APOGENT TECHNOLOGIES INC
Form 10-Q
May 15, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

Or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ________________ to ________________.

COMMISSION FILE NUMBER: 1-11091

APOGENT TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

WISCONSIN	22-2849508
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
48 CONGRESS STREET, PORTSMOUTH, NEW HAMPSHIRE	03801
(Address of principal executive offices)	(Zip Code)

(603) 433-6131
(Registrant's telephone number, including area code)

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

Indicate by checkmark, whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

At May 11, 2001, there were 105,596,023 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	MARCH 31, 2001 (unaudited)	SEPTEMB 200
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,113	$
Accounts receivable (less allowance for doubtful accounts of		

$3,749 and $4,041 at March 31, 2001 and Sept. 30, 2000, respectively)	177,830	1
Inventories	156,075	1
Deferred income taxes	13,055	
Net assets held for discontinued operations	-	1
Prepaid expenses and other current assets	19,951	
Total current assets	379,024	5
Available for sale security	53,540	
Property, plant and equipment, net	212,394	2
Intangible assets	1,056,094	1,0
Deferred income taxes	7,888	
Other assets	6,761	
Total assets	$ 1,715,701	$ 1,79
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 44,049	$
Advances and loans from SDS	-	
Current portion of long-term debt	41,542	
Income taxes payable	34,089	
Accrued payroll and employee benefits	28,619	
Restructuring reserve	4,256	
Deferred income taxes	905	
Other current liabilities	31,143	
Total current liabilities	184,603	2
Long-term debt	594,250	6
Securities lending agreement	53,540	
Deferred income taxes	93,649	
Other liabilities	6,410	
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, $0.01 par value; authorized 20,000,000 shares	-	
Common stock, $0.01 par value; authorized 250,000,000 shares issued 105,406,437 and 105,191,692 shares respectively, outstanding 105,406,437 and 105,191,692 shares respectively	1,054	
Equity rights, 50 rights at $1.09 per right in and	-	
Additional paid-in capital	248,097	2
Retained earnings	571,509	5
Accumulated other comprehensive income	(37,411)	(
Treasury commons to are stock, 220 shares at cost in and	-	
Total shareholders' equity	783,249	7
Total liabilities and shareholders' equity	$ 1,715,701	$ 1,7

See accompanying notes to unaudited consolidated financial statements.

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APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31, 2001	THREE MONTHS ENDED MARCH 31, 2000
Net sales	$ 245,104	$ 218,074
Cost of sales:		
Cost of products sold	124,447	110,775
Depreciation of purchase accounting adjustments	144	134
Total cost of sales	124,591	110,909
Gross profit	120,513	107,165
Selling, general and administrative expenses	52,346	45,541
Restructuring charge	583	
Depreciation and amortization of purchase accounting adjustments	10,751	8,663
Total selling, general and administrative adjustments	63,680	54,204
Operating income	56,833	52,961
Other income (expense):		
Interest expense	(11,864)	(11,983)
Amortization of deferred financing fees	(140)	(151)
Other, net	5,488	411
Income from continuing operations before income taxes and extraordinary item	50,317	41,238
Income taxes	20,127	15,898
Income from continuing operations before extraordinary item	30,190	25,340
Discontinued operations (net of income tax expense of $0, $9,241 $435, and $15,993)	(838)	13,635
Income before extraordinary item	29,352	38,975
Extraordinary item		
Net income	$ 29,352	$ 38,975
Basic earnings per common share from continuing operations	$ 0.29	$ 0.24
Discontinued operations	(0.01)	0.13
Extraordinary item	-	-
Basic earnings per common share	$ 0.28	$ 0.37
Diluted earning per common share from continuing operations	$ 0.28	$ 0.24
Discontinued operations	(0.01)	0.13
Extraordinary item	-	-
Diluted earnings per common share	$ 0.27	$ 0.37
Weighted average basic shares outstanding	105,371	104,234

Weighted average diluted shares outstanding	107,480	106,646

See accompanying notes to unaudited consolidated financial statements.

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APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2001
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	COMMON STOCK	EQUITY RIGHTS	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMUL OTHE COMPREHE INCOM
Balance at September 30, 2000	$1,052	$ -	$ 271,739	$ 531,701	$ (54
Cumulative effect of accounting change for cash flow hedge, net of tax effect of $1,687					2
Comprehensive income:					
Net income				39,808	
Translation adjustment					4
Adjustment to interest rate swap agreement upon sale, net of tax benefit of $984					(1
Amortization of gain on sale of interest rate swaps, net of tax benefit of $169					
Unrealized loss on security available for sale, net of tax benefit of $362					
Total comprehensive income	-	-	-	39,808	4
Shares issued in connection with stock options	2		2,302		
Tax benefit related to stock options			1,083		
Distribution of the equity of Sybron Dental Specialties, Inc. on December 11, 2000, net of dividends of $142,880			(27,027)		12
Balance at March 31, 2001	$1,054	$ -	$ 248,097	$ 571,509	$ (37

See accompanying notes to unaudited consolidated financial statements.

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APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	SIX
	200
Cash flows from operating activities:	
Net income	$ 39,
Adjustments to reconcile net income to net cash provided by operating activities	
Discontinued operations	11,
Depreciation	16,
Amortization	20,
Gain on sale of property, plant and equipment	(4,
Provision for losses on doubtful accounts	(
Inventory provisions	1,
Deferred income taxes	
Extraordinary items	
Net changes in assets and liabilities, net of effects of spun-off business and businesses acquired	(20,
Net cash provided by operating activities	65,
Cash flows from investing activities:	
Capital expenditures	(24,
Proceeds from sales of property, plant and equipment	10,
Proceeds from sale of NPT	
Dividends received from SDS	67,
Capital contributions paid to SDS	(4,
Distribution of the net equity of SDS	(14,
Net change in advances and loans to SDS	(2,
Net payment for businesses acquired	(51,
Net cash used in investing activities	(18,
Cash flows from financing activities	
Proceeds from long-term debt	333,
Principal payments on long-term debt	(381,
Proceeds from the exercise of stock options	2,
Refinancing fees paid	(3,
Proceeds from revolving credit facility	359,
Principal payments on revolving credit facility	(358,
Other financing activities	(1,
Net cash (used in) provided by financing activities	(49,
Effect of exchange rate changes on cash and cash equivalents	1,
Net decrease in cash and cash equivalents	(
Cash and cash equivalents at beginning of period	12,
Cash and cash equivalents at end of period	$ 12,

See accompanying notes to unaudited consolidated financial statements.

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APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(IN THOUSANDS)
(UNAUDITED)

		SIX
		2001
Net changes in assets and liabilities, net of effects of spun-off business and businesses acquired:		
Increase in accounts receivable	$	(3,4
Increase in inventories		(15,6
Increase in prepaid expenses and other current assets		(2,6
Decrease in accounts payable		(8,8
Increase (decrease) in income taxes payable		17,1
Decrease in other current liabilities		(7,1
Increase (decrease) in accrued payroll and employee benefits		4,6
Decrease in restructuring reserve		(4,0
Net change in other assets and liabilities		(7
Net changes in asset and liabilities, net of effect of spun-off business and businesses acquired	$	(20,7
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$	25,6
Income taxes	$	21,1
Capital lease obligations incurred	$	-

See accompanying notes to unaudited consolidated financial statements.

APOGENT TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION

In the opinion of management, all adjustments that are necessary for a fair statement of the results for the interim periods presented have been included. The results for the three and six month periods ended March 31, 2001 are not necessarily indicative of the results to be expected for the full year. The financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles in the United States. These statements should only be read in conjunction with the Company's annual report on Form 10-K for the fiscal year ended September 30, 2000. Certain prior period amounts have been reclassified to conform to the current period presentation.

On January 30, 2001, the Company's shareholders voted to change the name of the Company from Sybron International Corporation to Apogent Technologies Inc. As used in these Notes to the Unaudited Consolidated Financial Statements, the term "Company" means Sybron International Corporation for the period prior to January 30, 2001 and Apogent Technologies Inc. thereafter.

2. INVENTORIES

Inventories at March 31, 2001 and September 30, 2000 consist of the following:

	MARCH 31, 2001	SEPTEMBER 30, 2000
Raw materials and supplies	$ 64,705	$ 59,178
Work in process	26,802	29,848
Finished goods	71,587	57,015
LIFO reserve	(7,019)	(4,262)
	$156,075	$141,779

3. ACQUISITIONS

During the six-month period ended March 31, 2001, the Company completed two acquisitions for cash. The aggregate purchase price (which was not significant individually or in the aggregate), net of cash acquired, was approximately $62 million. Both of these acquisitions were accounted for as purchase transactions. Accordingly, the results of these acquisitions were included as of the date they were acquired. Total goodwill and intangibles for the acquired companies was approximately $62 million, and will be amortized over 3 to 40 years. Descriptions of the acquired companies are as follows:

a) On November 9, 2000, the Company acquired Vacuum Process Technology, Inc. ("VPT") located in Plymouth, MA., a leading manufacturer of state-of-the-art thin film deposition equipment, which is sold to a wide variety of companies in the internet infrastructure, optical and semiconductor industries. VPT's sales revenue for the fiscal year is expected to be approximately $18.4 million. VPT is included in the Clinical and Industrial business segment.

b) On March 1, 2001, the Company acquired BioRobotics Group Limited ("BioRobotics") located in Haslingfield, England. BioRobotics is a leading provider of automated instrumentation solutions used in functional genomics. Sales revenues are expected to be approximately $19 million for the twelve months ending February 28, 2002. BioRobotics is included in the Labware and Life Sciences business segment.

Two acquisitions were completed for cash after the second fiscal quarter 2001 and will be accounted for as purchase transactions. The aggregate purchase price (which was not significant individually or in the aggregate) was approximately $75 million. The results of these acquisitions will be included as of the date they were acquired. The allocations of the purchase prices for these acquisitions are being assessed currently. Descriptions of these acquisitions are as follows:

a) On April 10, 2001, the Company acquired Advanced Biotechnologies Limited ("ABgene"), located in Epsom, England. ABgene is a leading manufacturer of a comprehensive range of molecular biology reagents and special plastic consumables for the life sciences market. ABgene's sales revenues for the year ended March 31, 2001 were approximately $21 million. ABgene will be included in the Labware and Life Sciences business segment.

b) On April 10, 2001, the Company acquired the disposable glass culture tube business ("DCT Business") of Kimble Glass, Inc. located in Vineland, New Jersey. The DCT Business will be owned by and consolidated into the Company's subsidiary, Chase Scientific Glass, Inc., which currently manufactures disposable glass culture tubes ("DCTs"). Sales revenue from this business is expected to be approximately $5.8 million for the year ending December 31, 2001. DCTs are used in a variety of general laboratory applications, particularly in blood collection, blood banking, urinalysis, and certain cell culture procedures. Chase Scientific Glass, Inc. is currently included in the Clinical and Industrial business segment.

4. RESTRUCTURING

In June 1998, the Company recorded a restructuring charge of approximately $8,500 (approximately $5,400 after tax or $.05 per share on a diluted basis) for the rationalization of certain acquired companies, combination of certain duplicate production facilities, movement of certain customer service and marketing functions, and the exiting of several product lines. The restructuring charge was classified as components of cost of sales (approximately $1,800 relating to the write-off of inventory discussed below), and selling, general and administrative expenses (approximately $6,700).

Restructuring activity since June 30, 1998 and its components are as follows:

	SEVERANCE (a)	LEASE PAYMENTS (b)	INVENTORY WRITE-OFF (c)	FIXED ASSETS (c)	GOODWILL (d)
1998 Restructuring Charge....	$3,400	$ 200	$ 1,800	$1,000	$ 2,100
1998 Cash Payments...........	900	100	--	--	--
1998 Non-Cash Charges........	--	--	1,800	1,000	2,100
September 30, 1998 balance...	$2,500	$ 100	$ --	$ --	$ --
1999 Cash Payments...........	1,900	100	--	--	--
Adjustments(a)...............	300	--	--	--	--
September 30, 1999 balance...	$ 900	$ --	$ --	$ --	$ --
2000 Cash Payments...........	700	--	--	--	--
September 30, 2000 balance...	$ 200	$ --	$ --	$ --	$ --
2001 Cash payments...........	100	--	--	--	--
March 31, 2001 balance.......	$ 100	$ --	$ --	$ --	$ --

(a) Amount represents severance and termination costs for approximately 65 terminated employees (primarily sales and marketing personnel). As of March 31, 2001, all employees have been terminated as a result of the restructuring plan. Payments will continue to certain employees previously terminated under this restructuring plan. An adjustment of approximately $300 was made in the third quarter of fiscal 1999 to adjust the accrual primarily representing under accruals for anticipated costs associated with outplacement services, accrued fringe benefits, and severance associated with employees who were previously notified of termination. No additional employees will be terminated under this restructuring plan.

(b) Amount represents lease payments on exited facilities.

(c) Amount represents write-offs of inventory and fixed assets associated with discontinued product lines.

(d) Amount represents goodwill associated with exited product lines.

The Company expects to make future cash payments of approximately $100 during the remainder of fiscal 2001.

In September 2000, the Company recorded a restructuring charge of approximately $11,300 (approximately $7,500 after tax or $.07 per share on a diluted basis) for the consolidation of certain businesses, product rationalizations, changes in management structure and taxes associated with restructuring U.K. operations. The restructuring charge was classified as components of cost of sales (approximately $4,400 relating to the write-off of inventory, write-offs of fixed assets, certain lease terminations and severance associated with employees in production activities), selling, general and administrative expense of $5,800 and income tax expense of $1,000, related to the Company's restructuring of its U.K. operations. Restructuring activity since its inception in September 2000 and its components are as follows:

	SEVERANCE (a)	INVENTORY (b)	FIXED ASSETS (b)	LEASE COMMITMENTS (c)	SHUT-DOWN COSTS (c)	
2000 Restructuring charge...	$5,500	$ 2,100	$ 1,000	$ 500	$ 300	$
2000 Cash payments..........	1,100	--	--	--	--	
2000 Non-cash charges.......	--	2,100	1,000	--	--	
September 30, 2000 balance..	$4,400	$ --	$ --	$ 500	$ 300	$
Adjustments (e).............	600					
2001 Cash payments..........	1,600	--	--	100	100	
March 31, 2001 balance	$ 3,400	$ --	$ --	$ 400	$ 200	$

(a) Amount represents severance and termination costs for 151 terminated employees (primarily sales, marketing and corporate personnel). As of March 31, 2000, 115 employees have been terminated as a result of the restructuring plan.

(b) Amount represents write-offs of inventory and fixed assets associated with discontinued product lines.

(c) Amount represents lease payments and shut down costs on exited facilities.

(d) Amount represents income tax expense associated with the restructuring of our U.K. facilities.

(e) Amount represents an increase in the severance costs for 16 employees (primarily corporate personnel). These employees are included in the total 151 terminated employees referenced above.

The Company expects to make future cash payments of approximately $3,500, and $800 in each of the remaining two quarters of fiscal 2001 and $1,200 in fiscal 2002 and beyond.

5. DISCONTINUED OPERATIONS

On November 8, 2000, the Company announced that it had declared a pro rata distribution (or spin-off) to its shareholders of the common stock and related preferred stock purchase rights of Sybron Dental Specialties, Inc.

(the "Distribution"). Shareholders of record as of November 30, 2000 received one share of Sybron Dental Specialties, Inc. ("SDS") common stock for every three shares of Sybron International common stock they owned. These consolidated financial statements have reclassified SDS and its affiliates to discontinued operations. On December 11, 2000, the Distribution was completed. The Company received no proceeds in connection with the Distribution.

Immediately prior to the Distribution, Sybron Dental Management, Inc. ("SDM") then a subsidiary of Sybron, paid a dividend of $142,880 to Sybron, of which $67,900 was paid in cash and $74,980 was a settlement of intercompany loans and advances and to reflect an allocation of additional bank debt to SDS. Immediately after payment of this dividend, SDM became a subsidiary of SDS. The total allocation of bank debt to SDS was $375,000.

For the six months ended March 31, 2001 and 2000, the Company has included a net loss of $11,800 and net income of $23,600 from discontinued operations, respectively. The net loss in 2001 included transaction expenses of $12,500 relating to the Distribution of SDS. Revenues and net income from SDS through the date of the spin-off (through December 11, 2000) were $67,400 and $638, respectively and offset the transaction expenses. Revenues and net income from SDS for the six months ended March 31, 1999 were $201,600, and $23,600, respectively.

As a result, these consolidated financial statements have reclassified SDS and its affiliates to discontinued operations. SDS now owns and operates what were formerly the Company's Professional Dental, Orthodontics and Infection Control Products business segments. The components of net assets held for sale of discontinued operations included in the consolidated balance sheet September 30, 2000 are as follows:

	SEPTEMBER 30, 2000
Cash................................	$ 5,783
Net account receivables..............	85,767
Net inventories......................	74,383
Other current assets.................	6,497
Advances and loans to Sybron International........................	77,762
Property plant and equipment-- net....	55,326
Intangible assets....................	220,705
Other assets.........................	6,967
Current portion of long term debt.....	(21,761)
Accounts payable.....................	(11,351)
Income taxes payable.................	(5,680)
Accrued liabilities..................	(27,859)
Deferred income taxes-- net...........	(6,252)
Long term debt.......................	(298,482)
Other liabilities....................	(8,835)
	$ 152,970

6. CREDIT AGREEMENTS

Until December 11, 2000, Sybron and its principal domestic subsidiaries (including certain subsidiaries of SDS) were parties to a credit agreement (as amended, the "Previous Credit Agreement") with The Chase Manhattan Bank ("Chase") and certain other lenders providing for a term A loan facility of $300,000 (the "Tranche A Term Loan Facility"), a term B loan facility of $300,000 (the "Tranche B Term Loan Facility") and a revolving credit facility of up to $600,000 (the "Previous Revolving Credit Facility").

In connection with the Distribution, on December 1, 2000, the Company entered into a new credit agreement (the "Credit Agreement") with Chase and certain other lenders providing for a term loan of $300,000. On April 4, 2001 the Company repaid the Term Loan Facility in full (see Note 11 to the unaudited consolidated financial statements).

For the six months ending March 31, 2001 the Company recorded an extraordinary loss of $745 after taxes as a result of entering into the new credit agreement. This loss related to the write-off of deferred financing costs associated with the Previous Credit Agreement.

7. DERIVATIVE INSTRUMENTS

On October 1, 2000, the Company adopted Financial Accounting Standard Board Opinions No. 133 ("SFAS 133") as modified by FASB Opinion No. 138. These standards establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. They require the recognition of all derivative instruments as assets or liabilities in the balance sheet at fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and if so, the type of hedge. For derivatives designated as a cash flow hedge, changes in fair value are recognized in other comprehensive income until the hedged item is recognized in earnings. At October 1, 2000 the Company had no freestanding derivatives in place other than interest rate swaps used to hedge variable rate long-term debt The interest rate swaps meet the criteria for cash flow hedge accounting. As a result, the swaps are recorded on the balance sheet as an asset at fair value with the corresponding gain or loss recorded in other comprehensive income beginning October 1, 2000. The impact on other comprehensive income upon adoption of the standard was an unrealized gain, net of tax, of approximately $2,530.

In the normal course of business, we manage risks associated with foreign exchange and interest rates through a variety of strategies, including the use of hedging transactions, executed in accordance with our policies. Our hedging transactions include, but are not limited to, the use of various derivative financial instruments. As a matter of policy, we do not use derivative instruments unless there is an underlying exposure. Any change in the value of our derivative instruments would be substantially offset by an opposite change in the value of the underlying hedged items. We do not use derivative instruments for trading or speculative purposes.

On December 11, 2000, the Company extinguished the variable rate long-term debt to which the swaps were designated and as a result the interest rate swaps ceased to be accounted for as hedges. On December 12, 2000, the Company sold the interest rate swaps for an aggregate gain of $1,055, net of tax. Upon sale of the interest rate swaps, the Company reduced the unrealized gain recorded at October 1, 2000 in other comprehensive income to reflect the fair market value net of tax on the date of sale. Because these interest rate swaps were designated as a hedge against future variable rate interest payments and the extinguished debt, the gain will continue to be carried in other comprehensive income and recognized as an adjustment of yield interest expense of the New Credit Facilities (see note 6) over the remaining term of the interest rate contract. For the period December 12, 2000 through March 31, 2001, the Company recognized a gain of $255, net of tax.

In March 2001, we entered into two foreign currency options to hedge against the effect of fluctuations in foreign exchange rates on two notes issued in British Pounds. The options of $11,500 GPB and $11,750 GPB have maturity dates approximating those of the notes, of July 31, 2002 and July 2003, respectively. Both options were priced at $0.69 GBP.

8. STOCK OPTIONS

On December 11, 2000, in connection with the spin-off of SDS, certain employees of SDS exchanged 1,320,515 outstanding options to purchase Sybron International Corporation common stock for 2,331,214 options to purchase Sybron Dental Specialties, Inc. common stock. All remaining stock options (owned by remaining employees and directors of the Company) were adjusted by adjusting the exercise price and the number of shares subject to each such option to reflect the change in market value of the Company's common stock resulting from the spin-off, so that the intrinsic value of the options (the spread between the market value and the exercise price of the option shares) after the spin-off was equal to their intrinsic value immediately prior to the spin-off. The spread on options for fractional shares resulting from the exchange or adjustment was paid in cash. As a result of these exchanges and adjustments, the number of outstanding employee and director stock options increased by 391,458 shares and the average exercise price decreased by approximately $3.80.

9. SEGMENT INFORMATION

The Company's operating subsidiaries are engaged in the manufacture and sale of laboratory products in the United States and other countries. The Company's products are categorized in the business segments of a) Labware and Life Sciences, b) Clinical and Industrial, c) Diagnostics and Microbiology, and d) Laboratory Equipment.

Information on these business segments is summarized below:

	Labware and Life Sciences	Clinical and Industrial	Diagnostics and Microbiology	Laboratory Equipment	Eli
THREE MONTHS ENDED MARCH 31, 2000					

Revenues:				
External customer	$ 85,584	$ 54,666	$ 53,179	$ 24,645
Intersegment	285	1,768	91	229
Total revenues	85,869	56,434	53,270	24,874
Gross profit	45,166	23,264	28,434	10,301
Selling, general and administrative	23,773	9,248	14,022	5,292
Operating income	21,393	14,016	14,412	5,009
THREE MONTHS ENDED MARCH 31, 2001				
Revenues:				
External customer	97,665	61,762	59,801	25,876
Intersegment	319	2,281	147	97
Total revenues	97,984	64,043	59,948	25,973
Gross profit	51,848	25,552	31,985	11,128
Selling, general and administrative	27,113	11,626	16,635	5,758
Operating income	24,734	13,926	15,350	5,371
Segment assets	639,155	329,942	523,810	124,987

	Labware and Life Sciences	Clinical and Industrial	Diagnostics and Microbiology	Laboratory Equipment	Eli
SIX MONTHS ENDED MARCH 31, 2000					
Revenues:					
External customer	$ 165,482	$ 106,577	$ 103,795	$ 47,103	
Intersegment	638	3,326	193	443	
Total revenues	166,120	109,903	103,988	47,546	
Gross profit	86,023	44,910	56,433	19,890	
Selling, general and administrative	46,978	18,195	28,862	10,362	
Operating income	39,045	26,715	27,571	9,528	
SIX MONTHS ENDED MARCH 31, 2001					
Revenues:					
External customer	182,528	118,270	114,313	50,751	
Intersegment	637	4,144	299	264	
Total revenues	183,165	122,413	114,612	51,016	
Gross profit	95,097	48,786	60,820	21,763	
Selling, general and administrative	51,106	21,597	31,742	10,715	
Operating income	43,990	27,189	29,078	11,049	
Segment assets	639,155	329,942	523,810	124,987	

(a) Includes the elimination of intercompany and corporate office activity.

10. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Below are the condensed consolidating balance sheets, statements of operations and statements of cash flows for Apogent Technologies Inc., as of March 31, 2001 and September 30, 2000 and for the six months ended March 31, 2001 and fiscal year ended September 30, 2000.

Certain general corporate expenses have not been allocated to the subsidiaries, and are all included under the Apogent Technologies Inc. heading. As a matter of course, the Company retains certain assets and liabilities at the corporate level that are not allocated to the subsidiaries including, but not limited to, certain employee benefit, insurance and tax liabilities. Income tax provisions for subsidiaries are typically recorded using an estimate and finalized in total with an adjustment recorded at the corporate level. Certain debt under which Apogent Technologies Inc. is listed as the debtor has been allocated to the Guarantor subsidiaries. Intercompany balances include receivables/payables incurred in the normal course of business in addition to investments and loans transacted between subsidiaries of the Company or with Apogent Technologies Inc.

CONDENSED CONSOLIDATING BALANCE SHEETS

	As of March 31,		
(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guarantor Subsidiarie
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,468	$ -	$ 11,87
Accounts receivable, net	-	146,734	31,09
Inventories, net	1,263	131,426	28,08
Other current assets	14,731	13,140	5,13
Total current assets	21,462	291,300	76,18
Property, plant and equipment, net	9,207	163,499	39,68
Intangible assets	6,427	898,681	150,98
Deferred income taxes	7,888	-	
Investment in subsidiaries	1,508,388	51,496	
Other assets	53,540	5,079	1,68
Total assets	$ 1,606,912	$ 1,410,055	$ 268,54
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 273	$ 40,384	$ 8,62
Current portion of long-term debt	-	41,491	5
Income taxes payable	19,999	11,574	2,51
Accrued expenses and other current liabilities	10,297	30,484	24,14

Total current liabilities	30,569	123,933	35,33
Long-term debt	-	594,223	2
Securities lending agreement	53,540	-	
Deferred income taxes	68,114	17,777	7,75
Other liabilities	3,959	1,304	1,14
Net intercompany payable/(receivable)	104,478	(195,909)	93,29
Commitments and contingent liabilities			
Shareholders' equity			
Preferred stock	-	-	
Common stock	1,054	-	
Equity rights	-	-	
Additional paid-in-capital	248,097	1,436,394	123,49
Retained earnings (deficit)	1,094,451	(567,667)	47,55
Other comprehensive income	2,650	-	(40,06
Treasury stock (at cost)	-	-	
Total shareholders' equity	1,346,252	868,727	130,98
Total liabilities and shareholders' equity	$ 1,606,912	$ 1,410,055	$ 268,54

CONDENSED CONSOLIDATING BALANCE SHEETS

(In thousands)	As of September 30, 2000			
	Apogent Technologies	Guarantor Subsidiaries	Non Guarantor Subsidiaries	El
ASSETS				
Current assets:				
Cash and cash equivalents	$ 7,086	$ -	$ 7,902	$
Accounts receivable, net	-	146,564	27,021	
Inventories, net	1,187	120,399	24,020	
Net assets held for discontinued operations	152,970	-	-	
Other current assets	16,467	28,387	4,112	
Total current assets	177,710	295,350	63,055	
Property, plant and equipment, net	8,840	162,431	36,823	
Intangible assets	2,922	895,583	109,648	
Deferred income taxes	12,563	(4,693)	-	
Investment in subsidiaries	813,152	51,069	-	(
Other assets	52,154	3,914	1,644	

Total assets	$1,067,341	$ 1,403,654	$ 211,170	$ (
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 594	$ 37,361	$ 16,521	$
Advances and loans from SDS	77,762	-	-	
Current portion of long-term debt	-	34,252	75	
Income taxes payable	34,117	-	2,523	
Accrued expenses and other current liabilities	17,331	29,782	13,434	
Total current liabilities	129,804	101,395	32,553	
Long-term debt	-	649,383	26	
Securities lending agreement	54,444	-	-	
Deferred income taxes	70,388	14,793	7,867	
Other liabilities	1,164	3,772	1,060	
Net intercompany payable/(receivable)	(519,063)	463,622	55,232	
Commitments and contingent liabilities	-	-	-	
Shareholders' equity				
Preferred stock	-	-	-	
Common stock	1,052	-	-	
Equity rights	-	-	-	
Additional paid-in-capital	271,739	786,251	77,970	(
Retained earnings (deficit)	1,055,421	(615,562)	93,830	
Other comprehensive income	2,392	-	(57,368)	
Treasury stock (at cost)	-	-	-	
Total shareholders' equity	1,330,604	170,689	114,432	(
Total liabilities and shareholders' equity	$1,067,341	$ 1,403,654	$ 211,170	$ (

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

	For the Three Months Ende		
(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guaran Subsidia
Net sales		$ 213,689	$ 44
Cost of sales		111,386	26
Gross profit	-	102,303	18
Selling, general and administrative expenses	11,417	42,354	9
Operating income	(11,417)	59,949	8

Other income (expense):			
Interest expense		(11,864)	
Other, net	4,373	1,489	(
Income before income taxes and discontinued operations	(7,044)	49,574	7
Income taxes	(2,889)	19,830	3
Income from continuing operations	(4,155)	29,744	4
Discontinued operations	(838)	-	
Net income	$ (4,993)	$ 29,744	$ 4

	For the Three Months Ende		
(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guaran Subsidia
Net sales	$ -	$ 191,338	$ 37
Cost of sales	-	99,391	22
Gross profit	-	91,947	15
Selling, general and administrative expenses	2,535	43,383	8
Operating income	(2,535)	48,564	7
Other income (expense):			
Interest expense	-	(11,948)	
Other, net	487	319	
Income before income taxes and discontinued operations	(2,048)	36,935	6
Income taxes	(1,483)	14,774	2
Income from continuing operations	(565)	22,161	3
Discontinued operations	13,635	-	
Net income	$ 13,070	$ 22,161	$ 3

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS - (CONTINUED)

(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guarantor Subsidiaries
	For the Six Months Ended Ma		
Net sales	$ -	$ 410,439	$ 79,517
Cost of sales	-	216,009	46,604
Gross profit	-	194,430	32,913
Selling, general and administrative expenses	16,035	85,189	18,572
Operating income	(16,035)	109,241	14,341
Other income (expense):			
Interest expense	-	(24,377)	(15)
Other, net	3,785	1,630	(398)
Income before income taxes, discontinued operations and extraordinary item	(12,250)	86,494	13,928
Income taxes	(5,251)	34,598	5,571
Income from continuing operations before extraordinary item	(6,999)	51,896	8,357
Discontinued operations	(11,824)	-	-
Income before extraordinary item	(18,823)	51,896	8,357
Extraordinary item		(745)	
Net income	$ (18,823)	$ 51,151	$ 8,357

(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guarantor Subsidiaries
	For the Six Months Ended Ma		
Net sales	$ -	$ 371,656	$ 71,982
Cost of sales		193,390	42,541
Gross profit	-	178,266	29,441
Selling, general and administrative expenses	3,890	87,732	16,582
Operating income	(3,890)	90,534	12,859
Other income (expense):			
Interest expense	-	(23,835)	(60)
Other, net	459	173	(726)
Income before income taxes and discontinued operations	(3,431)	66,872	12,073
Income taxes	(2,316)	26,749	4,829
Income from continuing operations	(1,115)	40,123	7,244
Discontinued operations	23,598	-	-
Net income	$ 22,483	$ 40,123	$ 7,244

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	For the Six Months En		
(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guaran Subsidi
Cash flows (used in) provided by operating activities:	$ (52,215)	$ 111,617	$
Cash flows from investing activities:			
Capital expenditures	(6,738)	(13,712)	(
Proceeds from sales of property, plant and equipment	9,679	1,017	
Net cash inflow from SDS	46,394	-	
Net payments for businesses acquired	-	(51,206)	
Net cash provided by (used in) investing activities	49,335	(63,901)	(
Cash flows from financing activities:			
Proceeds from long-term debt	-	693,159	
Principal payments on long-term debt	-	(739,629)	
Proceeds from the exercise of stock options	2,304	-	
Other	(1,042)	(3,900)	
Net cash provided by (used in) financing activities	1,262	(50,370)	
Effect of exchange rate on cash and cash equivalents	-	-	
Net (decrease) increase in cash and cash equivalents	(1,618)	(2,654)	
Cash and cash equivalents at beginning of year	7,086	(2,577)	
Cash and cash equivalents at end of period	$ 5,468	$ (5,231)	$ 1
Supplemental disclosures of cash flow information Cash paid during the period for:			
Interest	$ -	$ 25,410	$
Income taxes	$ 21,147	$ -	$
Capital lease obligations incurred	$ -	$ -	$

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS - (CONTINUED)

	For the Six Months E		
(In thousands)	Apogent Technologies	Guarantor Subsidiaries	Non Guara Subsidi
Cash flows provided by (used in) operating activities:	$ 38,316	$ (367)	$ (1
Cash flows from investing activities:			
Capital expenditures	(418)	(16,257)	(2
Proceeds from sales of property, plant and equipment	-	280	
Proceeds from sale of NPT	(2,600)	-	
Net cash inflow from SDS	40,877	-	
Net payments for businesses acquired	(82,348)	(43,422)	4
Net cash (used in) provided by investing activities	(44,489)	(59,399)	2
Cash flows from financing activities:			
Proceeds from long-term debt	-	192,000	
Principal payments on long-term debt	-	(134,055)	
Proceeds from the exercise of stock options	4,645	-	
Other	(1,033)	(2,063)	
Net cash provided by financing activities	3,612	55,882	
Effect of exchange rate on cash and cash equivalents	-	-	
Net (decrease) increase in cash and cash equivalents	(2,561)	(3,884)	
Cash and cash equivalents at beginning of year	6,708	(2,433)	8
Cash and cash equivalents at end of period	$ 4,147	$ (6,317)	$ 8
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest	$ -	$ 33,477	$
Income taxes	$ 32,775	$ -	$
Capital lease obligations incurred		$ 43	

11. SUBSEQUENT EVENTS

On April 4, 2001 the Company issued $325,000 unsecured senior notes in a private placement with registration rights. The notes were offered at a discount of approximately $1,469. They will mature on April 1, 2011.

Interest is fixed at an annual rate of 8% and is payable on April 1 and October 1 of each year, beginning on October 1, 2001. Interest will accrue from April 4, 2001. The notes are redeemable by the Company at any time in whole, or from time to time in part, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis at the applicable

Treasury Yield (as defined in the bond agreement) plus 35 basis points, plus accrued interest to the date of redemption.

Under the private placement the notes have not been registered under the Securities Act of 1933 and were only offered to qualified institutional buyers under Rule 144A and outside the United States under Regulation S. However, the Company has agreed to file a registration statement with the Securities Exchange Commission relating to an exchange offer for the notes or, under certain circumstances, to file a shelf registration statement for the notes.

The Company used the proceeds from the issuance to repay all of its Term Loan Facility ($300 million) and a portion of its Revolving Credit Facility. (See Note 6 to the unaudited consolidated financial statements.) Debt issuance costs incurred of approximately $2,500 will be capitalized and amortized over 10 years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The subsidiaries of Apogent are leading manufacturers of value-added products for the labware and life sciences, clinical and industrial, diagnostics and microbiology, and laboratory equipment markets in the United States and abroad. Apogent provides products under four business segments - Labware and Life Sciences, Clinical and Industrial, Diagnostics and Microbiology, and Laboratory Equipment. The primary subsidiaries in each of our business segments are as follows:

LABWARE AND LIFE SCIENCES	CLINICAL AND INDUSTRIAL

Advance Biotechnologies Ltd.
BioRobotics Group Limited
Genevac Limited
Matrix Technologies Corporation
Molecular BioProducts, Inc.
Nalge Nunc International Corporation
Nalge Nunc International K.K.
National Scientific Company
Nunc A/S
Robbins Scientific Corporation

Chase Scientific Glass, Inc.
Erie Electroverre S.A.
Erie Scientific Company
Gerhard Menzel Glasbearbeitungswerk GmbH & Co. K.G.
Microm Laborgerate GmbH
The Naugatuck Glass Company
Richard-Allan Scientific Company
Samco Scientific Corporation

DIAGNOSTICS AND MICROBIOLOGY

Alexon-Trend, Inc.
Applied Biotech, Inc.
Microgenics Corporation
Remel Inc.

LABORATORY EQUIPMENT

Barnstead Thermolyne Corporation
Electrothermal Engineering, Ltd.
Lab-Line Instruments, Inc.

Over the past several years, Apogent has been pursuing a growth strategy designed to increase sales and enhance operating margins. Elements of that strategy include emphasis on acquisitions, product development, product line extensions, new product introductions, internal growth, and rationalization of existing businesses and product lines.

When we use the terms "we" or "our" in this report, we are referring to Apogent Technologies Inc. and its subsidiaries. Our fiscal year ends on September 30, and accordingly, all references to quarters refer to our fiscal quarters. The quarters ended March 31, 2001 and 2000 are the Company's second quarters of fiscal 2001 and 2000, respectively.

As used in this report, the term "Company" means Sybron International Corporation for the period prior to January 30, 2001 and Apogent Technologies Inc. thereafter.

SPIN-OFF OF SYBRON DENTAL SPECIALTIES

On December 11, 2000, Apogent Technologies Inc. ("Apogent" or the "Company"), then known as Sybron International Corporation ("Sybron"), completed the spin-off of its dental business as a separate publicly traded company. The spin-off was effected by way of a pro rata distribution of

all the outstanding common stock and related preferred stock purchase rights of Sybron Dental Specialties, Inc. ("SDS") to the Company's shareholders (the "Distribution" or "Spin-Off"). SDS is now an independent public company operating what was Sybron's dental business.

Immediately prior to the Distribution, Sybron Dental Management, Inc. ("SDM"), then a subsidiary of Sybron, paid a dividend of $142,880 to Sybron, of which $67,900 was paid in cash and $74,980 was a settlement of intercompany loans and advances and to reflect an allocation of additional bank debt to SDS, (the "Dividend"). Immediately after payment of the dividend, SDM became a subsidiary of SDS. The total allocation of bank debt to SDS was $375,000.

As a result of the Spin-Off, all historical financial data relating to the operations of SDS and its affiliates has been reclassified to discontinued operations.

RESULTS OF OPERATIONS

OVERVIEW

Both our sales and our operating income for the quarter and year to date period ended March 31, 2001 grew over the corresponding prior year periods. Net sales increased 12.4% during the quarter ended March 31, 2001 to $245.1 million from $218.1 million in the quarter ended March 31, 2000. Operating income and income from continuing operations for the quarter ended March 31, 2001 was $56.8 million and $30.2 million, respectively, as compared to $53.0 million and $25.3 million for the quarter ended March 31, 2000, representing increases of 7.3% and 19.1%. Income from continuing operations for the quarter ended March 31, 2001 included a restructuring charge of $0.6 million relating to additional severance costs from the closure of the Company's corporate office in Milwaukee, Wisconsin, as well as a gain on the sale of an asset of $4.1 million.

Net sales increased 10.1% during the six months ended March 31, 2001 to $465.9 million from $423.0 million in the six months ended March 31, 2000. Operating income was $106.7 million for the six months ended March 31, 2001 as compared to $99.1 million for the six months ended March 31, 2000. Income from continuing operations increased 14.4% to $52.4 million for the six months ended March 31, 2001, from $45.8 million for the six months ended March 31, 2000. Income from continuing operations for the six months ended March 31, 2001 included the $0.6 million charge relating to revisions in restructuring reserves and the $4.1 million gain on the sale of an asset discussed above.

Sales growth in the quarter was strong both domestically and internationally. Domestic and international net sales increased by 11.0% and 16.6%, respectively, for the quarter ended March 31, 2001 as compared to the corresponding fiscal 2000 period. The strengthening of the U.S. dollar negatively impacted international sales growth. Without the negative currency effects, international sales growth would have been 20.9% over the corresponding fiscal 2000 quarter.

We continue to maintain an active program of developing and marketing new products and product line extensions, as well as pursuing growth through acquisitions. We completed two acquisitions during the first six months of fiscal 2001. (See Note 3 to the Unaudited Consolidated Financial Statements.)

QUARTER ENDED MARCH 31, 2001 COMPARED TO THE QUARTER ENDED MARCH 31, 2000

NET SALES

	FISCAL 2001	FISCAL 2000	DOLLAR CHANGE	PERCENT CHANGE
NET SALES (IN THOUSANDS)				
Labware and Life Sciences	$ 97,665	$ 85,584	$ 12,081	14.1

Clinical and Industrial	61,762	54,666	7,096	13.0
Diagnostics and Microbiology	59,801	53,179	6,622	12.5
Laboratory Equipment	25,876	24,645	1,231	5.0
Total Net Sales	$ 245,104	$ 218,074	$ 27,030	12.4

Overall Company. Net sales for the second quarter of fiscal 2001 increased by $27.0 million or 12.4% from the corresponding fiscal 2000 quarter.

Labware and Life Sciences. Increased net sales in the Labware and Life Sciences segment resulted primarily from: (a) net sales of products of acquired companies (approximately $5.5 million), (b) increased net sales of new products (approximately $4.5 million), (c) price increases (approximately $3.5 million), and (d) increased net sales of existing products (approximately $0.4 million). Net sales were partially reduced by foreign currency fluctuations (approximately $1.6 million).

Clinical and Industrial. Increased net sales in the Clinical and Industrial segment resulted primarily from: (a) net sales of products of acquired companies (approximately $7.4 million), (b) increased net sales of new products (approximately $0.5 million), and (c) price increases (approximately $0.3 million). Net sales were partially reduced by foreign currency fluctuations (approximately $0.5 million) and a decrease in net sales of existing products (approximately $0.5 million).

Diagnostics and Microbiology. Increased net sales in the Diagnostics and Microbiology segment resulted primarily from: (a) net sales of products of acquired companies (approximately $5.1 million), (b) increased net sales of new products (approximately $0.9 million), (c) price increases (approximately $0.4 million), and (d) increased net sales of existing products (approximately $0.4 million). Net sales were partially reduced by foreign currency fluctuations (approximately $0.2 million).

Laboratory Equipment. Increased net sales in the Laboratory Equipment segment resulted primarily from an increase in net sales of new products (approximately $1.7 million) and by price increases (approximately $0.6 million). Net sales were partially reduced by a decrease in net sales of existing products (approximately $0.9 million) and by foreign currency fluctuations (approximately $0.1 million).

GROSS PROFIT

	FISCAL 2001	PERCENT OF SALES	FISCAL 2000	PERCENT OF SALES	DOLLAR CHANGE
Gross Profit (in thousands)					
Labware and Life Sciences	$ 51,848	21.2%	$ 45,166	20.7%	$ 6,682
Clinical and Industrial	25,552	10.4%	23,264	10.7%	2,288
Diagnostics and Microbiology	31,985	13.0%	28,434	13.0%	3,551
Laboratory Equipment	11,128	4.5%	10,301	4.7%	827
Total Gross Profit	$ 120,513	49.2%	$ 107,165	49.1%	$ 13,348

Overall Company. Gross profit from the quarter ended March 31, 2001 increased by $13.3 million or 12.5% from the corresponding fiscal 2000 period.

Labware and Life Sciences. Increased gross profit in the Labware and Life Sciences segment resulted primarily from: (a) price increases (approximately $3.5 million), (b) the effects of acquired companies (approximately $3.3 million), (c) the effects of new products (approximately $1.9 million), and (d) increased volume (approximately $0.9 million). Gross profit was partially reduced by: (a) product mix (approximately $1.6 million), (b) foreign currency fluctuations (approximately $0.8 million), and (c) inventory adjustments (approximately $0.4 million).

Clinical and Industrial. Increased gross profit in the Clinical and Industrial segment resulted primarily from: (a) the effects of acquired companies (approximately $2.2 million), (b) decreased manufacturing overhead (approximately $1.5 million), (c) price increases (approximately $0.3 million), (d) product mix (approximately $0.2 million), and (e) the effects of new products (approximately $0.1 million). Gross profit was partially reduced by reduced volume (approximately $1.6 million) and foreign currency fluctuations (approximately $0.4 million).

Diagnostics and Microbiology. Increased gross profit in the Diagnostics and Microbiology segment resulted primarily from: (a) the effects of acquired companies (approximately $3.7 million), (b) product mix (approximately $1.8 million), (c) increased volume (approximately $1.0 million), (d) price increases (approximately $0.4 million), and (e) the effects of new products (approximately $0.4 million). Gross profit was partially reduced by: (a) increased factory overhead (approximately $2.8 million) and (b) inventory adjustments (approximately $0.8 million).

Laboratory Equipment. Increased gross profit in the Laboratory Equipment segment resulted primarily from: (a) the effects of new products (approximately $0.8 million) and (b) price increases (approximately $0.6 million). Gross profit was partially reduced by: (a) decreased volume (approximately $0.5 million) and (b) foreign currency fluctuations (approximately $0.1 million).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	FISCAL 2001	FISCAL 2000	DOLLAR CHANGE	P
(in thousands)				
Labware and Life Sciences	$ 27,113	$ 23,773	$ 3,340	

Clinical and Industrial	11,626	9,248	2,378
Diagnostics and Microbiology	16,635	14,022	2,613
Laboratory Equipment	5,758	5,292	466
Subtotal	61,132	52,335	8,797
Corporate Office	2,548	1,869	679
Total Selling, General and Administrative Expenses	$ 63,680	$ 54,204	$ 9,476

Overall Company. Selling, general and administrative expenses for the quarter ended March 31, 2001 increased by $9.5 million or 17.5% from the corresponding fiscal 2000 quarter. Selling, general and administrative expenses at the corporate offices increased by $0.7 million over the second fiscal quarter of 2001 as compared to the corresponding fiscal 2000 quarter. Corporate office expenses increased primarily due to non-recurring special charges relating to the transition of the corporate headquarters from Milwaukee, Wisconsin to Portsmouth, New Hampshire.

Labware and Life Sciences. Increased selling, general and administrative expenses in the Labware and Life Sciences segment resulted primarily from: (a) acquired businesses (approximately $1.9 million), (b) general and administrative expenses (approximately $0.7 million), (c) marketing expenses (approximately $0.5 million), and (e) research and development expense (approximately $0.2 million). Selling, general and administrative expenses were partially reduced by foreign currency fluctuations (approximately $0.4 million).

Clinical and Industrial. Increased selling, general and administrative expenses in the Clinical and Industrial segment resulted primarily from: (a) acquired businesses (approximately $1.1 million), (b) marketing expenses (approximately $0.9 million), (c) increased amortization of intangibles primarily as a result of acquisitions (approximately $0.3 million), and (d) research and development expense (approximately $0.1 million).

Diagnostics and Microbiology. Increased selling, general and administrative expenses in the Diagnostic and Microbiology segment resulted primarily from: (a) marketing expenses (approximately $1.3 million), (b) increased amortization of intangibles primarily as a result of acquisitions (approximately $1.2 million), and (c) general and administrative expenses (approximately $0.6 million). Selling, general and administrative expenses were partially reduced by: (a) research and development expense (approximately $0.2 million) and (b) foreign currency fluctuations (approximately $0.1 million).

Laboratory Equipment. Increased selling, general and administrative expenses in the Laboratory Equipment segment resulted primarily from: (a) general and administrative expenses (approximately $0.3 million) and (b) research and development expenses (approximately $0.2 million). Selling, general and administrative expenses were partially reduced by foreign currency fluctuations (approximately $0.1 million).

SPECIAL CHARGES

As noted above our results for the quarter ended March 31, 2001 include a charge of approximately $0.6 million ($0.4 million after tax) relating to adjustments made to the 2000 restructuring reserve, consisting of additional severance. This charge is included in the corporate selling, general and administrative expenses.

OPERATING INCOME

	FISCAL 2001	FISCAL 2000	DOLLAR CHANGE
OPERATING INCOME (IN THOUSANDS)			
Labware and Life Sciences	$ 24,734	$ 21,393	$ 3,341
Clinical and Industrial	13,926	14,016	(90)
Diagnostics and Microbiology	15,350	14,412	938
Laboratory Equipment	5,371	5,009	362
Subtotal	59,381	54,830	4,551
Corporate Office	(2,548)	(1,869)	(679)
Total Operating Income	$ 56,833	$ 52,961	$ 3,872

As a result of the foregoing, operating income in the second quarter of fiscal 2001 increased by 7.3% or $3.9 million over operating income in the corresponding quarter of fiscal 2000.

INTEREST EXPENSE

Interest expense for the second quarter of fiscal 2001 decreased by $0.1 million to $11.9 million from the corresponding quarter of fiscal 2000. Although interest rates increased as compared to the corresponding period in fiscal 2000, the related expense decreased as a result of lower debt levels for the fiscal 2001 quarter.

OTHER INCOME

Other income in the second quarter of fiscal 2001 was $5.3 million, an increase of $5.1 million over the corresponding 2000 quarter. The increase resulted primarily from the gain on the sale of an asset of $4.1 million during the second quarter of fiscal 2001.

INCOME TAXES

Taxes on income from continuing operations in the second quarter of fiscal 2001 were $20.1 million, an increase of $4.2 million from the corresponding 2000 quarter. The increase resulted primarily from increased taxable earnings.

INCOME FROM CONTINUING OPERATIONS

As a result of the foregoing, the Company had net income from continuing operations of $30.2 million for the second quarter of fiscal 2001, as compared to $25.3 million in the corresponding 2000 period, representing an increase of 19.1%.

DISCONTINUED OPERATIONS

Losses from discontinued operations were $0.8 million in the second quarter of fiscal 2001 as compared to income of $13.6 million (net of income tax of $9.2 million) in the second fiscal quarter of 2000. The 2001 loss from discontinued operations resulted from additional transaction expenses related to the spin-off of SDS which occurred on December 11, 2000.

NET INCOME

As a result of the foregoing, we had net income of $29.4 million in the second quarter of fiscal 2001, as compared to net income of $39.0 million in the corresponding 2000 period.

DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense is allocated among cost of sales, selling, general and administrative expenses and other expense. Depreciation expense and amortization expense increased $3.2 million in the second quarter of fiscal 2001 due to additional depreciation and amortization from goodwill and intangibles recorded from the various acquisitions as well as routine operating capital expenditures.

SIX MONTHS ENDED MARCH 31, 2001 COMPARED TO SIX MONTHS ENDED MARCH 31, 2000

NET SALES

	FISCAL 2001	FISCAL 2000	DOLLAR CHANGE	PE C
NET SALES (IN THOUSANDS)				
Labware and Life Sciences	$ 182,528	$ 165,482	$ 17,046	1
Clinical and Industrial	118,270	106,577	11,693	1
Diagnostics and Microbiology	114,313	103,795	10,518	1
Laboratory Equipment	50,751	47,103	3,648	
Total Net Sales	$ 465,862	$ 422,957	$ 42,905	1

Overall Company. Net sales for the six months ended March 31, 2001 increased by $42.9 million or 10.1% over the corresponding period in fiscal 2000.

Labware and Life Sciences. Increased net sales in the Labware and Life Sciences segment resulted primarily from: (a) increased net sales of new products (approximately $8.1 million), (b) net sales of products of acquired companies (approximately $7.8 million), (c) price increases (approximately $4.2 million), and (d) increased net sales of existing products (approximately $0.8 million). Net sales were partially reduced by foreign currency fluctuations (approximately $3.7 million).

Clinical and Industrial. Increased net sales in the Clinical and Industrial segment resulted primarily from: (a) net sales of products of acquired companies (approximately $13.2 million), (b) increased net sales of new products (approximately $1.1 million), and (c) price increases (approximately $0.7 million). Net sales were partially reduced by: (a) foreign currency fluctuations (approximately $1.9 million), and (b) decreased net sales of existing products (approximately $1.3 million).

Diagnostics and Microbiology. Increased net sales in the Diagnostics and Microbiology segment resulted primarily from: (a) net sales of products of acquired companies (approximately $11.1 million), (b) increased net sales of new products (approximately $1.4 million), and (c) price increases (approximately $0.8 million). Net sales were partially reduced by: (a) decreased net sales of existing products (approximately $2.3 million) and (b) foreign currency fluctuations (approximately $0.5 million).

Laboratory Equipment. Increased net sales in the Laboratory Equipment segment resulted primarily from: (a) increase in net sales of new products (approximately $2.4 million), (b) price increases (approximately $1.2 million), and (c) increased net sales of existing products (approximately $0.4 million). Net sales were partially reduced by foreign currency fluctuations (approximately $0.3 million).

GROSS PROFIT

	FISCAL 2001	PERCENT OF SALES	FISCAL 2000	PERCENT OF SALES	DOLLAR CHANGE
GROSS PROFIT (IN THOUSANDS)					
Labware and Life Sciences	$ 95,097	20.4%	$ 86,023	20.3%	$ 9,074
Clinical and Industrial	48,786	10.5%	44,910	10.6%	3,876
Diagnostics and Microbiology	60,820	13.1%	56,433	13.3%	4,387
Laboratory Equipment	21,763	4.7%	19,890	4.7%	1,873
Total Gross Profit	$ 226,466	48.6%	$ 207,256	49.0%	$ 19,210

Overall Company. Gross profit for the six months ended March 31, 2001 increased by $19.2 million or 9.3% over the corresponding fiscal 2000 period.

Labware and Life Sciences. Increased gross profit in the Labware and Life Sciences segment resulted primarily from: (a) the effects of acquired companies (approximately $5.3 million), (b) price increases (approximately $4.3 million), (c) the effects of new products (approximately $3.8 million), and (d) increased volume (approximately $2.2 million). Gross profit was partially reduced by: (a) product mix (approximately $4.1 million), (b) unfavorable foreign currency fluctuations (approximately $1.6 million), (c) increased manufacturing overhead (approximately $0.6 million), and (d) inventory adjustments (approximately $0.1 million).

Clinical and Industrial. Increased gross profit in the Clinical and Industrial segment resulted primarily from: (a) the effects of acquired companies (approximately $3.9 million), (b) decreased manufacturing overhead (approximately $1.5 million), (c) price increases (approximately $0.7 million, and (d) the effects of new products (approximately $0.4 million). Gross profit was partially reduced by: (a) reduced volume (approximately $1.8 million) and (b) unfavorable foreign currency fluctuations (approximately $0.9 million).

Diagnostics and Microbiology. Increased gross profit in the Diagnostics and Microbiology segment resulted primarily from: (a) the effects of acquired companies (approximately $7.9 million), (b) product mix (approximately $3.2 million), (c) price increases (approximately $0.8 million), and (d) the effects of new products (approximately $0.4 million). Gross profit was partially reduced by: (a) increased manufacturing overhead (approximately $4.3 million), (b) inventory adjustments (approximately $2.6 million), (c) decreased volume (approximately $1.0 million), and (d) foreign currency fluctuations (approximately $0.1 million).

Laboratory Equipment. Increased gross profit in the Laboratory Equipment segment resulted primarily from: (a) price increases (approximately $1.2 million), (b) the effects of new products (approximately $1.0 million), and (c) increased volume (approximately $0.2 million). Gross profit was partially reduced by: (a) foreign currency fluctuations (approximately $0.2 million), (b) an increase in manufacturing overhead (approximately $0.2 million), and (c) inventory adjustments (approximately $0.1 million).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, General and Administrative Expenses (in thousands)	Fiscal 2001	Fiscal 2000	Dollar Change	P C
Labware and Life Sciences	$ 51,106	$ 46,978	$ 4,128	
Clinical and Industrial	21,597	18,195	3,402	
Diagnostics and Microbiology	31,742	28,862	2,880	
Laboratory Equipment	10,715	10,362	353	
Subtotal	115,160	104,397	10,763	
Corporate Office	4,636	3,876	760	
Total Selling, General and Administrative Expenses	$ 119,796	$ 108,273	$ 11,523	

Overall Company. Selling, general and administrative expenses for the six months ended March 31, 2001 increased by $11.5 million or 10.6% from the corresponding fiscal 2000 period. Selling, general and administrative expenses at the corporate offices increased by $0.8 over the six months ended March 31, 2001 as compared to the corresponding fiscal 2000 period. Corporate office expenses increased primarily due to non-recurring special charges relating to the transition of the corporate headquarters from Milwaukee, Wisconsin to Portsmouth, New Hampshire.

Labware and Life Sciences. Increased selling, general and administrative expenses in the Labware and Life Sciences segment resulted primarily from: (a) acquired businesses (approximately $3.3 million), (b) general and administrative expenses (approximately $0.1 million), (c) increased amortization of intangibles primarily as a result of acquisitions (approximately $0.9 million), and (e) research and development expense (approximately $0.2 million). Selling, general and administrative expenses were partially reduced by: (a) foreign currency fluctuations (approximately $0.3 million) and (b) marketing expenses (approximately $0.1 million).

Clinical and Industrial. Increased selling, general and administrative expenses in the Clinical and Industrial segment resulted primarily from: (a) acquired businesses (approximately $1.7 million), (b) marketing expenses (approximately $1.2 million), (c) increased amortization of intangibles primarily as a result of acquisitions (approximately $0.6 million), and (d) research and development expenses (approximately $0.1 million). Selling, general and administrative expenses were partially reduced by foreign currency fluctuations (approximately $0.3 million).

Diagnostics and Microbiology. Increased selling, general and administrative expenses in the Diagnostic and Microbiology segment resulted primarily from: (a) increased amortization of intangibles primarily as a result of acquisitions (approximately $2.1 million), (b) marketing expenses (approximately $1.1 million), (c) general and administrative expenses (approximately $0.5 million), and (d acquired businesses (approximately $0.1 million). Selling, general and administrative expenses were partially reduced by: (a) research and development expense (approximately $0.7 million) and (b) foreign currency fluctuations (approximately $0.2 million).

Laboratory Equipment. Increased selling, general and administrative expenses in the Laboratory Equipment segment resulted primarily from: (a) research and development expenses (approximately $0.4 million) and (b) general and administrative expenses (approximately $0.1 million). Selling, general and administrative expenses were partially reduced by foreign currency fluctuations (approximately $0.1 million).

SPECIAL CHARGES

As noted above our results for the six-months ended March 31, 2001 include a charge of approximately $0.6 million ($0.4 million after tax) relating to adjustments made to the 2000 restructuring reserve, consisting of additional severance. This charge is included in the corporate office selling, general and administrative expenses.

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OPERATING INCOME

	Fiscal 2001	Fiscal 2000	Dollar Change
OPERATING INCOME (IN THOUSANDS)			
Labware and Life Sciences	$ 43,990	$ 39,045	$ 4,945
Clinical and Industrial	27,189	26,715	474
Diagnostics and Microbiology	29,078	27,571	1,507
Laboratory Equipment	11,049	9,528	1,521
Subtotal	111,306	102,859	8,447
Corporate Office	(4,636)	(3,807)	(829)
Total Operating Income	$ 106,670	$ 99,052	$ 7,618

As a result of the foregoing, operating income in the first six months of fiscal 2001 increased by $7.6 million or 7.7% over the corresponding period in fiscal 2000.

INTEREST EXPENSE

Interest expense was $24.4 million in the first six months of fiscal 2001, an increase of $0.5 from the corresponding fiscal 2000 period. The increase resulted primarily from an increase in interest rates partially offset by lower debt levels for the six months ended 2001 as compared to the corresponding fiscal 2000 period.

OTHER INCOME

Other income in the first six months of fiscal 2001 was $5.5 million, an increase of $5.1 million over the corresponding 2000 period. The increase resulted primarily from the gain on the sale of an asset of $4.1 million during the second quarter of fiscal 2001.

INCOME TAXES

Taxes on income from continuing operations in the first six months of fiscal 2001 were $34.9 million, an increase of $5.7 million from the corresponding fiscal 2000 period. The increase resulted primarily from increased taxable earnings.

INCOME FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM

As a result of the foregoing, we had income from continuing operations of $52.4 million in the first six months of fiscal 2001 as compared to $45.8 million in the corresponding fiscal 2000 period.

DISCONTINUED OPERATIONS

Losses from discontinued operations were $11.8 million (net of income taxes of $0.4 million) in the first six months of fiscal 2001, as compared to income of $23.6 million (net of income tax of $16.0 million) in the first six months of fiscal 2000. The 2001 loss from discontinued operations resulted from transaction expenses relating to the spin-off of approximately $12.4 offset by the operating results of SDS (through December 11, 2000) of $0.6 million. On December 11, 2000 we completed the spin-off of SDS.

EXTRAORDINARY ITEM

As a result of the December 2000 refinancing, Apogent wrote-off deferred financing costs of approximately $1.2 million that related to prior debt agreements and recorded an extraordinary item of $0.7 million, net of income taxes.

NET INCOME

As a result of the foregoing, the Company had net income of $39.8 million for the first six months of fiscal 2001, as compared to net income of $69.4 for the corresponding fiscal 2000 period.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense is allocated among cost of sales, selling, general and administrative expenses and other expense. Depreciation expense and amortization expense increased $5.9 million in the first six months of fiscal 2001 due to additional depreciation and amortization from goodwill and intangibles recorded from the various acquisitions as well as routine operating capital expenditures.

LIQUIDITY AND CAPITAL RESOURCES

As a result of the acquisition of the Company's predecessor in 1987 and the acquisitions we completed since 1987, we have increased the carrying value of certain tangible and intangible assets consistent with generally accepted accounting principles. Accordingly, our results of operations include a significant level of non-cash expenses related to the depreciation of fixed assets and the amortization of intangible assets, including goodwill. Goodwill and intangible assets, net of amortization, increased by approximately $47.9 million in the first six months of fiscal 2001, primarily as a result of continued acquisition activity.

Our capital requirements arise principally from indebtedness incurred in connection with the permanent financing for the 1987 acquisition and our subsequent refinancings, our obligation to pay rent under the Sale/ Leaseback facility (as defined herein), our working capital needs, primarily related to inventory and accounts receivable, our capital expenditures, primarily related to purchases of machinery and molds, the purchase of various businesses and product lines in execution of our acquisition strategy, payments to be made in connection with our restructuring in 2000, and the periodic expansion of physical facilities. It is currently our intent to continue to pursue our current acquisition strategy. If acquisitions continue at our historical pace, of which there can be no assurance, we may require financing beyond the capacity of our Credit Facilities (as defined below).

The statement contained in the immediately preceding paragraph concerning our intent to continue to pursue our acquisition strategy is a forward-looking statement. Our ability to continue our acquisition strategy is subject to a number of uncertainties, including, but not limited to, our ability to raise capital beyond the capacity of our Credit Facilities and the availability of suitable acquisition candidates at reasonable prices. See "Cautionary Factors" below.

Approximately $65.3 million of cash was generated from operating activities in the first six months of fiscal 2001, an increase of $28.7 million or 78% from the corresponding period in 2000. Non-cash depreciation and amortization charged against net income increased

approximately $5.9 million for the first six months of fiscal 2001 as compared to the corresponding period in fiscal 2000. The cash flow resulting from the net change in working capital, net of the effects of acquisitions and divestitures, was an increase of $20.8 million in the six months ended March 31, 2001. This represents a decrease of $23.5 million or 53.1% from the corresponding period in fiscal 2000. These changes are set forth in detail in the Consolidated Statement of Cash Flows. The increase in working capital accounts over the first six months of fiscal 2001 is attributable to the higher level of business activity as reflected in our increased sales. The Company is focused on maximizing the cash flow from its operating businesses. From our efforts we were able to achieve increased cash flows of approximately $11.9 million through improvements in accounts receivable, as compared to the corresponding fiscal 2000 period.

Investing activities in the first six months of fiscal 2001 used approximately $18.2 million of cash. Increased cash flow from investing activities as compared to fiscal 2000 resulted primarily from a decrease in net payments for businesses acquired of approximately $70.5 million, and an increase in proceeds from sales of property, plant and equipment of $10.4 million.

Approximately $49.1 million of cash was used in financing activities, primarily due to payments made on the revolving Credit Facilities in excess of proceeds, of approximately $80.1 million offset by proceeds from long-term debt of $33.6 million relating to acquisitions.

Prior to the Spin-Off, the Company was party to a credit agreement (the "Old Credit Agreement") with The Chase Manhattan Bank ("Chase") and certain other lenders providing for a tranche A term loan facility of $300 million (the "Old Tranche A Term Loan Facility"), a tranche B term loan facility of $300 million (the "Old Tranche B Term Loan Facility") and a revolving credit facility of up to $600 million (the "Old Revolving Credit Facility"), and together with the Old Tranche A Term Loan Facility and the Old Tranche B Term Loan Facility, the "Old Credit Facilities"). Both the Company and SDM were obligors under the Old Credit Facilities and as such, certain outstanding amounts under the Old Credit Facilities were historically recorded on the books of SDM. Outstanding amounts under the Old Tranche A Term Loan Facility, the Old Tranche B Term Loan Facility and the Old Revolving Credit Facility at September 30, 2000 (including amounts recorded on the books of SDM) were $270.8 million, $299.3 million, and $379.0 million, respectively. Outstanding amounts under the Old Tranche A Term Loan Facility, the Old Tranche B Term Loan Facility, and the Old Revolving Credit Facility at September 30, 2000 recorded on the books of the Company were $201.0 million, $179.9 million, and $256.4 million, respectively.

On December 1, 2000, the Company entered into a new credit agreement (the "Credit Agreement") with Chase and certain other lenders providing for a term loan facility of $300 million (the "Term Loan Facility") due in a single payment on December 1, 2005, and a revolving credit facility of up to $500 million for a period of up to five years (the "Revolving Credit Facility") and together with the Term Loan Facility, the "Credit Facilities"). On December 11, 2000, the Company borrowed approximately $563.0 million under the Credit Facilities and together with funds aggregating $375.0 million ($307.1 million, the amount equal to the outstanding amounts under the Old Credit Facilities attributable to SDS on December 11, 2000 including accrued interest plus a cash dividend of $67.9 million from SDM to the Company), used such funds to repay all of the outstanding amounts under the Old Credit Facilities, aggregating $938.0 million (including accrued interest).

On April 4, 2001, the Company issued $325 million of unsecured senior notes in a private placement with registration rights. The Company used the proceeds from the issuance to repay all of its "Term Loan Facility" ($300 million) and a portion of its Revolving Credit Facility. The notes were offered at a discount of approximately $1,469. They will mature on April 1, 2011. Interest is fixed at an annual rate of 8% and is payable on April 1 and October 1 of each year, beginning on October 1, 2001. Interest will accrue from April 4, 2001. The notes are redeemable by the Company at any time in whole, or from time to time in part, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis at the applicable Treasury Yield (as defined in the bond agreement) plus 35 basis points, plus accrued interest to the date of redemption.

EUROPEAN ECONOMIC MONETARY UNIT

On January 1, 1999, eleven of the European Union countries (including one country in which we have operations) adopted the Euro as their single currency. At that time, a fixed exchange rate was

established between the Euro and the individual countries' existing currencies (the "legacy currencies"). The Euro trades on currency exchanges and is available for non-cash transactions. Following the introduction of the Euro, the legacy currencies will remain legal tender in the participating countries during a transition period from January 1, 1999 through January 1, 2002. Beginning on January 1, 2002, the European Central Bank will issue Euro-denominated bills and coins for use in cash transactions. On or before July 1, 2002, the participating countries will withdraw all legacy bills and coins and use the Euro as their legal currency.

Our German operating units affected by the Euro conversion intend to keep their books in their respective legacy currencies through a portion of the transition period. At this time, we do not expect Euro conversions to have a material adverse effect on our business operations or financial condition.

CAUTIONARY FACTORS

This report contains various forward-looking statements concerning our prospects that are based on the current expectations and beliefs of management. We may also make forward-looking statements from time to time in other reports and documents as well as oral presentations. When used in written documents or oral statements, the words "anticipate", "believe", "continue", "estimate", "expect", "goal", "objective", "outlook", and similar expressions are intended to identify forward-looking statements. The statements contained herein and such future statements involve or may involve certain assumptions, risks and uncertainties, many of which are beyond our control, that could cause our actual results and performance to differ materially from what is expected. In addition to the assumptions and other factors referenced specifically in connection with such statements, the following factors could impact our business and financial prospects:

- We have operations outside the United States. We are therefore subject to factors affecting our international operations, including relevant foreign currency exchange rates, which can affect the cost to produce our products or the ability to sell our products in foreign markets, and the value in U.S. dollars of sales made in foreign currencies. Other factors include our ability to obtain effective hedges against fluctuations in currency exchange rates; foreign trade, monetary and fiscal policies; laws, regulations and other activities of foreign governments, agencies and similar organizations; risks associated with having major manufacturing facilities located in countries, such as Mexico and Hungary, which have historically been less stable than the United States in several respects, including fiscal and political stability; and risks associated with economic downturn in other countries.

- A significant portion of our growth over the past several years has been achieved through our acquisition program, which has generated over 70 acquisitions since 1993. Our rate of continued growth is therefore subject to factors affecting our ability to continue pursuing our current acquisition strategy and to be successful with that strategy. These factors include our ability to raise capital beyond the capacity of our existing credit facilities or to use our stock for acquisitions, the cost of the capital required to effect our acquisition strategy, the availability of suitable acquisition candidates at reasonable prices, competition for appropriate candidates, our ability to realize the synergies expected to result from acquisitions, and the ability of our existing personnel to efficiently handle increased transitional responsibilities resulting from acquisitions.

- We are organized as a holding company. As a result all of our revenues are generated through our subsidiaries, including foreign subsidiaries. Consequently, our operating cash flow and ability to service indebtedness and other obligations depend upon the operating cash flow of our U.S. and foreign subsidiaries and the payment of funds by them to us in the form of loans, dividends or otherwise. Their ability to pay dividends and make loans, advances and other payments to us depends upon statutory restrictions (including insolvency and fraudulent conveyance laws) and contractual restrictions (which may include requirements to maintain minimum levels of working capital and other assets).

- Our reliance on major independent distributors for a substantial portion of our sales subjects our sales performance to volatility in demand from distributors. We can experience volatility when distributors merge or consolidate, when inventories are not managed to end-user demand, or when distributors experience softness in their sales. This volatility in demand can also arise with large OEM customers to whom we sell direct. Sales to our distributors and OEM customers are sometimes unpredictable and wide variances sometimes occur quarter to quarter.

- Our ability to increase revenues and to profitably distribute and sell our products is subject to a number of risks, such as any changes in our business relationships with our principal distributors or OEM customers, competitive factors such as the entrance of additional competitors into our markets, pricing and technological competition, risks associated with the development and marketing of new products in order to remain competitive by keeping pace with advancing laboratory and life science technologies, particularly in the genomics and other rapidly developing technologies, factors affecting certain high growth industries we serve, such as consolidation in the drug discovery and diagnostics industries, and risks of unanticipated technological developments that result in competitive disadvantages and create the potential for impairment of our existing assets.

- Our business is subject to quarterly variations in operating results caused by a number of factors, including business and industry conditions, timing of acquisitions, distribution and OEM customer issues, and other factors listed here. All these factors make it difficult to predict operating results for any particular period.

- With respect to the Clinical and Industrial segment, factors affecting our

Erie Electroverre S.A. subsidiary's ability to manufacture the glass used by the Clinical and Industrial segment's worldwide manufacturing operations, including delays encountered in connection with the periodic rebuild of the sheet glass furnace and furnace malfunctions at a time when inventory levels are not sufficient to sustain this segment's flat glass operations.

- Factors affecting our ability to obtain raw materials at reasonable prices, especially white glass, which comes from a single source, our Electroverre, SA facility in Switzerland.

- Our ability to hire and retain competent employees is subject to a number of risks, including unionization of our non-union employees and changes in relationships with our unionized employees. There is a risk of strikes or other labor disputes at those locations that are unionized which could affect our operations.

- Our business currently has a significant amount of floating rate debt and can be adversely affected by a rise in interest rates.

- Our ability to continue manufacturing and selling those of our products that are subject to regulation by the FDA or other domestic or foreign governments or agencies is subject to a number of risks, including the promulgation of stricter laws or regulations, reclassification of our products into categories subject to more stringent requirements, or the withdrawal of the approval needed to sell one or more of our products.

- The impact of changing public and private health care budgets, including reimbursement by private or governmental insurance programs, may affect demand for or pricing of our products.

- Our business is subject to the risks of claims involving our products and other legal and administrative proceedings, including the expense of investigating, litigating and settling any claims.

- SDS has agreed to indemnify Apogent from and after the spin-off with respect to certain liabilities and obligations. Our ability to collect on such indemnities, if applicable, from SDS will depend upon SDS's financial strength at the time of any such indemnity claim.

- Our financial performance or condition may be affected by changes in tax legislation, applicable accounting principles, or environmental laws and regulations.

- We may be subject to risks arising from other business and investment considerations that may be disclosed from time to time in our Securities and Exchange Commission filings or in other publicly available written documents.

WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

RISK MANAGEMENT

We are exposed to market risk from changes in foreign currency exchange rates and interest rates. To achieve our objectives, we identify these risks and manage them through our regular operations and financing activities and when deemed appropriate, we occasionally enter into various hedging transactions. We do not anticipate material changes to our primary market risks other than fluctuations in magnitude from increased or decreased foreign currency denominated business activity or floating rate debt levels. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives.

Foreign Exchange

We have, from time to time, used foreign currency options to hedge our exposure from adverse changes in foreign currency rates. Hedging is accomplished by the use of foreign currency options, and the gain or loss on these options is used to offset gains or losses in the foreign currencies to which they pertain. Hedges of anticipated transactions are accomplished with options that expire on or near the maturity date of the anticipated transaction.

In March 2001, we entered into two foreign currency options to hedge against the effect of fluctuations in foreign exchange rates on two notes issued in British Pounds. The options of $11,500 GPB and $11,750 GPB have maturity dates approximating those of the notes, of July 31, 2002 and July 2003, respectively. Both options were priced at $0.69 GBP.

In part due to the aforementioned options, the Company's exposure to market risk from changes in interest rates and foreign currency exchange rates has not changed materially from its exposure as of the most recent year ended September 30, 2000.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A) EXHIBITS:

See Exhibit Index following the Signature page in this report, which is incorporated herein by reference.

B) REPORTS ON FORM 8-K:

A Form 8-K was filed on March 21, 2001 to provide under items 5 and 7 an additional footnote to the Company's financial statements as of September 30, 2000, originally filed in its Form 10-K on December 19, 2000, in order to comply with recent rule changes by the SEC, specifically Rule 3-10 of Regulation S-X as amended by Financial Reporting Release No. 55 (the "Release"), Financial Statements and Periodic Reports for Related Issuers and Guarantors.

A Form 8-K was filed on April 9, 2001 to report under items 5 and 7 the announcement of a private placement of senior notes pursuant to the Company's press release of April 4, 2001.

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 thereto duly authorized.

APOGENT TECHNOLOGIES INC.

(Registrant)

Date:

Jeffrey C. Leathe
Executive Vice President - Finance,
Chief Financial Officer and Treasurer*

* Executing as both the financial officer and the duly authorized officer of the Company

APOGENT TECHNOLOGIES INC.

(THE "REGISTRANT")
(COMMISSION FILE NO. 1-11091)

EXHIBIT INDEX
TO
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2001

EXHIBIT MBER	DESCRIPTION	INCORPORATED HEREIN BY REFERENCE TO
2.1	Contribution Agreement, Plan and Agreement of Reorganization and Distribution, dated as of November 28, 2000, between the Registrant and Sybron Dental Specialties, Inc. ("SDS") and Sybron Dental Management, Inc. (excluding the forms of the ancillary agreements attached thereto as exhibits, definitive copies of which are filed as Exhibits 2.2 through 2.8 below)	Exhibit 2.1 to the Registrant's Form 1 for the fiscal year ended September 30, 2000 (the "2000 10-K)
2.2	General Assignment, Assumption and Agreement Regarding Litigation, Claims and Other Liabilities, dated as	Exhibit 2.2 to the 2000 10-K

	of December 11, 2000, between the Registrant and SDS	
2.3	Trade Name Assignment and Transitional Trade Name Use and License Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.3 to the 2000 10-K
2.4	Insurance Matters Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.4 to the 2000 10-K
2.5	Employee Benefits Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.5 to the 2000 10-K
2.6	Tax Sharing and Indemnification Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.6 to the 2000 10-K
2.7	Interim Administrative Services Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.7 to the 2000 10-K
2.8	Confidentiality and Nondisclosure Agreement, dated as of December 11, 2000, between the Registrant and SDS	Exhibit 2.8 to the 2000 10-K
3.1	(a) Composite Restated Articles of Incorporation of the Registrant, as amended through February 5, 2001 to change the name of the Registrant to Apogent Technologies Inc. and increase the size of the Board of Directors from between six and nine to between six and twelve directors	The amendments approved by the Shareholders on January 30, 2001 are incorporated by reference to the Registrant's Proxy Statement dated December 29, 2000 for its Annual Meeting of Shareholders
3.2	(b) Articles of Amendment containing Certificate of Designation, Preferences and Rights of Series A Preferred Stock	Exhibit 3.1(b) to the 2000 10-K
3.2	Bylaws of the Registrant, as amended as of January 30, 2001 to amend Section 3.01 to reflect the increase in the maximum number of directors to twelve	Exhibit 3.2 to the 12/31/00 10-Q
4.1	Indenture, dated April 4, 2001 among the Registrant, Subsidiary Guarantor parties thereto, and The Bank of New York, as Trustee	
4.2	Exchange and Registration Rights Agreement, dated April 4, 2001, among the Registrant, Subsidiary Guarantors and Chase Securities Inc., Bank of America Securities LLC, Banc One Capital Markets	

Inc., Credit Suisse First Boston
Corporation and First Union
Securities Inc. (collectively, as
Initial Purchasers)

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