MARLTON TECHNOLOGIES INC
Form 10-Q
August 12, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2003

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 1-7708

MARLTON TECHNOLOGIES, INC.

(Exact name of issuer as specified in its charter)

Pennsylvania	22-1825970
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identific

2828 Charter Road	Philadelphia	PA
(Address of principal executive offices)	City	State

Issuer's telephone number (215) 676-6900

Former name, former address and former fiscal year, if changed since last report.

Check whether the issuer (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 that 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

Check whether the issuer is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

Yes ______________________ No X

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by court

Yes ______________________ No ____________________

APPLICABLE ONLY TO CORPORATE ISSUERS: State the number of shares outstanding of each of the issuer's classes of common equity as of the last practicable date: 12,845,096

Item 1. FINANCIAL STATEMENTS

MARLTON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands except share data)

ASSETS	June 30, 2003	D
Current:		
Cash and cash equivalents	$ 1,132	
Accounts receivable, net of allowance of $362 and $309, respectively	10,649	
Inventory	5,246	
Prepaids and other current assets	1,385	
Total current assets	18,412	
Investment in affiliates	259	
Property and equipment, net of accumulated depreciation of $9,855 and $9,168, respectively	3,236	
Rental assets, net of accumulated depreciation of $3,438 and $3,200, respectively	2,766	
Goodwill	2,714	
Other assets, net of accumulated amortization of $1,461 and $1,349, respectively	98	
Notes receivable	144	
Total assets	$ 27,629	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	$ 4,535	
Accounts payable	7,234	

Accrued expenses and other	5,807
Total current liabilities	17,576
Long-term debt, net of current portion	-
Total liabilities	$ 17,576
Commitments and contingencies	-
Stockholders' equity:	
Preferred stock, no par value - shares authorized 10,000,000; no shares issued or outstanding	-
Common stock, no par value - shares authorized 50,000,000; 12,993,499 issued at June 30, 2003 and at December 31, 2002	-
Stock warrants	742
Additional paid-in capital	32,951
Accumulated deficit	(23,493)
	10,200
Less cost of 148,403 treasury shares at June 30, 2003 and at December 31, 2002	(147)
Total stockholders' equity	10,053
Total liabilities and stockholders' equity	$ 27,629

The accompanying notes and the notes in the financial statements included in the Registrant's Annual Report on Form 10-K are an integral part of these financial statements.

MARLTON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In thousands except per share data)

	For the three months ended	
	June 30, 2003	June 200
Sales	$19,864	$ 21,
Cost of sales	15,257	17,
Gross profit	4,607	4,
Selling	2,236	2,
Administrative and general	2,016	1,

Operating profit	355	
Other income (expense):		
Interest income and other income	5	
Interest expense	(65)	(
Loss from investments in affiliates	--	-
Income (loss) before income taxes and change in accounting principle	295	
Provision for income taxes	--	
Net income (loss) before change in accounting principle	295	
Cumulative effect of change in accounting principle, net of tax benefit	--	-
Net income (loss)	$ 295	$
Income (loss) per common share before change in accounting principle:		
Basic	$ 0.02	-
Diluted	$ 0.02	-
Income (loss) per common share after change in accounting principle:		
Basic	$ 0.02	-
Diluted	$ 0.02	-

The accompanying notes and the notes in the financial statements
included in the Registrant's Annual report on Form 10-K are
an integral part of these financial statements.

MARLTON TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	For the six months ended June 30, 2003	2002
Cash flows from operating activities:		
Net income (loss)	$ 711	$(13,623)
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	1,040	1,174
Loss from investment in affiliates	--	1,156
Cumulative effect of change in accounting principle	--	12,385
Non-cash compensation and other operating items	--	191
Change in assets and liabilities:		
(Increase) in accounts receivable, net	(2,566)	(1,987)

Decrease in inventory	477	337
(Increase) in prepaid and other assets	(343)	(122)
Decrease in notes receivable	89	216
Increase in accounts payable, accrued expenses and other	902	1,656
Net cash provided by operating activities	310	1,383
Cash flows from investing activities:		
Capital expenditures	(465)	(558)
Net cash used in investing activities	(465)	(558)
Cash flows from financing activities:		
Principal (payments for) proceeds from revolving credit facility	500	(1,800)
Payments for loan origination fees	--	(50)
Payments for promissory note	(93)	(78)
Net cash (used in) provided by financing activities	407	(1,928)
Increase / (decrease) in cash and cash equivalents	252	(1,103)
Cash and cash equivalents - beginning of period	880	1,233
Cash and cash equivalents - end of period	$ 1,132	$ 130

The accompanying notes and the notes in the financial statements included in the Registrant's Annual report on Form 10-K are an integral part of these financial statements.

MARLTON TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION:

The consolidated financial statements included herein are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission regulations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the financial statements reflect all adjustments (of a normal and recurring nature), which are necessary to present fairly the financial position, results of operations and cash flows for the interim periods. Operating results for the quarter are not necessarily indicative of the results that may be expected for the full year or for future periods. These financial statements should be read in conjunction with the Annual Report to Shareholders and Form 10-K for the year ended December 31, 2002.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

2. MAJOR CUSTOMERS:

During the second quarter and first six months of 2003, one customer accounted for 25% and 16%, respectively, of the Company's total net sales. During the second quarter and first six months of 2002, the same customer accounted for 27% and 22%, respectively, of the Company's total net sales.

3. PER SHARE DATA:

The following table sets forth the computation of basic and diluted net income per common share (in thousands except per share data):

	Three months ended June 30, 2003	Three months ended June 30, 2002	Six months ended June 30, 2003	Six months ended June 30, 2002
Net income (loss) before change in accounting principle	$ 295	$ 45	$ 711	$ (1,238)
Net income (loss) after change in accounting principle	$ 295	$ 45	$ 711	$ (13,623)
Weighted average common shares outstanding used to compute basic net income per common share	12,846	12,988	12,846	12,988
Additional common shares to be issued assuming the exercise of stock options, net of shares assumed reacquired	--	44	--	--
Total shares used to compute diluted net income per common share	12,846	13,032	12,846	12,988
Before change in accounting principle:				
Basic net income (loss) per share	$ .02	$ .00	$ .06	$ (.10)
Diluted net income (loss) per share	$ .02	$ .00	$ .06	$ (.10)
After change in accounting principle:				
Basic net income (loss) per share	$ .02	$ .00	$ .06	$ (1.05)
Diluted net income (loss) per share	$ .02	$ .00	$ .06	$ (1.05)

MARLTON TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Excluded in the computation of diluted income per common share were options and warrants to purchase 7,373,512 and 534,000 shares of common stock, which were outstanding at June 30, 2003 and 2002, respectively, because the option and warrant exercise prices were greater than the average market price of the common shares.

4. INVENTORY:

Inventory, as of the respective dates, consists of the following (in thousands):

	June 30, 2003	December 31, 2002
Raw materials	$ 438	$ 373
Work in process	3,055	4,400
Finished goods	1,753	950
	$5,246	$5,723

5. INVESTMENTS IN AFFILIATES:

The Company recorded an impairment loss of $1.2 million for its investment in a portable trade show exhibit manufacturer in the first quarter of 2002. No income tax benefit was recorded in connection with this capital loss.

During the first quarter of 2002 the Company also recorded a valuation allowance of $191,000 against a deferred tax asset associated with a capital loss, which resulted from the write-off of an investment in an affiliate located in the United Kingdom. Management has concluded that the Company will most likely not be able to generate capital gains in the next two years that would be sufficient to realize the tax benefit from this capital loss.

6. CHANGE IN ACCOUNTING PRINCIPLE (ADOPTION OF SFAS NO. 142):

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), which eliminates amortization of these assets and requires annual testing for impairment. The Company's reporting units for purposes of applying the provisions of SFAS 142 are the DMS Store Fixtures business ("DMS") and the Sparks Exhibits & Environments businesses ("Sparks"). SFAS 142 requires a comparison of the reporting unit's fair value, which is determined based on discounted cash flows, to its carrying value to determine potential impairment. If the fair value is less than the carrying value, an impairment loss is recognized. The Company recorded an impairment loss of $12.4 million in the first quarter of 2002 in connection with the adoption of SFAS 142.

7. RECENTLY ISSUED ACCOUNTING STANDARDS:

In June 2002, the FASB issued SFAS No. 146, "Accounting for Exit or Disposal Activities" ("SFAS 146"). SFAS 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities that are currently accounted for pursuant to the guidance that the Emerging Issues Task Force ("EITF") has set forth in EITF Issue No. 94-3, "Liability Recognition for

Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Effective in the first quarter of 2003, the Company adopted the provisions of SFAS 146. Although adoption by the Company had no impact on its results of operations or financial position during the first half of the year, it is expected to impact the timing and recognition of costs associated with the Company's plans for future exit or disposal activities (see Note 9). Accordingly, the Company will evaluate the impact of SFAS 146 on its financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The initial recognition provisions of FIN 46 are applicable immediately to new variable interests in variable interest entities created after January 31, 2003. For a variable interest in a variable interest entity created before February 1, 2003, the initial recognition provisions of FIN 46 are to be implemented no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003, which are applicable in the Company's third quarter ended September 30, 2003. The Company will continue to evaluate the impact of FIN 46 on its financial statements.

8. TERMINATED MERGER AGREEMENT:

The Company and Redwood Acquisition Corp.("Redwood") entered into a merger agreement in February 2003 pursuant to which all of the outstanding shares of common stock of the Company (other than the shares held by approximately eight shareholders) would be converted into the right to receive $0.30 per share. On June 19, 2003, the Company's Board of Directors approved a termination proposal submitted by Redwood, which terminated the proposed merger agreement with Redwood. Costs of approximately $200,000 incurred in connection with this proposed merger agreement were charged to administrative and general expenses in the second quarter of 2003.

9. SUBSEQUENT EVENT:

On August 1, 2003, a Company subsidiary acquired the assets of Exhibit Crafts, Inc., a Los Angeles, CA area manufacturer of trade show exhibits and a 20% interest in International Exposition Services, Inc., a trade show shipping and installation provider. The initial purchase price is $250,000, 20% of the subsidiary's common stock as well as the assumption of certain liabilities totaling approximately $0.4 million. In addition, the asset purchase agreement includes contingent payments of up to $750,000 based on operating performance in 2004, 2005 and 2006. The Company plans to relocate its San Diego area manufacturing facility to the Los Angeles, CA area facility during the second half of 2003. Expected costs in connection with this relocation and consolidation are approximately $500,000. In addition, the Company is attempting to sublet or terminate the lease for its San Diego area manufacturing facility. The total net future lease payments for this facility are $2.5 million.

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

RESULTS OF OPERATIONS

For the three and six month periods ended June 30, 2003 and 2002.

Sales

	Three Months Ended (In thousands)		
	June 30, 2003	June 30, 2002	% Inc. (Dec.
Trade show exhibits group	$11,683	$12,873	(9)%
Permanent and scenic displays group	8,181	8,546	(4)
Total sales	$19,864	$21,419	(7)%

	Six Months Ended (In thousands)		
	June 30, 2003	June 30, 2002	% Increa
Trade show exhibits group	$25,701	$25,338	1 %
Permanent and scenic displays group	11,620	12,876	(10)
Total sales	$37,321	$38,214	(2)%

Total net sales of $19.9 million for the second quarter of 2003 decreased 7% below the second quarter of 2002, and total net sales $37.3 million for the first six months of 2003 decreased 2% from the same prior year period. The second quarter decrease was principally attributable to lower sales of trade show exhibits and related services, which decreased 9% below comparable sales for the second quarter of 2002. Lower sales of trade show exhibits for the second quarter were largely the result of reductions in certain customers' trade show marketing budgets in response to a slower economy. The loss of a trade show exhibit client also accounted for a portion of this decrease. The sales decrease for the first six months of 2003 was primarily due to lower sales of store fixtures in the first quarter of 2003 to a national retail customer.

Operating Profit

Gross profit, as a percentage of net sales, improved to 23.2% in the second quarter and to 24.1% for the first six months of 2003 from 20.2% and 22.2% in the respective prior year periods. These improvements were due, in large part, to higher gross profit margins generated from sales of store fixtures as well as to cost reduction and profit improvement initiatives implemented in the second half of 2002.

Selling expenses were essentially unchanged in the second quarter of 2003 and increased $158,000 to $4.5 million in the first six months of 2003 as compared with the same prior year periods. As a percentage of net sales, selling expenses increased to 11.3% and 12.2% in the second quarter and first half of 2003, respectively, from 10.2% and 11.5% for the comparable 2002 periods. The percentage increase was principally attributable to fixed marketing expenses such as salaries and sales office rent expense as compared with the lower sales volume.

Administrative and general expenses were essentially unchanged in the second quarter and first half periods of 2003 as compared with same prior year periods. Costs of approximately $200,000 related to the terminated merger transaction discussed below incurred in the second quarter of 2003 were offset by lower bad debt expense and cost reduction initiatives.

Operating profit increased to $355,000 in the second quarter of 2003 from $173,000 in the second quarter of 2002 and to $813,000 for the first half of 2003 from $393,000 in the same prior year period. These improvements were primarily due to higher gross profit margins realized in 2003.

Other Income/(Expense)

Interest expense was reduced to $65,000 and to $111,000 in the second quarter and first six months of 2003, respectively, from $162,000 and $277,000 in the comparable 2002 periods. These reductions were due, in part, to lower interest rates.

A loss of $1.2 million from investments in affiliates was recorded in the first quarter of 2002 to write down the Company's investment in a portable trade show exhibit manufacturer.

Net Income/(Loss) Before Change in Accounting Principle

Net income of $295,000 before change in accounting principle for the second quarter of 2003 increased from $75,000 reported for same prior year period as a result of higher operating profit and lower interest costs. For the first six months of 2003, net income of $711,000 before change in accounting principle improved from a net loss of $947,000 for the comparable period of 2002. Higher operating profit in 2003 and the 2002 write down of the investment in affiliate largely accounted for the increase for the six month period.

Provision for Income Taxes

In the fourth quarter of 2002, the Company established a valuation allowance for deferred income tax assets. As a result, the Company has not recorded current period income tax expense in 2003.

In the first quarter of 2002, the Company did not recognize an income tax benefit from the $1.2 million impairment loss from investments in affiliates because this capital loss was not expected to be offset by capital gains within the required statutory period. The provision for income taxes of $261,000 recorded in the first quarter of 2002 also included a valuation allowance of $191,000 related to a 1999 capital loss incurred in connection with the Company's investment in a United Kingdom affiliate.

Cumulative Effect of Accounting Change

The Company recorded an impairment loss of $12.4 million in the first quarter of 2002 in connection with the adoption of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets."

Backlog

The Company's backlog of orders was approximately $18 million at June 30, 2003 and $17 million at June 30, 2002.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital decreased to $836,000 at June 30, 2003 from $3.5 million at December 31, 2002. This decrease was principally attributable to reclassification of $4.5 million from long-term debt to the current portion of long-term debt related to the Company's bank credit facility which expires May 16, 2004. The Company is evaluating alternatives to replace or renew its existing credit facility prior to its expiration. Accounts receivable increased to $10.6 million at June 30, 2003 from $8.1 million at December 31, 2002 primarily as a result of timing of store fixtures shipments

The Company has lease commitments for several facilities under non-cancelable operating leases. Timing of future lease commitments as well as maturities of long-term debt are as follows:

(In thousands)

	2003	2004	2005	2006	2007	Afte
Lease commitments	$985	$1,796	$1,737	$1,166	$771	
Debt maturities	35	4,500	--	--	--	

The Company leases a facility from a partnership controlled by two shareholders of the Company. This lease, which expires on May 14, 2019, requires minimum annual rent of $771,000 at a fixed rate for the first 10 years, and the Company is responsible for taxes, insurance and other operating expenses. The Company has the option to terminate this lease in 2009 subject to the landlord's ability to relet or sell the premises at minimum specified values.

OUTLOOK

The Company expects sales to decrease in 2003 from 2002 levels. In view of current economic conditions, the Company's trade show exhibit client base of Fortune 1000 companies is expected to closely manage their marketing expense budgets, which would inhibit trade show exhibit sales and profit margins. The Company continues to explore new sales opportunities while pursuing operating efficiency improvements and cost reduction initiatives to mitigate the impact of lower sales volume.

RECENT DEVELOPMENTS

The Company and Redwood Acquisition Corp.("Redwood") entered into a merger agreement in February 2003 pursuant to which all of the outstanding shares of common stock of the Company (other than the shares held by approximately eight shareholders) would be converted into the right to receive $0.30 per share. On June 19, 2003, the Company's Board of Directors approved a termination proposal submitted by Redwood, which terminated the proposed merger agreement with Redwood. Costs of approximately $200,000 incurred in connection with this proposed merger agreement were charged to administrative and general expenses in the second quarter of 2003.

SUBSEQUENT EVENT

On August 1, 2003, a Company subsidiary acquired the assets of Exhibit Crafts, Inc., a Los Angeles, CA area manufacturer of trade show exhibits and a 20% interest in International Exposition Services, Inc., a trade show shipping and installation provider. The initial purchase price is $250,000, 20% of the subsidiary's common stock as well as the assumption of certain liabilities totaling approximately $0.4 million. In addition, the asset purchase agreement includes contingent payments of up to $750,000 based on operating performance in 2004, 2005 and 2006. The Company plans to relocate its San Diego area manufacturing facility to the Los Angeles, CA area facility during the second half of 2003. Expected costs in connection with this relocation and consolidation are approximately $500,000. In addition, the Company is attempting to sublet or terminate the lease for its San Diego area manufacturing facility. The total net future lease payments for this facility are $2.5 million.

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RECENTLY ISSUED ACCOUNTING STANDARDS

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In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The initial recognition provisions of FIN 46 are applicable immediately to new variable interests in variable interest entities created after January 31, 2003. For a variable interest in a variable interest entity created before February 1, 2003, the initial recognition provisions of FIN 46 are to be implemented no later than the beginning of the first interim or annual reporting period beginning after June 15, 2003, which are applicable in the Company's third quarter ended September 30, 2003. The Company will continue to evaluate the impact of FIN 46 on its financial statements.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. When used in this report, the words "intends," "believes," "plans," "expects," "anticipates," "probable," "could" and similar words are used to identify these forward looking statements. In connection with the "safe harbor" provisions of the Private Securities

Litigation Reform Act of 1995, there are certain important factors that could cause the Company's actual results to differ materially from those included in such forward-looking statements. Some of the important factors which could cause actual results to differ materially from those projected include, but are not limited to: the Company's ability to continue to identify and enter new markets and expand existing business; continued availability of financing to provide additional sources of funding for capital expenditures, working capital and investments; the effects of competition on products and pricing; growth and acceptance of new product lines through the Company's sales and marketing programs; changes in material and labor prices from suppliers; changes in customers' financial condition; the Company's ability to attract and retain competent employees; the Company's ability to add and retain customers; changes in sales mix; the Company's ability to integrate and upgrade technology; uncertainties regarding accidents or litigation which may arise; the financial impact of facilities consolidations; the Company's ability to sublet or terminate leases for vacated facilities; uncertainties about the threat of future terrorist attacks on business travel and related trade show attendance; and the effects of, and changes in the economy, monetary and fiscal policies, laws and regulations, inflation and monetary fluctuations as well as fluctuations in interest rates, both on a national and international basis.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's revolving credit facility bears a floating rate of interest, based on LIBOR rates, plus an applicable spread. The Company had borrowings of $4.5 million from its revolving credit facility at June 30, 2003.

Fluctuations in foreign currency exchange rates do not significantly affect the Company's financial position and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

The Company established a Disclosure Committee chaired by the Company's Chief Financial Officer and comprised of managers representing the Company's major areas, including financial reporting and control, sales, operations and information technology. This Committee carried out an evaluation of the effectiveness and operation of the Company's disclosure controls and procedures, and established ongoing procedures to monitor and evaluate these controls and procedures in the future. Based upon that evaluation, within the 90 days prior to the date of this report, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

(b) Changes in internal controls

There were no significant changes in the Company's internal controls or in other factors that would significantly affect these controls subsequent to the date of their evaluation.

PART II - OTHER INFORMATION

Responses to Items one through five are omitted since these items are either inapplicable or the response thereto would be negative.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(2)(a) Agreement and Plan of Merger By and Between Redwood Acquisition Corp. and the Company dated as of February 20, 2003 (Incorporated by reference to the Company's February 26, 2003 Preliminary Proxy Statement, filed with the Commission).

(2)(b) Agreement and Plan of Merger of the Company (Incorporated by reference to the Company's Proxy Statement dated September 27, 2001, filed with the Commission).

(3)(i) Articles of Incorporation of the Company (Incorporated by reference to the Company's Proxy Statement dated September 27, 2001, filed with the Commission).

3(ii) Amended and Restated By-laws of the Company (Incorporated by reference to Exhibit 3(ii)(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, filed with the Commission).

10(a) Amended and Restated Employment Agreement dated November 20, 2001 between the Company and Robert B. Ginsburg (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).*

10(b) Employment Agreement dated 11/20/01 between the Company and Jeffrey K. Harrow (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).*

10(c) Employment Agreement dated 11/20/01 between the Company and Scott Tarte (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).*

10(d)	Subscription Agreement dated 8/23/01 among Scott Tarte, Jeffrey K. Harrow and the Company (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).
10(e)	Subscription Agreement dated 8/23/01 among Robert B. Ginsburg, Alan I. Goldberg and the Company (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).
10(f)	Form of Warrants issued by the Company to Jeffrey K. Harrow, Scott Tarte, Robert B. Ginsburg and Alan I. Goldberg on 11/20/01 (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission). Schedule of grants (Incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission).
10(g)	Stockholders' Agreement date 11/20/01 among Jeffrey K. Harrow, Scott Tarte, Robert B. Ginsburg and the Company (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).
10(h)	Registration Rights Agreement dated 11/20/01 among Jeffrey K. Harrow, Scott Tarte, Robert B. Ginsburg, Alan I. Goldberg and the Company (Incorporated by reference to the Company's September 27, 2001 Proxy Statement, filed with the Commission).
10(i)	Amended Agreement of Employment, dated December 11, 1992, between the Company and Alan I. Goldberg (Incorporated by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, filed with the Commission).*
10(j)	Letter Agreement dated January 2, 1998 to Amended Employment Agreement with Alan I. Goldberg (Incorporated by reference to Exhibit 7(2) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, filed with the Commission).*
10(k)	Letter Agreement dated 11/20/01 to Amended Employment Agreement with Alan I. Goldberg. (Incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission).*
10(l)	Employment Agreement dated November 24, 1999 with Stephen P. Rolf (Incorporated by reference to Exhibit 10(l) to the Company Annual Report of Form 10-K for the year ended December 31, 1999, filed with the Commission).*

10(m)	Option Agreement dated January 10, 2000 with Stephen P. Rolf (Incorporated by reference to Exhibit 10(x) to the Company Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed with the Commission).*
10(n)	Option Cancellation Agreement dated November 20, 2001 among Robert B. Ginsburg, Alan I. Goldberg and the Company (Incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission).*
10(o)	Option Agreements with Outside Directors (Incorporated by reference to Company Proxy Statement dated April 30, 1999, filed with the Commission).*
10(p)	Option Agreements dated August 7, 2000 with Outside Directors (Incorporated by reference to Exhibit 10(x) to the Company Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, filed with the Commission).*
10(q)	Option Agreements dated March 1, 2002 with Outside Directors (Incorporated by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission).*
10(r)	2000 Equity Incentive Plan (Incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission).*
10(s)	2001 Equity Incentive Plan (Incorporated by reference to Exhibit 10(ee) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001, filed with the Commission).*
10(t)	Lease for Premises located at 2828 Charter Road, Philadelphia, PA dated May 14, 1999 (Incorporated by reference to Exhibit 10(f) to the Company Annual Report on Form 10-K for the year ended December 31, 1999, filed with the Commission).
10(u)	Amendment to Lease 2828 Charter Road, Philadelphia, PA dated February 25, 2000 (Incorporated by reference to Exhibit 10(g) to the Company Annual Report on Form 10-K for the year ended December 31, 1999, filed with the Commission).
10(v)	Lease for Premises located at 8125 Troon Circle, Austell, GA 30001 (Incorporated by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 1993, filed with the Commission).
10(w)	Lease Agreement dated June 29, 1998 between Gillespie Field Partners, LLC and Sparks Exhibits, Ltd. (Incorporated by reference to Exhibit 7(2) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, filed with the Commission).

10(x)	Second Amended and Restated Revolving Credit and Security Agreement dated as of May 16, 2002 with Wachovia Bank, NA, (Incorporated by reference to Exhibit 10(bb) to the Company`s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the Commission).
10(y)	Amendment to Second Amended and Restated Revolving Credit and Security Agreement dated March 11, 2003 with Wachovia Bank, NA (Incorporated by reference to the Company's Annual Report on Form10-K for the year ended December 31, 2002, filed with the Commission).
10(z)	Option Agreement dated June 3, 2002 with Robert B. Ginsburg (Incorporated by reference to Exhibit 10(cc) to the Company`s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the Commission).*
10(aa)	Option Agreement dated June 3, 2002 with Alan I. Goldberg (Incorporated by reference to Exhibit 10(dd) to the Company`s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the Commission).*
10(bb)	Option Agreement dated October 23, 2002 with Washburn Oberwager (Incorporated by reference to Exhibit 10ee) to the Company`s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, filed with the Commission).*
21	Subsidiaries of the Company (Incorporated by reference to Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, filed with the Commission).
31	Section 1350 Certification
32(a)	Rule 13A - 14(a) / 15d - 14(a) Certifications, Chief Executive Officer
32(b)	Rule 13A - 14(a) / 15d - 14(a) Certifications, Chief Financial Officer

*Management contract or compensatory plan or arrangement.

(b) No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MARLTON TECHNOLOGIES, INC.

/s/ Robert B. Ginsburg

Robert B. Ginsburg
President and Chief Executive Officer

/s/ Stephen P. Rolf

Stephen P. Rolf
Chief Financial Officer

Dated: August 12, 2003