SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1995-01-11** | Period of Report: **1994-12-29**
SEC Accession No. 0000950144-95-000029

(HTML Version on secdatabase.com)

FILER

SENSORMATIC ELECTRONICS CORP

CIK:**88974**| IRS No.: **341024665** | State of Incorp.:**DE** | Fiscal Year End: **0531**
Type: **8-K** | Act: **34** | File No.: **001-10739** | Film No.: **95500954**
SIC: **3669** Communications equipment, nec

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

____

FORM 8-K

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

Date of Report (Date of earliest event reported) December 29, 1994

Sensormatic Electronics Corporation
(Exact name of registrant as specified in charter)

Delaware	1-10739	34-1024665
(State or other jurisdiction of incorporation)	(Commission file number)	(IRS employer identification No.)

500 N.W. 12th Avenue
Deerfield Beach, Florida 33442
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(305) 420-2000

(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets.

On December 29, 1994, the merger (the "Merger") of Knogo Corporation ("Knogo") into Sensormatic Electronics Corporation (the "Company" or "Sensormatic") became effective pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of August 14, 1994, among the Company, Knogo and

Knogo North America Inc. ("Knogo N.A.") (the "Merger Agreement"). Immediately prior to the Merger, Knogo's operations in the United States, Puerto Rico and Canada were contributed to Knogo N.A. and one share of common stock of Knogo N.A. was distributed to Knogo's stockholders for each Knogo share held by them (the "Divestiture"), so that pursuant to the Merger, only Knogo's businesses outside the United States, Puerto Rico and Canada were combined with those of the Company. In connection with the Divestiture and the Merger, the Company became a party to a Supply Agreement with Knogo N.A. providing for the purchase by the Company of certain products from Knogo N.A. over a term of 30 months and a License Agreement with Knogo N.A. governing the use of certain patent rights and technology.

In accordance with the Merger Agreement, the former holders of Knogo common stock received .5513 shares of the Company's common stock for each share of Knogo common stock held by them (in addition to the share of Knogo N.A. referred to above). Holders entitled to fractional shares received an amount in cash equal to such fraction multiplied by $32.65. The Company issued approximately 3,113,562 shares of common stock to the former stockholders of Knogo pursuant to the Merger. Including such shares issued pursuant to the Merger, the Company has approximately 72,137,477 shares of common stock outstanding. The Company also expects to issue approximately 100,000 additional shares of common stock to former holders of Knogo stock options.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

The information with respect to Knogo in the financial statements and pro forma financial information below has been supplied by Knogo, and the information with respect to Sensormatic in such pro forma financial information has been supplied by Sensormatic.

(a)(1) UNAUDITED FINANCIAL STATEMENTS OF THE BUSINESS ACQUIRED.
Unaudited consolidated financial statements of Knogo for the period ended August 31, 1994:

Knogo Corporation and Subsidiaries Condensed Consolidated Balance Sheet (Unaudited), at August 31, 1994

Knogo Corporation and Subsidiaries Consolidated Statement of Operations (Unaudited), for the three- and six-month periods ended August 31, 1994

Knogo Corporation and Subsidiaries Consolidated Statement of Cash Flows (Unaudited), for the six-month period ended August 31, 1994

Knogo Corporation and Subsidiaries Notes to Consolidated

Financial Statements (Unaudited)

(a)(2) FINANCIAL STATEMENTS OF THE BUSINESS ACQUIRED.
Consolidated financial statements of Knogo for the fiscal year ended February 28, 1994:

Independent Auditors' Report - Deloitte & Touche LLP

Knogo Corporation and Subsidiaries Consolidated Balance Sheet, at February 28, 1994

Knogo Corporation and Subsidiaries Consolidated Statement of Income, for the fiscal year ended February 28, 1994

Knogo Corporation and Subsidiaries Consolidated Statement of Shareholders' Equity, for the fiscal year ended February 28, 1994

Knogo Corporation and Subsidiaries Consolidated Statement of Cash Flows, for the fiscal year ended February 28, 1994

Knogo Corporation and Subsidiaries Notes to Consolidated Financial Statements

(b) PRO FORMA FINANCIAL INFORMATION. Unaudited pro forma combined financial information as of September 30, 1994 and for the three months ended September 30, 1994 and 1993, and the fiscal year ended June 30, 1994 relating to the Company's acquisition of Knogo:

Unaudited Condensed Pro Forma Combined Balance Sheet, dated September 30, 1994

Unaudited Condensed Pro Forma Combined Statement of Income, for the fiscal year ended June 30, 1994

Unaudited Condensed Pro Forma Combined Statement of Income for the three months ended September 30, 1994

Unaudited Condensed Pro Forma Combined Statement of Income for for the three months ended September 30, 1993

Notes to Unaudited Condensed Pro Forma Combined Financial Information.

(c) EXHIBITS:

Exhibit

Number	Description
2(a)	Agreement and Plan of Merger ("Merger Agreement") dated August 14, 1994, between Sensormatic Electronics Corporation, Knogo Corporation ("Knogo") and Knogo North America Inc. ("Knogo N.A.") (including Exhibit A - Delaware Certificate of Merger; Exhibit B - New York Certificate of Merger; and Exhibit C - Form of Contribution and Divestiture Agreement (the "Divestiture Agreement") between Knogo and Knogo N.A.) (incorporated by reference to Exhibit 2(a) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)).
2(b)	Form of License Agreement between Knogo and Knogo N.A. (Exhibit B to Divestiture Agreement) (incorporated by reference to Exhibit 2(b) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)).
2(c)	Form of Supply Agreement between Knogo and Knogo N.A. (Exhibit C to Divestiture Agreement) (incorporated by reference to Exhibit 2(c) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)). The Supply Agreement, the License Agreement and the Divestiture Agreement were each executed on December 29, 1994. (Schedules to Exhibits 2(a), 2(b) and 2(c) are not included. Copies will be furnished supplementally to the Securities and Exchange Commission upon request.)
23(a)	Consent of Deloitte & Touche LLP
23(b)	Consent of Deloitte & Touche LLP

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KNOGO FOR THE PERIOD ENDED AUGUST 31, 1994:

KNOGO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except stock par value)

<TABLE>
<CAPTION>

	August 31, 1994 (Unaudited)
ASSETS	
<S>	<C>
CASH AND CASH EQUIVALENTS	$ 5,660
MARKETABLE SECURITIES	2,814
ACCOUNTS RECEIVABLE, less allowance for doubtful accounts of $5,210	23,255
NET INVESTMENT IN SALES-TYPE LEASES	27,510
INVENTORIES	21,261
SECURITY DEVICES-Net	5,987
PROPERTY, PLANT AND EQUIPMENT-Net	19,971
OTHER ASSETS	4,298

	$110,756
LIABILITIES AND SHAREHOLDERS' EQUITY	
NOTES PAYABLE-BANKS	$ 23,083
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	17,034
INCOME TAXES PAYABLE	1,035
DEFERRED INCOME TAXES	1,150
DEFERRED LEASE RENTALS	3,165

	45,467
SHAREHOLDERS' EQUITY	
Participating cumulative preferred shares, Series A, $.01 par value: authorized 200 shares; none issued	
Preferred stock, $.01 par value: Authorized 2,800 shares; none issued	
Common stock, $.01 par value: Authorized 20,000 shares; issued and outstanding - 5,410 shares respectively	54
Additional paid-in capital	35,829
Retained earnings	13,711
Equity adjustment from foreign	

currency translation	15,695
	65,289
	$110,756

</TABLE>

See notes to the condensed consolidated financial statements.

KNOGO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
(In thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended August 31		Six Months Ended August 31	
	1994	1993	1994	1993
	(Unaudited)			
<S>	<C>	<C>	<C>	<C>
Revenues:				
Sales of security devices and related interest income	$15,716	$19,059	$32,483	$38,707
Lease rentals and other	3,159	3,390	6,325	7,664
Total revenue	18,875	22,449	38,808	46,371
Operating costs and expenses:				
Cost of security devices sold	7,418	8,156	14,177	17,155
Depreciation and amortization of security devices and property, plant and equipment	1,249	1,221	2,412	2,588
Selling, general and administrative expenses	10,608	10,091	20,857	20,891
Research and development	1,022	959	2,130	1,963
Unusual item (See Note G)	-	-	651	-
Total operating costs and expenses	20,297	20,427	40,227	42,597
Operating profit (loss)	(1,422)	2,022	(1,419)	3,774

Interest (income)	(69)	(105)	(144)	(160)
Interest expense	512	684	931	1,202
Foreign currency loss	182	174	180	219
Income (loss) before income taxes	(2,047)	1,269	(2,386)	2,513
Income taxes	248	317	180	628
Net income (loss)	$(2,295)	$ 952	$(2,566)	$ 1,885
Net income (loss) per common share	$ (.43)	$ .17	$ (.48)	$ .34
Weighted average common shares	5,393	5,528	5,389	5,549

</TABLE>

See notes to the condensed consolidated financial statements.

KNOGO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(In thousands)

<TABLE>
<CAPTION>

<S>	Six Months Ended August 31, 1994 (Unaudited) <C>	1993 <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (loss)	$(2,561)	$1,885
Adjustments to reconcile net income (loss) to net cash (used in) or provided by operating activities:		
Depreciation and amortization of security devices and property, plant and equipment	1,975	2,342
Deferred income taxes	(94)	539
Provision for bad debts	1,016	1,793
Gain on disposal of property plant and equipment	(6)	7
Amortization of deferred charges	40	35
Unrealized foreign currency transaction loss	386	423
Changes in operating assets and liabilities:		

Decrease in accounts receivable	3,413	2,072
(Increase) decrease in inventories	(220)	150
Decrease (increase) in net investment in sales-type leases	61	(2,551)
Increase in security devices-net	(1,770)	(598)
Decrease (increase) in other assets	86	(1,127)
Decrease in accounts payable and accrued liabilities	(3,022)	(149)
(Decrease) increase in income taxes payable	(369)	205
(Decrease) increase in deferred lease rentals	(129)	437
	-------	-------
NET CASH (USED IN) OR PROVIDED BY OPERATING ACTIVITIES	(1,199)	5,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment-net	(1,029)	(758)
Proceeds from sale of property, plant and equipment	125	101
	-------	-------
NET CASH USED IN INVESTING ACTIVITIES	(904)	(657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments under short-term lines of credit and overdraft facilities	(390)	(2,203)
Repayments on long-term borrowings	(2,547)	(1,290)
Proceeds from exercise of stock options	189	47
	-------	-------
NET CASH USED IN FINANCING ACTIVITIES	(2,748)	(3,446)
EFFECT OF EXCHANGE RATE ON CASH	33	138
	-------	-------
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,818)	1,498
CASH AND CASH EQUIVALENTS, at beginning of period	10,478	7,351
CASH AND CASH EQUIVALENTS, at end of		

period	$ 5,660	$ 8,849

</TABLE>

See notes to the condensed consolidated financial statements

KNOGO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AUGUST 31, 1994

NOTE A -- BASIS OF PRESENTATION
The financial information presented is unaudited. In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated have been included. Interim results are not necessarily indicative of results for a full year.

NOTE B -- MERGER WITH SENSORMATIC AND SPIN-OFF
On June 27, 1994, Knogo announced that it was holding discussions involving a possible merger or sale of Knogo or the addition of a significant investor.

On August 14, 1994, Knogo and its newly established, wholly-owned subsidiary Knogo North America Inc. ("Knogo N.A.") entered into a Merger Agreement with Sensormatic Electronics Corporation ("Sensormatic"), contemplating the merger of Knogo into Sensormatic (the "Merger"). The Merger was consummated on December 29, 1994. Pursuant to the Merger, each share of Knogo common stock was converted into .5513 shares of Sensormatic common stock.

Immediately prior to the Merger, Knogo contributed to Knogo N.A. certain assets and liabilities of Knogo relative to its operations in the United States, Canada and Puerto Rico (the "Knogo N.A. Territory") and the Knogo N.A. common stock was then distributed to the Knogo shareholders so that upon the effectiveness of the Merger Knogo's remaining business interests (i.e., all such interests outside of the United States, Canada and Puerto Rico) were combined with those of Sensormatic.

SUPPLY AND LICENSE AGREEMENT:
Pursuant to a related supply agreement, Sensormatic will be obligated to purchase products from Knogo N.A. in the amount of $12 million during the first 12 months following the Merger and an additional $12 million during the subsequent 18 months. Such products will be priced to yield Knogo N.A. a 35% gross margin.

Pursuant to a related license agreement, Sensormatic will have the exclusive right to manufacture and sell existing Knogo products outside the Knogo N.A. Territory and Knogo N.A. shall have such right within the Knogo N.A. Territory, except that Knogo N.A. and Sensormatic will each have the right to develop and market the SuperStrip technology in the Knogo N.A. Territory.

Both the supply and license agreement are subject to consummation of the merger.

DECLINE IN OPERATIONS:
Subsequent to May 31, 1994, Knogo has experienced a decline in operating income principally as a result of declining revenues and of higher professional fees in connection with the proposed merger and related agreements.

NOTE C -- NET INCOME (LOSS) PER SHARE
Net Income (loss) per common share is computed using the weighted average number of common shares outstanding during the period, plus when dilutive, net additional shares issuable upon exercise of options.

NOTE D -- NET INVESTMENT IN SALES-TYPE LEASES
Knogo is the lessor of security devices under agreements expiring in various years through 2001. The net investment in sales-type leases consists of:

	August 31, 1994 (000's omitted)
Minimum lease payments receivable	$36,186
Allowance for uncollectible minimum lease payments	(1,812)
Unearned income	(7,417)
Portion of lease payments representing executory costs	(1,160)
Unguaranteed residual value	1,713
	$27,510

NOTE E -- INVENTORIES
Inventories consist of the following:

<TABLE>
<CAPTION>
August 31, 1994

(000's omitted)	
Raw materials	$ 4,602
Work-in-process	9,719
Finished goods	6,940
	$21,261

</TABLE>

NOTE F -- SECURITY DEVICES ON LEASE

Security devices are stated at cost and are summarized as follows:

<TABLE>
<CAPTION>

	August 31, 1994 (000's omitted)
Security devices on lease	$20,930
Less allowance for depreciation	14,943
	$ 5,987

</TABLE>

NOTE G -- UNUSUAL ITEM

On May 10, 1994, Arthur J. Minasy, Chairman of the Board of Directors and Chief Executive Officer, died. Knogo is paying a death benefit related to the termination of an employment contract in 24 equal monthly installments of $28,960, commencing in May 1994. This termination death benefit, with a present value of approximately $651,000 (computed at an effective rate of 7%), has been charged to expense in the first quarter of fiscal 1995.

CONSOLIDATED FINANCIAL STATEMENTS OF KNOGO FOR THE FISCAL YEAR ENDED FEBRUARY 28, 1994:

INDEPENDENT AUDITORS' REPORT

Board of Directors
Knogo Corporation
Hauppauge, New York

We have audited the accompanying consolidated balance sheet of Knogo Corporation and subsidiaries as of February 28, 1994 and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of Knogo Corporation's management. Our responsibility is to express an opinion on the 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 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 audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Knogo Corporation and subsidiaries as of February 28, 1994, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

As described in Note 2 to the consolidated financial statements, on December 29, 1994, Knogo Corporation consummated a merger with Sensormatic Electronics Corporation.

/s/DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Jericho, New York
May 18, 1994
(December 29, 1994 as to Notes 2, 7, 8 and 11)

KNOGO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
FEBRUARY 28, 1994
(In thousands, except stock par value)

<TABLE>
<CAPTION>

ASSETS	
<S>	<C>
CASH AND CASH EQUIVALENTS	$ 10,478
INVESTMENTS	2,814
ACCOUNTS RECEIVABLE, less allowance for doubtful accounts of $4,932	26,442
NET INVESTMENT IN SALES-TYPE LEASES	25,819

INVENTORIES	20,090
SECURITY DEVICES ON LEASE, net	5,145
PROPERTY, PLANT AND EQUIPMENT, net	19,604
INTANGIBLES, including patent costs, less accumulated amortization of $1,109	960
OTHER ASSETS	3,099

	$114,451
LIABILITIES AND SHAREHOLDERS' EQUITY	
NOTES PAYABLE, banks	$ 26,150
ACCOUNTS PAYABLE	6,454
ACCRUED LIABILITIES	12,152
INCOME TAXES PAYABLE	1,374
DEFERRED INCOME TAXES	1,181
DEFERRED LEASE RENTALS	2,883

	50,194
COMMITMENTS AND CONTINGENCIES (Notes 2, 7, 10 and 11)	
SHAREHOLDERS' EQUITY:	
Participating cumulative preferred shares Series A, $.01 par value: authorized 200 shares; none issued	
Preferred stock, $.01 par value: authorized 2,800 shares; none issued	
Common stock, $.01 par value: authorized 20,000 shares; issued and outstanding 5,380	54
Additional paid-in capital	35,640
Retained earnings	16,277
Equity adjustment from foreign currency translation	12,286

	64,257

	$114,451

</TABLE>

See notes to consolidated financial statements

KNOGO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED FEBRUARY 28, 1994
(in thousands, except per share data)

REVENUES:	
Sales of security devices and related interest income	$74,556
Lease rentals and other	14,746
	89,302
COSTS AND EXPENSES:	
Cost of security devices sold	32,620
Depreciation and amortization of security devices and property, plant and equipment	4,590
Research and development	3,550
Selling, general and administrative expenses	41,356
	82,116
OPERATING PROFIT	7,186
INTEREST (INCOME)	(445)
INTEREST EXPENSE	2,358
FOREIGN CURRENCY LOSS	736
INCOME BEFORE INCOME TAXES	4,537
INCOME TAXES	923
NET INCOME	$ 3,614
NET INCOME PER SHARE	$ .65
WEIGHTED AVERAGE COMMON SHARES	5,557

</TABLE>

See notes to consolidated financial statements

KNOGO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
Year ended February 28, 1994
(in thousands)
<TABLE>
<CAPTION>

<S>	Common Stock Shares <C>	Common Stock Amount <C>	Additional Paid-in Capital <C>	Retained Earnings <C>	Equity Adjustment from Foreign Currency Translation <C>	Total Share-holders' Equity <C>
BALANCE, February 28, 1993	5,338	$54	$35,373	$12,663	$13,274	$61,364
NET INCOME	-	-	-	3,614	-	3,614
EXERCISE OF STOCK OPTIONS	42	-	267	-	-	267
TRANSLATION ADJUSTMENT	-	-	-	-	(988)	(988)
	-----	---	-------	------	-------	-------
BALANCE, February 28, 1994	5,380	$54	$35,640	$16,277	$12,286	$64,257

</TABLE>

KNOGO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 1994
(In thousands)

<TABLE>

<S>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 3,614

Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization of security devices and property, plant and equipment	3,819
Amortization of intangibles	223
Deferred income taxes	176
Provision for bad debts	2,467
Gain on disposal of property, plant and equipment	(28)
Unrealized foreign currency transaction loss	1,124
Changes in operating assets and liabilities:	
Decrease in accounts receivable	7,163
Increase in net investment in sales-type leases	(6,475)
Increase in inventories	(2,198)
Increase in security devices, net	(1,696)
Decrease in other assets	547
Increase in accounts payable and accrued liabilities	866
Increase in income tax payable	352
Decrease in deferred lease rentals	(75)
Net cash provided by operating activities	9,879
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment, net	(1,798)
Proceeds from sale of property, plant and equipment	187
Increase in intangibles	(30)
Net cash used in investing activities	(1,641)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net payments under short-term lines of credit and overdraft facilities	(2,007)
Repayment of long-term borrowings	(3,832)
Proceeds from exercise of stock options	267

Net cash used in financing activities	(5,572)
EFFECT OF EXCHANGE RATE ON CASH	461
INCREASE IN CASH AND CASH EQUIVALENTS	3,127
CASH AND CASH EQUIVALENTS, at beginning of year	7,351
CASH AND CASH EQUIVALENTS, at end of year	$10,478
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ 2,154
Income taxes	$ 598
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:	
Capital lease obligation incurred for the purchase of office equipment and other assets	$ 40

</TABLE>

See notes to consolidated financial statements

KNOGO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 1994

1. SIGNIFICANT ACCOUNTING POLICIES

a. PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of Knogo Corporation and its subsidiaries ("Knogo"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

b. REVENUE RECOGNITION - Knogo manufactures security devices which it offers for sale or lease. Revenue related to the sale of equipment is recorded at the time of shipment or upon acceptance by a third-party leasing company of a customer lease and the related equipment. In addition, in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases", lease contracts which meet the following criteria are accounted for as sales-type leases: collection is reasonably assured, there are no important uncertainties, and (1) the present value of the rental payments over the term of the lease is at least 90% of the fair value of the equipment or (2) the lease term is equal to 75% or more of the estimated economic life of the equipment or (3) the lease contains a bargain purchase option. Under this method, revenue is recognized as a sale at the time of installation or acceptance by the lessee in an amount equal to the present value of the required rental payments under the fixed, noncancellable lease term. The difference between the total lease payments and the present value is amortized over the term of the lease so as to produce a constant periodic rate of return on the net investment in the lease.

The operating method of accounting for leases is followed for lease contracts not meeting the above criteria. Under this method of accounting, aggregate rental revenue is recognized over the term of the lease (usually 12 to 48 months), which commences with date of installation or acceptance by the lessee.

Service revenues are recognized as earned and maintenance revenues are recognized ratably over the service contract period. Warranty costs associated with products sold with warranty protection are estimated based on Knogo's historical experience and recorded in the period the product is sold.

c. CASH EQUIVALENTS AND INVESTMENTS - Knogo considers all highly liquid investments purchased with a maturity of three months or less as cash equivalents. Included in cash equivalents are certificates of deposit of $516,000 at February 28, 1994. Investments are stated at cost which approximates market value. Investments consist principally of tax exempt interest-bearing bonds of the Government Development Bank of Puerto Rico.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities", which requires changes in the accounting and reporting of investments in debt and equity securities. Knogo is required to adopt SFAS No. 115 in fiscal 1995. The effect of adopting SFAS No. 115 on Knogo's consolidated financial statements is not expected to be material.

d. INVENTORIES - Inventories are stated at the lower of cost (first-in, first-out method) or market. Component parts and systems in inventory available for assembly and customer installation are considered as work-in-process.

e. SECURITY DEVICES ON LEASE - Security devices on lease are stated at cost and consist of completed systems which have been installed.

f. DEPRECIATION AND AMORTIZATION - Depreciation of security devices on lease and property, plant and equipment is provided for using the straight-line method over their related estimated useful lives. The security devices generally have estimated useful lives of six years, except the cost of security devices related to operating leases with bargain purchase options are depreciated over the life of the lease.

g. INTANGIBLES - Costs and expenses incurred in obtaining patents are amortized over the remaining life of the patents, not exceeding 17 years, using the straight-line method.

h. DEFERRED LEASE RENTALS - Deferred lease rentals consist of amounts of rentals related to operating leases billed or paid in advance.

i. INCOME TAXES - Knogo accounts for income taxes pursuant to Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes", which requires an asset and liability approach to financial accounting and reporting for income taxes.

j. INCOME PER COMMON SHARE - Income per common share is computed using the weighted average number of common shares outstanding during the year, plus when dilutive, net additional shares issuable upon exercise of stock options.

k. FOREIGN CURRENCY TRANSLATION - Assets and liabilities of foreign subsidiaries are translated at year-end exchange rates. Revenues and expenses are translated using the average exchange rates prevailing throughout the period. Exchange rate changes arising from translation from the foreign subsidiaries' functional currency to U.S. dollars are included in the equity adjustment from foreign currency translation component of shareholders' equity. Gains and losses from foreign currency transactions denominated in a currency other than the parent company's or its subsidiaries' functional currencies are included in results of operations.

2. SUBSEQUENT EVENTS

MERGER WITH SENSORMATIC AND SPIN-OFF

On June 27, 1994, Knogo announced that it was holding discussions involving a possible merger or sale of Knogo or the addition of a significant investor.

On August 14, 1994, Knogo and its newly established, wholly-owned subsidiary Knogo North America, Inc. ("Knogo N.A.") entered into a Merger Agreement with Sensormatic Electronics Corporation ("Sensormatic"), contemplating the Merger of Knogo into Sensormatic (the "Merger"). The Merger was consummated on December 29, 1994. Pursuant to the Merger, each share of Knogo common stock was converted into .5513 shares of Sensormatic common stock.

Immediately prior to the Merger, Knogo contributed to Knogo N.A. certain assets and liabilities of Knogo relative to its operations in the United States, Canada and Puerto Rico (the "Knogo N.A. Territory") and the Knogo N.A. common stock was distributed to the Knogo shareholders, so that upon the effectiveness of the Merger Knogo's remaining business interests (i.e., all such interests outside of the United States, Canada, and Puerto Rico) were combined with those of Sensormatic.

Supply and License Agreement

Pursuant to a related supply agreement, Sensormatic is obligated to purchase products from Knogo N.A. in the amount of $12,000,000 during the first 12 months following the Merger and an additional $12,000,000 during the subsequent 18 months. Such products will be priced to yield Knogo N.A. a 35% gross margin.

Pursuant to a related license agreement, Sensormatic will have the exclusive right to manufacture and sell existing Knogo products outside the Knogo N.A. Territory and Knogo N.A. shall have such right within the Knogo N.A. Territory, except that Knogo N.A. and Sensormatic will each have the right to develop and market the SuperStrip technology in the Knogo N.A. Territory.

Decline in Operations

Subsequent to May 31, 1994, Knogo has experienced a decline in operating income principally as a result of declining revenues and of professional fees in connection with the proposed merger and related agreements.

3. NET INVESTMENT IN SALES-TYPE LEASES AND OPERATING LEASE DATA

Knogo is the lessor of security devices under agreements expiring in various years through 2001. The net investment in sales-type leases consist of:

	1994 (in thousands)
Minimum lease payments receivable	$ 34,431
Allowance for uncollectible minimum lease payments	(1,674)
Unearned income	(7,424)
Portion of lease payments representing executory costs	(1,083)
Unguaranteed residual value	1,569
	$ 25,819

At February 28, 1994, future minimum lease payments receivable under sales-type leases and noncancellable operating leases are as follows:

	Sales-Type Leases (in thousands)	Operating Leases (in thousands)
1995	$11,307	$ 5,423
1996	9,381	5,670
1997	7,009	4,954
1998	4,245	3,029
1999 and thereafter	2,489	886
	$34,431	$19,962

4. INVENTORIES

Inventories consist of the following:

<TABLE>
<CAPTION>

<S>	1994 (in thousands) <C>
Raw materials	$ 4,348
Work in process	9,184
Finished goods	6,558

	$20,090

</TABLE>

5. SECURITY DEVICES ON LEASE

Security devices are stated at cost and are summarized as follows:

<TABLE>
<CAPTION>

<S>	1994 (in thousands) <C>
Security devices on lease	$17,262
Less allowance for depreciation	12,117

	$ 5,145

</TABLE>

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are summarized as follows:

<TABLE>
<CAPTION>

<S>	Estimated Useful Lives (Years) <C>	1994 (in thousands) <C>
Land		$ 3,547
Buildings and improvements	25-40	13,491
Machinery and equipment	3-10	11,216
Furniture, fixtures and		

office equipment	3-10	5,565
Leasehold improvement	1-6	376
		34,195
Less allowance for depreciation and amortization		14,591
		$19,604

</TABLE>

7. NOTES PAYABLE

<TABLE>
<CAPTION>

<S>	1994 (in thousands) <C>
Short-term lines of credit, overdraft facilities, and other	$ 9,900
Term loans	16,250
	$26,150

</TABLE>

Knogo has various informal short-term overdraft and credit lines available on which Knogo may borrow in various currencies at prevailing market rates. At February 28, 1994, an amount of $3,049,000 was outstanding under a domestic credit line at an annual interest rate of 6%, maturing on July 14, 1994, subject to renewal. Amounts drawn in foreign currencies aggregated $5,278,000 with annual interest rates approximating 7.1%.

Knogo has two equal term loan agreements with domestic banks. The term loans are payable in 13 remaining equal quarterly installments of $1,250,000. All borrowings under these agreements bear interest at the London Interbank Offered Rate plus 2.5% or the Alternate Base Rate, as defined, plus 1%. At February 28, 1994, the interest rate on outstanding borrowings was 6%. The terms of the agreements, among other matters, provide restrictions on additional borrowings, capital expenditures and payment of dividends and require that Knogo maintain certain minimum net worth and working capital, as defined. Knogo has pledged the shares of certain subsidiaries as collateral for the loans. Knogo has received from its term loan lenders a waiver of the "no net loss" covenant of its existing term loans for the quarters ended May and August 31, 1994.

Aggregate maturities of notes payable, banks, are as follows (in thousands):

<TABLE>

<S>	<C>
1995	$13,870
1996	5,278
1997	5,280
1998	1,474
1999	82
Thereafter	166

</TABLE>

Subsequent to year end, Knogo received a commitment from a group of European banks to provide a three year credit financing of 40 million European Currency Units (ECU's) (approximately $44 million) at an interest rate of 1 1/4% above the appropriate Interbank offered rate for each currency. Borrowings under the facility will be based upon eligible accounts receivable and lease contracts. As of December 29, the financing has not been consummated as a result of the Merger Agreement with Sensormatic (see Note 2).

8. SHAREHOLDERS' EQUITY

a. Knogo's Stock Option Plan provides for grants of up to 950,000 options to purchase Knogo's common stock. In connection with the Merger Agreement with Sensormatic, the Knogo stock options will be cancelled and options of Sensormatic and Knogo N.A. issued in replacement therefor. Under the Plan, options may be granted through May 4, 1996 to executives and key employees at prices determined by the Stock Option Committee. Options become exercisable in whole or in part from time-to-time as shall be determined by the Committee at the time of grant of each option. Currently, options become exercisable 20% per year over a five-year period. All options granted in fiscal year 1994 were issued at fair market value at date of grant. Transactions during the year ended February 28, 1994 were as follows:

<TABLE>
<CAPTION>

	Shares Under Option	
	Option Price Per Share	Number of Shares
<S>	<C>	<C>
Balance, February 28, 1993		558,427

Granted	$8.88	5,000
Exercised	$5.13 - $7.75	(41,600)
Cancelled	$5.13 - $6.25	(11,200)
Balance, February 28, 1994		510,627

</TABLE>

Additionally, options to purchase 30,000 shares of Knogo's common stock were granted to the outside directors of Knogo. The option price per share was $12.00 which was the fair market value on the date of the grant. Such options were fully exercisable at February 28, 1994 and expire in 1998.

As of February 28, 1994, options were outstanding at a weighted average exercise price of $6.57 per share, and expire at various dates beginning November 1, 1995. As of February 28, 1994, options for 312,673 shares were available for future grants and options for 331,187 shares were exercisable. As of February 28, 1994, 853,300 shares of common stock were reserved for issuance in connection with the exercise of stock options.

b. Knogo has a Shareholders' Rights Plan that provides rights to purchase new Knogo Corporation Participating Cumulative Preferred Shares Series A, par value $.01 per share ("Series A Preferred Shares") which would be distributed as a dividend at the rate of one right per common share. Rights become exercisable ten days after any person or group acquires 20% or more or announces a tender offer for 30% or more of Knogo's outstanding common stock. If and when the Rights become exercisable, each Right will entitle the holder thereof to purchase one one-hundredth (1/100th) of a Series A Preferred Share at an initial exercise price of $100. The terms of the Series A Preferred Shares have been designed so that each one one-hundredth (1/100th) of a Series A Preferred Share will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Knogo's common shares. Rights under the Rights Plan, together with the outstanding shares of Knogo Common Stock, were exchanged for Sensormatic Common Stock and extinguished in the Merger.

9. DIVIDENDS

Knogo paid a regular quarterly cash dividend from July 1987 through December 1991. In January 1992, the Board of Directors determined to eliminate the dividend in connection with the restructuring of Knogo. Any further decision by the Board of Directors as to the declaration and payment of dividends will depend upon the earnings and financial condition of Knogo and such other facts as the Board of Directors deems appropriate at such time. The amount of cash dividends Knogo may pay is restricted under certain of its bank credit agreements. As of February 28, 1994, based on the most restrictive of the debt covenants, approximately $2,711,000 is available for payment of dividends.

10. INCOME TAXES

Income before income taxes consists of:

	1994 (in thousands)
Domestic	$ 857
Foreign	3,680
	$4,537

The components of Knogo's income tax provisions are as follows:

	1994 (in thousands)
Domestic:	
Current	$ 396
Deferred	-
	396
Puerto Rico:	
Current	390
Deferred	(164)
	226
Foreign:	
Current	(39)
Deferred	340
	301
	$ 923

The reconciliation between total tax expense and the expected U.S. Federal income tax is as follows:

	1994 (in thousands)
Expected tax expense at 34%	$ 1,543
Add/(deduct):	
Losses of foreign subsidiaries producing no tax benefit	207
Effect of foreign tax credits and lower foreign tax rates	(1,108)
U.S. losses producing no tax benefit	1,116
Benefits of nontaxable income of Puerto Rico subsidiary	(1,106)
Prior years' estimated tax adjustment	271
	$ 923

23

Significant components of deferred tax assets and liabilities are comprised of:

	1994 Deferred Tax (Assets) Liabilities (in thousands)
Assets:	
Accounts receivable	$ (2,186)
Inventories	(1,004)
Accrued liabilities	(922)
Research and development	(403)
Intercompany transactions	(1,890)
Net operating loss carryforwards	(8,788)
Other	(519)
Gross deferred tax assets	(15,712)
Less: Valuation allowance	7,305
	(8,407)
Liabilities:	
Security devices on lease	2,077
Property, plant and equipment	1,392
Sales-type leases	5,175

Deferred sales	475
Other	469
Gross deferred tax liabilities	9,588
Net deferred tax liability	$ 1,181

</TABLE>

The decrease in the valuation allowance of $1,838,000 during the year ended February 28, 1994 was primarily the result of utilization of net operating loss carryforwards.

Knogo's Puerto Rico manufacturing subsidiary is exempt from Federal income taxes under Section 936 of the Internal Revenue Code. Also, Knogo was granted a partial income tax exemption under the provisions of the Puerto Rico Industrial Incentives Act of 1978 from the payment of Puerto Rico taxes on income derived from marketing certain products manufactured by the subsidiary. The grant provides for a 90% exemption from Puerto Rico taxes until January 1, 2008. Knogo provides tollgate taxes on the earnings of the Puerto Rico subsidiary which it intends to remit, in the form of a dividend, to the parent company based upon the applicable rates. Such provision amounted to $20,000 for the year ended February 28, 1994.

Knogo has approximately $2,800,000 in marketable securities which Knogo intends to maintain in Puerto Rico in order to obtain reduced tollgate taxes to be paid when the Puerto Rican source earnings are repatriated.

Deferred income taxes have not been provided on the portion of the earnings of foreign subsidiaries aggregating approximately $14,585,000 which are to be indefinitely reinvested.

At February 28, 1994, Knogo had tax credit carryforwards of approximately $250,000 for Federal tax purposes available to offset future U.S. income tax liabilities through 2009. Knogo has available domestic and foreign net operating loss carryforwards of approximately $22,800,000 for tax purposes expiring through 2009.

The prior years income tax returns of Knogo and its wholly-owned subsidiaries are currently being examined by various taxing authorities. Knogo has recorded the estimated settlement costs for these matters. Management anticipates that adjustments, if any, resulting from the conclusion of these examinations will not have a material effect on the consolidated financial statements.

11. COMMITMENTS AND CONTINGENCIES

a. Aggregate annual rent expense under leases for office, warehouse, manufacturing facilities, automobiles and other rental equipment amounted to approximately $2,498,000 for 1994. At February 28, 1994, the minimum rental commitments under all noncancellable operating leases are $1,333,000 (1995), $648,000 (1996), $273,000 (1997), $158,000 (1998), and $26,000 (1999).

b. Knogo has a severance compensation plan covering certain officers and employees which provides that in the event a participant's employment is terminated under certain circumstances within two years following a change in control, as defined, the participant would be entitled to a severance payment, as defined. In addition, the participant would be entitled to a cash payment in settlement of all outstanding stock options and to the continuation for a period of 18 months of certain benefits received under Knogo's various employee benefit arrangements. This severance compensation plan will not apply to, and will be terminated as a result of, the Merger. (Note 2)

c. Knogo is a party to litigation arising in the normal course of business. Management believes the final disposition of such matters will not have a material adverse effect on the consolidated financial statements.

d. Knogo has a voluntary profit sharing deferred contribution plan, which complies with section 401(k) of the Internal Revenue Code. The plan permits eligible employees to make voluntary contributions to a trust, up to a maximum of 10% of compensation, subject to certain limitations, with Knogo making a matching contribution presently at 50% of the first 6%. Knogo contributed to the plan approximately $54,000 for the year ended February 28, 1994.

e. Knogo has an employment agreement with a senior executive through May, 1996 for which Knogo has a minimum annual commitment of approximately $300,000.

On May 10, 1994, Arthur J. Minasy, Chairman of the Board of Directors and Chief Executive Officer, died. Knogo will pay a death benefit related to the termination of an employment contract in 24 equal monthly installments of $28,960, commencing in May 1994. This termination death benefit, with a present value of approximately $650,000 (computed at an effective rate of 7%), was charged to expense in the first quarter of fiscal 1995.

f. In connection with intercompany transactions, Knogo purchases future currency exchange contracts to hedge the risk associated with fluctuations between the Belgian Franc and the United States Dollar. At February 28, 1994, Knogo had two equal contracts expiring through February 15, 1995 to purchase a total of $10 million United States dollars. The contracts mature at set rates in $400,000 increments every two weeks during the contract period.

12. BUSINESS SEGMENT DATA

Knogo is engaged in only one segment and line of business, the manufacture, distribution, installation and servicing of systems designed to detect the unauthorized movement of articles and persons.

Knogo's customers are principally in the retail industry.

Certain information about Knogo's operations in different geographic areas as of and for the year ended February 28, 1994 is as follows:

<TABLE>

<S>	<C>
Revenues:	
North America	$ 18,695
Europe and other	70,607

Total revenues	$ 89,302
Operating profit before items below:	
North America	$ 1,473
Europe and other	7,435

Total operating profit before items below	8,908
Corporate expenses	(1,722)
Interest income	445
Interest expense	(2,358)
Foreign currency loss	(736)

Income before income taxes	$ 4,537
Identifiable assets:	
North America	$ 33,418
Europe and other	75,927

Total identifiable assets	109,345

General corporate assets	5,106
Total assets	$114,451

</TABLE>

The activities of Knogo's Canadian operations, which are not material for separate disclosure, are included in North America.

Transfers between geographic areas are accounted for at cost, plus a reasonable profit, and amounted to approximately $12,524,000.

Liabilities of foreign subsidiaries, exclusive of intercompany accounts amounted to $22,852,000.

13. QUARTERLY RESULTS OF OPERATIONS (Unaudited)

The following is a tabulation of the quarterly results of operations for the year ended February 28, 1994:

<TABLE>
<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands except per share data)			
<S>	<C>	<C>	<C>	<C>
Revenues	$23,922	$22,449	$21,375	$21,556
Operating profit	1,752	2,022	2,276	1,136
Income before income taxes	1,244	1,269	1,545	479
Net income	933	952	1,159	570
Net income per common and common equivalent share	$ .17	$ .17	$ .21	$ .10

</TABLE>

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 1994 AND FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1994 AND 1993, AND THE FISCAL YEAR ENDED JUNE 30, 1994 RELATING TO THE COMPANY'S ACQUISITION OF KNOGO:

PRO FORMA COMBINED FINANCIAL INFORMATION

Introductory Note

The following tables set forth certain unaudited condensed pro forma combined financial information for Sensormatic after giving effect to the Divestiture and the Merger, using the purchase method of accounting as if such transactions had been consummated, with respect to the statement of income, on July 1, 1993 and, with respect to the balance sheet, as of September 30, 1994. The information contained in the following tables does not purport to be indicative of the results of operations and financial position of Sensormatic which may have been obtained had the Divestiture and the Merger with Knogo been consummated on the dates assumed.

The unaudited Knogo historical financial statements for the 12-month period ended May 31, 1994 and the three-month periods ended August 31, 1994 and 1993 have been adjusted to reflect the Divestiture and the reversal of intercompany transactions and balances (including the related income tax effect thereon) eliminated as part of determining the Knogo historical financial statements. The resulting balances (under the heading "Knogo International") are combined with Sensormatic in the accompanying pro forma financial information.

The unaudited condensed pro forma combined financial information reflects a preliminary allocation of the purchase price of Knogo and, accordingly, is subject to change. A final determination of required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. Accordingly, the purchase accounting adjustments made in connection with the development of the unaudited condensed pro forma combined financial information appearing herein are preliminary and have been made solely for purposes of developing such pro forma combined financial information.

The pro forma information with respect to the Merger is based on approximately 3,200,000 shares of Sensormatic common stock being issued to the Knogo shareholders and Knogo optionholders at an average Sensormatic share price of $32.65 (which is equal to the average closing price of a share of Sensormatic common stock on the New York Stock Exchange for the twenty trading days preceeding December 29, 1994).

This information should be read in conjunction with the historical consolidated financial statements and accompanying notes of the Company contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 1994 and its Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 and the historical consolidated financial statements and accompanying notes of Knogo contained herein.

UNAUDITED CONDENSED PRO FORMA COMBINED BALANCE SHEET
September 30, 1994
(in thousands)

<TABLE>
<CAPTION>

<S>	Sensor-matic <C>	Knogo International<F1>(a) <C>	Pro Forma Adjustments <C>	Combined Sensormatic and Knogo International <C>
ASSETS				
Cash and marketable securities	$ 55,827	$ 7,275	$ (315)(b)	$ 62,787
Trade and other receivables and investment in sales-type leases, net	335,654	45,088	--	380,742
Inventories, net	177,986	14,174	2,235(b)	194,395
Revenue equipment and other property, plant and equipment, net	175,147	13,860	--	189,007
Deferred charges, patents and other assets, net	140,418	3,040	657(b)	142,801
Costs in excess of net assets acquired, net	372,532	--	84,700(c)	457,232
	----------	-------	--------	----------
Total assets	$1,257,564	$83,437	$ 85,963	$1,426,964
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts and income taxes payable and accrued liabilities	$ 202,609	$24,755	$ 17,328(b)(c)	$ 244,692
Debt	273,212	22,476	--	295,688

Common stock	582,085	--	104,841(c)	686,926
Retained earnings	253,847	36,206	(36,206)(c)	253,847
Other stockholders' equity	(54,189)	--	--	(54,189)
	----------	-------	--------	----------
Total stockholders' equity	781,743	36,206	68,635	886,584
Total liabilities and stockholders' equity	$1,257,564	$83,437	$ 85,963	$1,426,964

</TABLE>
<F1> (a) Includes Knogo International at August 31, 1994.

See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information.

UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF INCOME
Year Ended June 30, 1994
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

<S>	Sensormatic <C>	Knogo International <F1>(a) <C>	Pro Forma Adjustments <C>	Combined Sensormatic and Knogo International <C>
Total revenues	$655,966	$70,088		$726,054
Cost of revenues	270,977	29,885	$(3,600)(d)	297,262
Operating expenses	280,202	34,584	(6,182)(e)(f)	308,604
	--------	-------	-------	--------
Operating income	104,787	5,619	9,782	120,188
Other expenses, net	(8,822)	(1,960)		(10,782)
	--------	-------	-------	--------
Income before income taxes	95,965	3,659	9,782	109,406
Provision for income taxes	23,900	395	5,061(g)(h)	29,356
	--------	-------	-------	--------

Net income	$ 72,065	$ 3,264	$ 4,721	$ 80,050
Primary earnings per common share	$ 1.16			$ 1.23
Fully diluted earnings per common share	$ 1.13			$ 1.19
Common shares used in the computation of:				
Primary earnings per common share	61,885			65,102
Fully diluted earnings per common share	68,343			71,560

</TABLE>

<F1> (a) Includes Knogo International for the 12-month period ending May 31, 1994.

See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information.

UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF INCOME
Three months ended September 30, 1994
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

<S>	Sensor-matic <C>	Knogo International <F1>(a) <C>	Pro Forma Adjustments <C>	Combined Sensormatic and Knogo International <C>
Total revenues	$190,882	$14,960		$205,842
Cost of revenues	79,051	7,507	$ (900)(d)	85,658
Operating expenses	83,427	9,093	(1,571)(e)(f)	90,949

Operating income (loss)	28,404	(1,604)	2,471	29,235
Other expense (net)	(1,613)	(621)		(2,234)
Income (loss) before income taxes	26,791	(2,261)	2,471	27,001
Provision for income taxes	6,700	77	58(g)(h)	6,835
Net income (loss)	$ 20,091	$(2,338)	$ 2,412	$ 20,165
Primary earnings per common share	$ 0.29			$ 0.28
Fully diluted earnings per common share	$ 0.29			$ 0.28
Common shares used in the computation of:				
Primary earnings per common share	69,868			73,085
Fully diluted earnings per share	70,026			73,243

____

</TABLE>

<F1> (a) Includes Knogo International for the 3-month period ended August 31, 1994.

See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information.

UNAUDITED CONDENSED PRO FORMA COMBINED STATEMENT OF INCOME
Three months ended September 30, 1993
(in thousands, except per share amounts)

<TABLE>

<CAPTION>

	Sensor-matic	Knogo International <F1>(a)	Pro Forma Adjustments	Combined Sensormatic and Knogo International
<S>	<C>	<C>	<C>	<C>
Total revenues	$143,284	$18,222		$161,506
Cost of revenues	59,006	7,943	$(1,000)(d)	65,949
Operating expenses	62,008	8,485	(1,371)(e)(f)	69,122
Operating income	22,270	1,794	2,371	26,435
Other expense (net)	(2,464)	(464)		(2,928)
Income before income taxes	19,806	1,330	2,371	23,507
Provision for income taxes	5,000	464	1,016(g)(h)	6,480
Net income	$ 14,806	$ 866	$ 1,355	$ 17,027
Primary earnings per common share	$ 0.25			$ 0.27
Fully diluted earnings per common share	$ 0.24			$ 0.26
Common shares used in the computation of:				
Primary earnings per common share	60,272			63,489
Fully diluted earnings per share	67,589			70,806

</TABLE>

<F1> (a) Includes Knogo International for the 12-month period ended August 31, 1993.

See Accompanying Notes to Unaudited Condensed Pro Forma Combined Financial Information.

NOTES TO UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL INFORMATION

The following pro forma adjustments have been made:

(a) The unaudited Knogo Historical financial statements for the 12-month period ended May 31, 1994, and for the three-month periods ended August 31, 1994 and 1993, have been adjusted to reflect the contribution of Knogo's businesses in the United States, Canada and Puerto Rico to Knogo North America ("Knogo N.A."), formerly a wholly-owned subsidiary of Knogo, and the distribution of the stock of Knogo N.A. to Knogo's stockholders--i.e., the Divestiture. Knogo Corporation is referred to as Knogo International after giving effect to the Divestiture.

Consolidated Balance Sheet
August 31, 1994
(in thousands)
(unaudited)

<TABLE>
<CAPTION>

	Knogo Historical	Less Knogo N.A. Historical	Adjust- ments(+)	Knogo Historical as Adjusted ("Knogo International")
<S>	<C>	<C>	<C>	<C>
Assets:				
Cash and marketable securities	$ 8,474	$ 1,199	$	$ 7,275
Trade and other receivables and investment in sales-type leases, net	50,765	5,677		45,088
Inventories	21,261	8,660	1,573	14,174
Revenue equipment				

and other property, plant and equipment, net	25,958	13,538	1,440	13,860
Deferred charges, patents and other assets, net	4,298	1,258		3,040
	$110,756	$30,332	$ 3,013	$83,437
Liabilities and Stock-holders' Equity:				
Accounts and income taxes payable and accrued liabilities	$ 22,384	$ 4,837	$ 7,208	$24,755
Debt	23,083	607		22,476
	45,467	5,444	7,208	47,231
Stockholders' Equity	65,289	32,096	3,013	36,206
Less: Due from affiliates	---	(7,208)	(7,208)	---
Total Stockholders' Equity	65,289	24,888	(4,195)	36,206
	$110,756	$30,332	$ 3,013	$88,437

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</TABLE>

+ Adjustments represent primarily the reversal of intercompany transactions and balances (including the related income tax effect thereon) eliminated as part of determining the Knogo Historical financial statements.

Consolidated Statement of Operations
Twelve Months Ended May 31, 1994
(in thousands)
(unaudited)

<TABLE>
<CAPTION>

<S>	Knogo Historical (*) <C>	Less Knogo N.A. Historical <C>	Adjustments (**) <C>	Knogo International <C>
Revenues:				
Total revenues	$85,313	$27,149	$11,924	$70,088
Costs and Expenses:				
Cost of revenues	30,380	13,786	13,291	29,885
Operating expenses	49,496	12,752	(2,160)	34,584
Operating income	5,437	611	793	5,619
Other expenses net	2,483	523		1,960
Income before income taxes	2,954	88	793	3,659
Provision for income taxes	544	504	355	395
Net income (loss)	$ 2,410	$ (416)	$ 438	$ 3,264

</TABLE>

Consolidated Statement of Operations
Three Months Ended August 31, 1994 and August 31, 1993
(in thousands)
(unaudited)

<TABLE>
<CAPTION>

<S>	Knogo Historical <C>	Less Knogo N.A. Historical <C>	Adjustments (**) <C>	Knogo International <C>
1994:				
Revenues:				
Total				

revenues	$18,875	$7,329	$ 3,414	$14,960
Costs and Expenses:				
Cost of revenues	7,418	4,005	4,094	7,507
Operating expenses	12,879	3,327	459	9,093
Operating income (loss)	(1,422)	(3)	221	(1,640)
Other expenses, net	625	4		621
Income (loss) before income taxes	(2,047)	(7)	221	(2,261)
Provision for income taxes	248	66	105	77
Net income (loss)	$(2,295)	$ (73)	$ 116	$(2,338)
1993:				
Revenues:				
Total revenues	$22,449	$7,331	$3,104	$18,222
Costs and Expenses:				
Cost of revenues	8,156	3,727	3,514	7,943
Operating expenses	12,271	3,248	(538)	8,485
Operating income	2,022	356	128	1,794
Other expenses, net	753	289		464
Income before income taxes	1,269	67	128	1,330
Provision for income taxes	317	76	223	464
Net income (loss)	$ 952	$ (9)	$ (95)	$ 866

</TABLE>

* Knogo's historical year end is the last day of February. These amounts represent Knogo's operating results for the year ended February 28, 1994, minus the quarter ended May 31, 1993, plus the quarter ended May 31, 1994.

** Adjustments represent primarily (i) the reversal of intercompany transactions and balances (including the related income tax effect thereon) eliminated as part of determining the Knogo Historical financial statement and (ii) an adjustment to reclassify depreciation on security devices from operating expenses to cost of revenues to conform to the presentation used in the Sensormatic financial statements.

(b) Adjustments pursuant to the Divestiture Agreement between Knogo and Knogo N.A. which provided that, at the time of the divestiture, Knogo N.A. would have a net worth of approximately $24 million (the "Target Net Worth") based on the historical carrying value of Knogo's assets and liabilities at the divestiture date. The Target Net Worth at the divestiture date was achieved by a combination of Knogo N.A.'s net loss through the divestiture date as well as the transfer of certain assets and the assumption of certain liabilities, amounting in the aggregate to a reduction of Knogo N.A.'s historical net worth in the amount of $877,000.

(c) An adjustment to record the preliminary allocation of the costs of the Merger ($105.0 million), the estimated acquisition costs (approximately $3.0 million) and the amount of stock issuance costs ($200,000). This adjustment also records costs in excess of net assets acquired ($84.7 million) and eliminates the historical Knogo International retained earnings ($36.2 million), and records additional purchase accounting reserves and adjustments, including incremental costs related to the supply agreement between Sensormatic and Knogo N.A. These additional purchase accounting reserves and adjustments were approximately $21.0 million, net of related income tax benefits.

(d) An adjustment for the reversal of incremental costs related to supply agreement between Sensormatic and Knogo N.A. recorded as purchase accounting adjustments (see (c) above). This adjustment was approximately $3.6 million for the year ended June 30, 1994, and approximately $900,000 and $1.0 million for the 3 months ended September 30, 1994 and 1993, respectively.

(e) An adjustment to record the amortization of the costs in excess of net assets acquired related to the Merger (approximately $84.7 million) over 40 years. Amortization expense was approximately $2.1 million for the year ended June 30, 1994, and approximately $530,000 for the quarters ended September 30, 1994 and 1993.

(f) An adjustment to record an estimate of the cost savings associated with the implementation by Sensormatic of a formal plan to reduce duplicative operating expenses arising from the Merger. This adjustment was approximately $8.3 million for the year ended June 30, 1994, and $2.1 million, and $1.9 million for the 3 months ended September 30, 1994 and 1993,respectively.

(g) To eliminate the income tax benefits for the year ended June 30, 1994 and the 3 months ended September 30, 1993 related to net operating losses of historical Knogo International existing prior to the Merger, which will be accounted for as a reduction of costs in excess of net assets acquired. This elimination was approximately $1.0 million for the year ended June 30, 1994, and $55,000 for the 3 months ended September 30, 1993. To record the income tax benefit of approximately $1.0 million for the 3 months ended September 30, 1994, related to Knogo International's operating losses.

(h) Adjustments to record the income tax effect of the pro forma adjustments, as applicable.

36

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.

Dated: January 10, 1995

SENSORMATIC ELECTRONICS CORPORATION

By: /s/ MIGUEL A. FLORES
Miguel A. Flores
Vice President and Treasurer

37

Exhibit Index

Exhibit Number	Description
2(a)	Agreement and Plan of Merger ("Merger Agreement") dated August 14, 1994, between Sensormatic Electronics Corporation, Knogo Corporation ("Knogo") and Knogo North America Inc. ("Knogo N.A.") (including Exhibit A - Delaware

	Certificate of Merger; Exhibit B - New York Certificate of Merger; and Exhibit C - Form of Contribution and Divestiture Agreement (the "Divestiture Agreement") between Knogo and Knogo N.A.) (incorporated by reference to Exhibit 2(a) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)).
2(b)	Form of License Agreement between Knogo and Knogo N.A. (Exhibit B to Divestiture Agreement) (incorporated by reference to Exhibit 2(b) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)).
2(c)	Form of Supply Agreement between Knogo and Knogo N.A. (Exhibit C to Divestiture Agreement) (incorporated by reference to Exhibit 2(c) to Registration Statement on Form S-4, filed on November 28, 1994 (File No. 33-56619)).
	The Supply Agreement, the License Agreement and the Divestiture Agreement were each executed on December 29, 1994.
	(Schedules to Exhibits 2(a), 2(b) and 2(c) are not included. Copies will be furnished supplementally to the Securities and Exchange Commission upon request.)
23(a)	Consent of Deloitte & Touche LLP
23(b)	Consent of Deloitte & Touche LLP

EXHIBIT 23(a)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Amendment No. 2 to Registration Statement No. 33-61626 on Form S-3, Amendment No. 1 to Registration Statement No. 33-51957 on Form S-4 and Registration Statement No. 33-56619 on Form S-4 of Sensormatic Electronics Corporation of our report dated May 18, 1994 (December 29, 1994 as to Notes 2, 7, 8 and 11) appearing in this Current Report on Form 8-K of Sensormatic Electronics Corporation dated December 29, 1994 as to the consolidated financial statements of Knogo Corporation and subsidiaries for the year ended February 28, 1994.

Deloitte & Touche LLP
Jericho, New York
January 9, 1995

EXHIBIT 23(b)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements Nos. 2-19339, 33-26786, 33-38753 and 33-54626 on Form S-8 pertaining to the Incentive and Non-Qualified Stock Option Plans and the Employee Stock Purchase Plan of Sensormatic Electronics Corporation of our report dated May 18, 1994 (December 29, 1994 as to Notes 2, 7, 8 and 11) appearing in this Current Report on Form 8-K of Sensormatic Electronics Corporation dated December 29, 1994 as to the consolidated financial statements of Knogo Corporation and subsidiaries for the year ended February 28, 1994.

Deloitte & Touche LLP
Jericho, New York
January 9, 1995