation)

0-28274

(Commission File Number)

56-1383460

(IRS Employer Identification No.)

100 North Tampa Street, Suite 3900
Tampa, Florida

(Address of Principal Executive Offices)

33602-5089

(Zip Code)

(813) 274-1000

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibits

(a) Financial Statements of the Business Acquired:

June 30, 1998 Audited Financial Statements of Oracle Service Networks Corporation are attached hereto.

(b) Pro Forma Financial Information:

December 31, 1997 and September 30, 1998 Pro Forma Consolidated Financial Statements (Unaudited) of Sykes Enterprises, Incorporated are attached hereto.

Signatures

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 thereunto duly authorized.

Sykes Enterprises, Incorporated

Date: March 10, 1999

By: /s/ Scott J. Bendert

Scott J. Bendert
Senior Vice President-Finance
Treasurer and
Chief Financial Officer

Sykes Enterprises, Incorporated Index to Financial Statements

June 30, 1998 Audited Financial Statements of Oracle Service Networks Corporation

Auditors' Report

Consolidated Balance Sheet Consolidated Statements of Income and Retained Earnings Consolidated Statement of Changes in Financial Position Notes to Consolidated Financial Statements

December 31, 1997 and September 30, 1998 Pro Forma Consolidated Financial Statements (Unaudited) of Sykes Enterprises, Incorporated

Pro Forma Consolidated Balance Sheet Pro Forma Consolidated Income Statement

Notes to Pro Forma Consolidated Financial Statements

ORACLE SERVICE NETWORKS CORPORATION

**CONSOLIDATED
FINANCIAL STATEMENTS**

June 30, 1998

[PRICEWATERHOUSECOOPERS LETTERHEAD]

JULY 31, 1998

AUDITORS' REPORT

**TO THE SHAREHOLDERS OF
ORACLE SERVICE NETWORKS CORPORATION**

We have audited the consolidated balance sheet of Oracle Service Networks Corporation as at June 30, 1998 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

/s/ PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

ORACLE SERVICE NETWORKS CORPORATION

CONSOLIDATED BALANCE SHEET

	JUNE 30	
	1998	1997

ASSETS		
Cash and term deposits	\$ 8,629,485	\$ 5,008,559
Trade accounts receivable	8,497,323	5,715,865
Service materials	337,994	293,858
Prepaid expenses	323,686	199,127
Income taxes recoverable (Note 8)	4,306,000	4,306,000
Due from associated companies (Note 2)	1,103,592	2,513,661
Capital assets, net (Note 3)	9,572,970	7,884,929
Investment, at cost	--	70,680
Deferred income taxes	353,175	--
Goodwill, net of amortization of \$2,359,736 (1997 - \$1,838,744)	2,850,166	3,371,158
	-----	-----
	\$35,974,391	\$29,363,837
	=====	=====

ORACLE SERVICE NETWORKS CORPORATION

CONSOLIDATED BALANCE SHEET...CONTINUED

	JUNE 30	
	1998	1997

LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,795,929	\$ 3,740,322
Income taxes payable	605,085	878,955
Obligations under capital leases (Note 7)	946,489	388,889
Deferred taxes payable	--	103,125
Mortgages payable (Note 4)	3,396,097	4,166,882
Convertible debenture (Note 5)	--	2,000,000
Unearned membership fees (Note 6)	19,722,700	14,579,898

	29,466,300	25,858,071
SHAREHOLDERS' EQUITY		
STATED CAPITAL		
AUTHORIZED		
Unlimited common shares		
ISSUED		
114,942 common shares (1997 - 100,000)	1,467	1,276
Contributed surplus (Note 5)	1,999,809	--
RETAINED EARNINGS	4,506,815	3,504,490

	6,508,091	3,505,766

	\$ 35,974,391	\$ 29,363,837
	=====	

Contingencies and commitments (Notes 4, 5, 6, 7, 9, 10)

Approved by the Board

Director

Director

ORACLE SERVICE NETWORKS CORPORATION

**CONSOLIDATED STATEMENTS OF INCOME
AND RETAINED EARNINGS**

	YEAR ENDED JUNE 30	
	1998	1997
REVENUE	\$ 43,039,659	\$ 40,424,716
EXPENSES		
Fulfilment, selling and overhead expenses	35,287,370	33,433,726
Interest expense	403,264	378,455
Goodwill amortization	520,992	260,496
Depreciation	1,116,483	855,915
Profit sharing	514,332	575,106
	-----	-----
	37,842,441	35,503,698
Income before undernoted items	5,197,218	4,921,018
Other income	453,063	342,888
Management fees (Note 2)	1,531,930	1,033,194
	-----	-----
Income before undernoted items	4,118,351	4,230,712
PROVISION FOR (REDUCTION IN) INCOME TAXES		
Current	2,570,000	2,192,060
Deferred	(456,300)	(358,000)
	-----	-----
	2,113,700	1,834,060
NET INCOME FOR THE YEAR	2,004,651	2,396,652
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	3,504,490	(640,162)
PRIOR PERIOD ADJUSTMENT (NOTE 8)	--	1,748,000
DIVIDENDS PAID	(1,002,326)	--
	-----	-----
RETAINED EARNINGS, END OF YEAR	\$ 4,506,815	\$ 3,504,490
	=====	=====

ORACLE SERVICE NETWORKS CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED JUNE 30	
	1998	1997
CASH PROVIDED FROM (USED IN) OPERATIONS		
Net income for the year	\$ 2,004,651	\$ 2,396,652
Add (deduct): Non-cash items		
Depreciation	1,116,483	855,915
Goodwill amortization	520,992	260,496
Deferred income tax provision	(456,300)	(358,000)
	-----	-----
Cash resulting from reduction (increase) in		
Trade accounts receivable	(2,781,458)	(2,212,251)
Prepaid expenses	(124,559)	175,437
Service materials	(44,136)	(8,039)
Accounts payable and accrued liabilities	1,134,037	701,403
Income taxes payable	(273,870)	(104,716)
Deferred income taxes	--	26,000
Unearned membership fees	5,142,802	1,525,206
	-----	-----
Total cash provided from operations	3,052,816	3,258,103
FINANCING		
Decrease in due from affiliated companies	1,331,638	132,884
Increase (decrease) in capital lease obligations	557,600	(87,547)
Convertible debentures	(2,000,000)	2,000,000
Common shares issued	2,000,000	--
Repayment of mortgages payable	(770,785)	(683,757)
Investment	--	(70,680)
Dividends paid	(1,002,326)	--
	-----	-----
	116,127	1,290,900
INVESTING		
Capital asset additions	(2,804,523)	(1,305,356)
Investment write-off	70,680	--
	-----	-----
	(2,733,843)	(1,305,356)
INCREASE IN CASH FOR THE YEAR	-----	-----
	3,620,926	3,243,647
CASH AND TERM DEPOSITS AT BEGINNING OF YEAR	5,008,559	1,764,912
CASH AND TERM DEPOSITS AT END OF YEAR	-----	-----
	\$ 8,629,485	\$ 5,008,559
	=====	=====

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1998

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Oracle Service Networks Corporation (the "Company") and its wholly-owned subsidiaries, 248 Pall Mall (London) Inc., Station Park Fitness Club Inc., Health Information Company of Canada Inc., 1145575 Ontario Ltd. and NAL Path Inc. (collectively "the companies").

UNEARNED MEMBERSHIP FEES

Membership and other fees, net of acquisition costs (including commission and other promotional costs) are taken into income over the term of the membership.

THIRD PARTY PRODUCTS

Revenues and related fulfillment costs and commissions for third party products are fully recognized at the time of sale.

SERVICE MATERIALS

Service materials are valued at the lower of cost and replacement cost.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are stated at cost and depreciation is provided over the estimated useful lives of the assets as follows:

Building	4% declining balance
Furniture, fixtures and equipment	10 year straight-line
Paving	10 year straight-line

Computer systems and software are depreciated on the straight-line method over the expected useful life of the assets which range from three years to five years.

Leasehold improvements are amortized on the straight-line method over the term of the lease.

LEASES

Leases that transfer substantially all of the benefits and risks incidental to the ownership of property are capitalized. Other leases are accounted for as operating leases. Assets recorded under capital leases are amortized on a straight-line basis over the expected useful life of the leased asset.

GOODWILL

Goodwill is stated at cost less accumulated amortization. Management determines whether there is a permanent impairment in the value of the unamortized portion of goodwill on an annual basis. Revisions to the remaining life are performed when changes in circumstances or economic events affect the recorded goodwill balance. Five and one half years remain unamortized.

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1998

INCOME TAXES

The companies follow the deferral method of income tax allocation. Deferred taxes arise due to timing differences in the claiming of certain items for accounting and tax purposes, principally unearned membership revenues, commission expenses and depreciation.

The effective tax rate on reported earnings may differ from the statutory tax rate due to certain revenues and expenses which are permanently non taxable.

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS...CONTINUED

JUNE 30, 1998

2 DUE FROM ASSOCIATED COMPANIES

	JUNE 30	
	1998	1997
Stilco Investments Limited	\$ 892,521	\$ 1,252,280
Slemko Investment Corporation	211,071	600,000
Chelsey Corporation Ltd.	--	661,381
	\$ 1,103,592	\$ 2,513,661

The amount due from Chelsey Corporation Ltd. ("Chelsey"), an associated company, consists of the following related party transactions:

	JUNE 30	
	1998	1997
Opening balance	\$ 661,381	\$ 2,646,545
Advances	--	67,080
Repayments	(661,381)	(226,575)
Transfers to associated companies	--	(1,852,280)
Rent	--	26,611
	\$ --	\$ 661,381

During the year, management fees of \$1,531,930 (1997 - \$1,033,194) were paid to Chelsey.

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ...CONTINUED

JUNE 30, 1998

3 CAPITAL ASSETS

	JUNE 30, 1998		JUNE 30, 1997	
	COST	ACCUMULATED DEPRECIATION AND AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	\$ 1,110,787	\$ --	\$ 1,110,787	\$ 1,110,787
Building	4,450,975	766,127	3,684,848	3,838,383
Paving	69,239	34,165	35,074	41,998
Furniture, fixtures and equipment	2,718,249	733,597	1,984,652	1,164,887
Computer systems	1,389,954	779,877	610,077	351,607
Leasehold improvements	1,679,850	522,619	1,157,231	949,709
Equipment under capital lease	2,954,416	1,964,115	990,301	427,558
	\$ 14,373,470	\$ 4,800,500	\$ 9,572,970	\$ 7,884,929

4 MORTGAGES PAYABLE

	JUNE 30,	
	1998	1997
First mortgage, bearing interest at 7.875% compounded semi-monthly payments of \$34,844, maturing June 1, 1999	\$ 3,396,097	\$ 3,544,752
Second mortgage, bearing interest at 9.25% compounded semi-annually, monthly payments of \$12,709, matured June 1, 1998	--	622,130
	\$ 3,396,097	\$ 4,166,882

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS...CONTINUED

JUNE 30, 1998

Annual principal payments are as follows:

1999	\$	3,396,097
2000 and thereafter		--

	\$	3,396,097
		=====

The following has been provided as security for the long-term obligations:

- (a) fixed charge against land and building of the borrower, 248 Pall Mall (London) Inc.
- (b) general assignment of rents.
- (c) joint and several personal guarantees.

Letters of guarantee, as required by corporate service agreements, totalling \$750,000.

5 CONVERTIBLE DEBENTURE

On March 31, 1998, Hambro Insurance Services Group PLC ("Hambro") exercised the conversion option on a \$2 million convertible debenture to receive 13% of the outstanding common shares of Oracle. The debenture bore interest at the rate of 6% per annum and was payable quarterly subject to the following:

14,942 common shares were issued for a value of \$191 with the balance of \$1,999,809 charged to contributed surplus.

ORACLE SERVICE NETWORKS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS...CONTINUED

JUNE 30, 1998

6 UNEARNED MEMBERSHIP FEES

	JUNE 30	
	1998	1997
Deferred membership revenue	\$ 24,904,275	\$ 19,479,178
Less: Related commission and other direct costs	5,181,575	4,899,280
Unearned membership fees	\$ 19,722,700	\$ 14,579,898
	=====	

The balance of unearned membership and other fees of \$19,722,700 as at June 30, 1998 will be taken into income in fiscal 1999 and 2000 based on the terms of individual memberships.

7 LEASE OBLIGATIONS

CAPITAL LEASE OBLIGATIONS

1999	\$ 528,256
2000	363,651
2001	131,690

	1,023,597
Less: Amounts representing interest at various interest rates	77,108

Total obligations under capital leases	\$ 946,489
	=====

OPERATING LEASE COMMITMENTS

The Company has entered into various operating lease contracts. The annual obligation under these leases is estimated as follows:

1999	\$ 423,487
2000	136,705
2001	6,031

8 INCOME TAXES

Revenue Canada, Taxation and the Ontario Ministry of Revenue have reassessed the Company's prior years' income tax returns from 1991 to 1994 (Revenue Canada) and 1984 to 1992 (Ontario) for which the company had filed notices of objection. During the current year, a settlement was reached with Revenue Canada and the Ontario Ministry of Revenue. As a result, the Company will recover \$4,306,000 of the tax payments and interest for the periods described above.

A prior period adjustment to retained earnings of \$1,748,000 has been recorded reflecting the recovery and a \$2,558,000 credit to deferred taxes payable associated with the settlement of deferred commissions and purchased deferred commissions.

The company is currently subject to an Ontario tax audit. The outcome of this audit is not determinable at this time.

A subsidiary company has available tax losses of \$152,400 as at June 30, 1998. The potential tax benefit associated with these losses has been recognized for accounting purposes.

9 CONTINGENCIES

LEGAL MATTERS

The Company is party to a number of legal claims arising in the normal course of business. No provision has been made in these financial statements relating to these matters. The Company does not believe the claims have merit and is actively defending its position.

UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

10 MANAGEMENT AGREEMENT

The company has entered into a management contract effective May 1, 1997 with Hambro Insurance Services PLC and Chelsey Corporation Ltd. whereby a monthly management fee of \$11,003 and \$106,000 is payable respectively.

11 SUBSEQUENT EVENT

Subsequent to year end, the Company purchased specified assets of Lawline (Canada) Incorporated for total consideration of \$325,000 plus a royalty up to a maximum of \$475,000.

12 FINANCIAL STATEMENT PRESENTATION

Certain comparative figures have been reclassified to conform with financial statement presentation adopted in the current year.

Sykes Enterprises, Incorporated

Pro Forma Consolidated Financial Statements
(Unaudited)

SYKES ENTERPRISES, INCORPORATED
Pro Forma Consolidated Balance Sheet
December 31, 1997 (Unaudited)

	As Reported Dec 31, 1997	Oracle	TAS III	Adjustments	As Restated Dec 31, 1997
	-----	-----	-----	-----	-----
ASSETS					
Current assets					
Cash and cash equivalents.....	\$ 70,523,067	\$ 3,459,761	\$1,325,677	\$ --	\$ 75,308,505
Receivables.....	68,520,471	10,180,014	487,310	--	79,187,795
Prepaid expenses and other current assets.....	11,377,920	78,341	642,157	--	12,098,418
	-----	-----	-----	-----	-----
Total current assets.....	150,421,458	13,718,116	2,455,144	--	166,594,718
Property and equipment, net.....	71,282,183	6,124,595	2,059,512	--	79,466,290
Marketable securities.....	7,800,002	--	--	--	7,800,002
Investment in joint venture.....	2,285,142	--	--	--	2,285,142
Deferred charges and other assets.....	9,874,680	2,175,908	--	--	12,050,588
	-----	-----	-----	-----	-----
	\$ 241,663,465	\$22,018,619	\$4,514,656	\$ --	\$268,196,740
	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Current installments of long-term debt.....	\$ 2,989,271	\$ 1,508,122	\$ --	\$ --	\$4,497,393
Accounts payable.....	19,905,671	302,460	287,660	--	20,495,791
Income tax payable.....	2,725,177	324,959	301,860	--	3,351,996
Accrued employee compensation and benefits.....	10,035,233	227,149	416,179	--	10,678,561
Other accrued expenses and current liabilities.....	6,449,650	2,346,069	2,114,686	--	10,910,405
	-----	-----	-----	-----	-----
Total current liabilities.....	42,105,002	4,708,759	3,120,385	--	49,934,146
Long-term debt.....	33,312,597	2,677,138	--	--	35,989,735
Deferred income taxes.....	4,374,963	--	--	--	4,374,963
Deferred grants.....	14,083,691	--	--	--	14,083,691
Other long-term liabilities.....	--	11,253,984	1	--	11,253,985
	-----	-----	-----	-----	-----
Total liabilities.....	93,876,253	18,639,881	3,120,386	--	115,636,520
	-----	-----	-----	-----	-----
Commitments and contingencies (Notes 8 and 12)					
Shareholders' equity					
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding.....	--	--	--	--	--
Common stock, \$.01 par value; 200,000,000 shares authorized;					
41,119,626 and 41,451,905 issued and outstanding.....	390,576	907	32,850	(13,137)	411,196
Additional paid-in capital.....	133,579,200	--	--	13,137	133,592,337
Retained earnings.....	17,106,620	3,434,680	1,610,052	--	22,151,352
Unrealized loss on securities, net of taxes.....	(734,518)	--	--	--	(734,518)
Accumulated foreign currency translation adjustment....	(2,554,666)	(56,849)	(248,632)	--	(2,860,147)
	-----	-----	-----	-----	-----
Total shareholders' equity.....	147,787,212	3,378,738	1,394,270	--	152,560,220
	-----	-----	-----	-----	-----
	\$ 241,663,465	\$22,018,619	\$4,514,656	\$ --	\$268,196,740
	=====	=====	=====	=====	=====

SYKES ENTERPRISES, INCORPORATED

Pro Forma Consolidated Statements of Income Year Ended December 31, 1997

(Unaudited)

	As Reported Year Ended Dec 31, 1997	Oracle	TAS III	Adjustments	As Restated Year Ended Dec 31, 1997
	-----	-----	-----	-----	-----
Revenues.....	\$ 313,184,554	\$30,072,175	\$ 8,336,381	\$ --	\$351,593,110
Operating expenses					
Direct salaries and related costs.....	195,449,373	20,104,579	4,030,598	--	219,584,550
General and administrative.....	87,727,877	6,833,121	2,655,638	--	97,216,636
Impairment of long-lived assets.....	10,400,000	--	--	--	10,400,000
Total operating expenses.....	293,577,250	26,937,700	6,686,236	--	327,201,186
Income from operations.....	19,607,304	3,134,475	1,650,145	--	24,391,924
Other income (expense)					
Interest, net.....	766,637	(276,944)	29,275	--	518,968
Loss from joint venture.....	(2,828,000)	--	--	--	(2,828,000)
Write-down of marketable securities					
Other.....	(922,735)	86,936	(434,651)	--	(1,270,450)
Total other income (expense).....	(2,984,098)	(190,008)	(405,376)	--	(3,579,482)
Income before income taxes.....	16,623,206	2,944,467	1,244,769	--	20,812,442
Provision for income taxes					
Current.....	10,863,000	1,385,539	919,457	--	13,167,996
Deferred.....	13,000	--	--	--	13,000
Total provision for income taxes.....	10,876,000	1,385,539	919,457	--	13,180,996
Net income.....	5,747,206	1,558,928	325,312	--	7,631,446
Preferred stock dividends.....	--	--	--	--	--
Net income applicable to common shareholders.....	\$ 5,747,206	\$ 1,558,928	\$ 325,312	\$ --	\$ 7,631,446
	=====	=====	=====	=====	=====
Basic net income per share	\$ 0.15				\$ 0.19
	=====				=====
Diluted net income per share	\$ 0.14				\$ 0.18
	=====				=====
Shares outstanding					
Basic.....	38,982,002				41,044,002
Diluted.....	40,253,046				42,315,046

SYKES ENTERPRISES, INCORPORATED

Pro Forma Consolidated Statements of Income Year Ended December 31, 1996

(Unaudited)

	As Reported Year Ended Dec 31, 1996	Oracle	TAS III	Adjustments	As Restated Year Ended Dec 31, 1996
Revenues.....	\$218,995,751	\$22,642,021	\$ 7,061,657	\$ --	\$248,699,429
Operating expenses					
Direct salaries and related costs.....	134,235,748	15,464,649	2,512,161	--	152,212,558
General and administrative.....	67,823,910	4,803,160	2,248,558	-	74,875,628
Total operating expenses.....	202,059,658	20,267,809	4,760,719	--	227,088,186
Income from operations.....	16,936,093	2,374,212	2,300,938	--	21,611,243
Other income (expense)					
Interest, net.....	(596,828)	111,404	54,707	--	(430,717)
Other.....	455,215	--	3,493	--	458,708
Total other income (expense).....	(141,613)	111,404	58,200	--	27,991
Income before income taxes.....	16,794,480	2,485,616	2,359,138	--	21,639,234
Provision for income taxes					
Current.....	6,437,122	2,774,159	690,231	--	9,901,512
Deferred.....	(14,185)	--	--	--	(14,185)
Total provision for income taxes.....	6,422,937	2,774,159	690,231	--	9,887,327
Net income.....	10,371,543	(288,543)	1,668,907	--	11,751,907
Preferred stock dividends.....	(47,343)	--	--	--	(47,343)
Net income applicable to common shareholders.....	\$ 10,324,200	\$(288,543)	\$ 1,668,907	\$ --	\$ 11,704,564
Pro forma income data (unaudited)					
Income before income taxes.....	\$ 16,794,480				\$ 21,639,234
Pro forma provision for income taxes relating to S corporation.....	67,000				67,000
Actual provision for income taxes.....	6,422,937				9,887,327
Total provision and pro forma provision for income taxes.....	6,489,937				9,954,327
Pro forma net income.....	10,304,543				11,684,907
Preferred stock dividends.....	(47,343)				(47,343)
Pro forma net income applicable to common shareholders.....	10,257,200				\$ 11,637,564
Pro forma basic net income per share	\$ 0.30				\$ 0.32
Pro forma diluted net income per share	\$ 0.29				\$ 0.31
Shares outstanding					
Basic.....	34,411,266				36,473,266
Diluted.....	35,954,323				38,016,323

Sykes Enterprises, Incorporated

Notes to Pro Forma Consolidated Financial Statements
 SYKES ENTERPRISES, INCORPORATED
 Pro Forma Consolidated Balance Sheet
 September 30, 1998 (Unaudited)

	As Reported Sept 30, 1998	Oracle	TAS III	Adjustments	As Restated Sept 30, 1998
ASSETS					
Current assets					
Cash and cash equivalents.....	\$ 21,151,355	\$ 9,818,450	\$ 2,980,551	\$ --	\$ 33,950,356
Restricted cash.....	10,704,871	--	--	--	10,704,871
Receivables.....	109,269,666	6,097,305	1,156,334	--	116,523,305
Prepaid expenses and other current assets.....	17,672,663	467,101	.584,855	--	18,724,619
	-----	-----	-----	-----	-----
Total current assets.....	158,798,555	16,382,856	4,721,740	--	179,903,151
Property and equipment, net.....	85,458,587	6,248,223	2,610,565	--	94,317,375
Marketable securities.....	600,158	--	--	--	600,158
Goodwill	55,930,437	1,965,631	--	--	57,896,068
Deferred charges and other assets.....	13,641,979	--	--	--	13,641,979
	-----	-----	-----	-----	-----
	\$314,429,716	\$24,596,710	\$ 7,332,305	\$ --	\$346,358,731
	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Current installments of long-term debt.....	\$ 2,480,879	\$ 93,422.	\$ --	\$ --	\$2,574,301
Accounts payable.....	27,665,594	300,207	318,920	--	28,284,721
Income tax payable.....	8,519,402	325,568	127,523	--	8,972,493
Accrued employee compensation and benefits.....	21,462,077	260,375	981,946	--	22,704,398
Customer deposits.....	10,608,169	0	0	--	10,608,169
Other accrued expenses and current liabilities.....	10,183,637	3,249,273	3,829,094	--	17,262,004
	-----	-----	-----	-----	-----
Total current liabilities.....	80,919,758	4,228,845	5,257,483	--	90,406,086
Long-term debt.....	78,158,376	2,099,773	--	--	80,258,149
Deferred income taxes.....	34,257	--	--	--	34,257
Deferred grants.....	13,015,149	--	--	--	13,015,149
Other long-term liabilities.....	2,601,778	14,104,643	--	--	16,706,421
	-----	-----	-----	-----	-----
Total liabilities.....	174,729,318	20,433,261	5,257,483	--	200,420,062
	-----	-----	-----	-----	-----
Commitments and contingencies (Notes 8 and 12)					
Shareholders' equity					
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding.....	--	--	--	--	--
Common stock, \$.01 par value; 200,000,000 shares authorized; 41,119,626 and 41,451,905 issued and oustanding.....	393,167	1,040	32,850	(13,137)	413,920
Additional paid-in capital.....	134,583,670	1,397,667	--	13,137	135,994,474
Retained earnings.....	12,968,220	4,067,501	1,908,026	--	18,943,747
Unrealized loss on securities, net of taxes.....	(6,934,362)	--	--	--	(6,934,362)
Accumulated foreign currency translation adjustment...	(1,310,297)	1,302,759)	133,946	--	(2,479,110)
	-----	-----	-----	-----	-----
Total shareholders' equity.....	139,700,398	4,163,449	2,074,822	--	145,938,669
	-----	-----	-----	-----	-----
	\$314,429,716	\$24,596,710	\$ 7,332,305	\$ --	\$346,358,731
	=====	=====	=====	=====	=====

SYKES ENTERPRISES, INCORPORATED
Pro Forma Consolidated Statements of Income
(Unaudited)

	As Reported 9 Months Ended Sept 30, 1998	Oracle	TAS III	Adjustments	As Restated 9 Months Ended Sept 30, 1998
Revenues.....	\$297,720,508	\$22,942,767	\$ 6,407,228	\$ --	\$ 327,070,503
Operating expenses					
Direct salaries and related costs.....	184,266,680	14,324,310	4,143,300	--	202,734,290
General and administrative.....	77,666,223	7,225,145	1,531,842	--	86,423,210
Acquired in-process research and development..	18,618,907	--	--	--	18,618,907
Total operating expenses.....	280,551,810	21,549,455	5,675,142	--	307,776,407
Income from operations.....	17,168,698	1,393,312	732,086	--	19,294,096
Other income (expense)					
Interest, net.....	(78,221)	(28,457)	(40,670)	--	(147,348)
Loss from joint venture.....	(8,097,380)	--	--	--	(8,097,380)
Write-down of marketable securities.....	--	--	--	--	--
Other.....	(66,495)	--	6,353	--	(60,142)
Total other income (expense).....	(8,242,096)	(28,457)	(34,317)	--	(8,304,870)
Income before income taxes.....	8,926,602	1,364,855	697,769	--	10,989,226
Provision for income taxes					
Current.....	13,065,000	732,033	399,799	--	14,196,832
Deferred.....	--	--	--	--	--
Total provision for income taxes.....	13,065,000	732,033	399,799	--	14,196,832
Net income.....	(4,138,398)	632,822	297,970	--	(3,207,606)
Preferred stock dividends.....	--	--	--	--	--
Net income applicable to common shareholders.....	\$. (4,138,398)	\$ 632,822	\$ 297,970	\$ --	\$(3,207,606)
Basic net income per share	\$ (0.11)				\$ (0.08)
Diluted net income per share	\$ (0.11)				\$ (0.08)
Shares outstanding					
Basic.....	39,154,989				41,216,989
Diluted.....	39,154,989				41,216,989

SYKES ENTERPRISES INCORPORATED

Notes to Pro Form a Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

On December 31, 1998, pursuant to a Combination Agreement dated as of December 9, 1998 (the "Agreement"), Sykes Enterprises, Incorporated ("Sykes" or the "Company") acquired all of the issued and outstanding stock of Oracle Service Networks Corporation ("Oracle") in exchange for 1.475 million shares of Sykes' common stock. Under the terms of the Agreement, the transaction was accounted for utilizing the pooling method of accounting.

Oracle provides sophisticated call center operations including customer support and service applications as well as care management services for the healthcare and insurance industries. Oracle services a client base in the financial services, telecommunications and automotive industries and has developed integrated e-commerce solutions in providing an end-to-end customer care model. Oracle operates multi-lingual call centers on a seven day, twenty-four hour basis, located in London and Toronto, Ontario, and also in Moncton, New Brunswick.

On November 27, 1998, Sykes acquired all of the issued and outstanding stock of TAS GmbH Nord Telemarketing und Vertriebsberatung ("TAS III") of Hannover, Germany in exchange for 587,000 shares of Sykes' common stock. Under the terms of the Agreement, the transaction was accounted for utilizing the pooling method of accounting.

2. Pro Forma Adjustment

The pro forma adjustment to the consolidated statement represents the consolidation of the equity accounts to reflect the number of shares of common stock outstanding.

Sykes reduced by approximately \$8.1 million the acquired in-process research and development charge previously reported in its September 30, 1998 Form 10-Q. This adjustment is not reflected in the above pro forma consolidated financial statements.

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