

Edgar Filing: DATAWATCH CORP - Form 8-K

DATAWATCH CORP
Form 8-K
August 20, 2004

=====

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

AUGUST 20, 2004
Date of Report (Date of earliest event reported)

DATAWATCH CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation) File Number)	000-19960 (Commission	02-0405716 (I.R.S. Employer Identification No.)
--	--------------------------	---

175 CABOT STREET, SUITE 503 LOWELL, MASSACHUSETTS (Address of principal executive offices)	01854 (Zip Code)
---	---------------------

Registrant's telephone number, including area code: (978) 441-2200

Not Applicable
(Former name or former address, if changed since last report.)

=====

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On August 11, 2004, Datawatch Corporation ("Datawatch") acquired all of the outstanding stock of Mergence Technologies Corporation ("Mergence") from the shareholders of Mergence (the "Sellers"). The acquisition of Mergence (the "Acquisition") was consummated pursuant to a stock purchase agreement dated as of August 11, 2004, among Datawatch, Mergence and the four Sellers who owned a majority of the Mergence stock and managed Mergence (the "Management Sellers") (the "Management Sellers Purchase Agreement"), and separate stock purchase agreements with the non-management Sellers (the "Non-Management Sellers Purchase Agreement"). In connection with the Acquisition, Datawatch paid the Sellers an aggregate purchase price of \$2,500,000. In addition, Datawatch will pay the Sellers on a quarterly basis payments equal to 10% of the revenues, as defined, from Mergence's Researcher product for a period of six years. The Management Sellers have agreed to indemnify Datawatch with respect to damages relating to a breach of the representations, warranties or covenants in the Management Sellers Purchase Agreement. Datawatch will retain \$125,000 of the \$2,500,000 cash consideration and the first year's earnout payments for a period of one year to satisfy any indemnification claim. The terms of the Acquisition and the consideration received by the Sellers were the result of arm's-length negotiations between Datawatch and the Sellers.

The cash consideration came from Datawatch's available cash resources.

Edgar Filing: DATAWATCH CORP - Form 8-K

The name of Mergence has been changed to Datawatch Technologies Corporation.

One of the Management Sellers, Renee Tenazas, will continue to serve as President of Datawatch Technologies Corporation.

Datawatch issued a press release regarding the Acquisition on August 11, 2004. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired.

The required financial statements will be filed not later than 60 days after the date that this Current Report on Form 8-K must be filed.

(b) Pro Forma Financial Information.

The required financial information will be filed not later than 60 days after the date that this Current Report on Form 8-K must be filed.

(c) Exhibits.

Exhibit Number -----	Description -----
Exhibit 2.1	Stock Purchase Agreement among Datawatch, Mergence and the Management Sellers, dated as of August 11, 2004
Exhibit 2.2	Form of Non-Management Sellers Purchase Agreement
Exhibit 99.1	Press release of Datawatch, dated August 11, 2004

Edgar Filing: DATAWATCH CORP - Form 8-K

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 hereunto duly authorized.

DATAWATCH CORPORATION

August 20, 2004

By: /s/ Robert W. Hagger

Name: Robert W. Hagger
Title: President, Chief Executive Officer
and Director

EXHIBIT INDEX

Exhibit Number -----	Description -----
Exhibit 2.1	Stock Purchase Agreement among Datawatch, Mergence and the Management Sellers, dated as of August 11, 2004
Exhibit 2.2	Form of Non-Management Sellers Purchase Agreement
Exhibit 99.1	Press release of Datawatch, dated August 11, 2004