

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
January 03, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES ACT OF 1934

Date of Report (Date of earliest event reported) January 2, 2007

AMCON DISTRIBUTING COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	1-15589	47-0702918
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7405 Irvington Road, Omaha, NE 68122

(Address of principal executive offices) (Zip Code)

(402) 331-3727

(Registrant's telephone number, including area code)

Not Applicable

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

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

NEWS RELEASE

Chicago, IL, January 2, 2006 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce that it earned \$1.81 per share from continuing operations for the year ended September 30, 2006. For the quarter ended September 30, 2006 the Company earned 27 cents per share on a fully diluted basis. In addition, the Company has extended its revolving credit facility with its bank group to April 2009.

"We are continuing to make solid progress in our efforts to restore the financial health of the company. The early renewal and extension of our credit facility is clearly a vote of confidence by our banks" said Christopher Atayan AMCON's Chief Executive Officer.

As previously announced, the Company has accounted for its recently divested Hawaiian Natural Water business as a discontinued operation as of September 30, 2006 in accordance with generally accepted accounting principles and has recast its results for the fiscal years ended 2002 through 2005. The Hawaiian assets were divested in November 2006 and the accounting for this transaction will be realized when AMCON reports its first quarter 2007 results.

"Our two core operating businesses continued to perform well. We believe that the recast financial results provided a more transparent view to our actual earning power as an enterprise" added Atayan. AMCON's Wholesale Distribution business reported operating income before depreciation and amortization of \$9.3 million for the fiscal year. The Company's Retail Health Food business reported operating income before depreciation and amortization of \$3.0 million.

"We are very competitive in the market and were awarded several new accounts during the fiscal year. Our high levels of customer service continue to be a positive differentiating factor" said Kathleen M. Evans President of AMCON's Wholesale Distribution business.

"We believe that our financial performance in the retail segment is a direct reflection of our strategy of providing a high quality consumer experience in our stores. Our product merchandising and customer service are at the highest levels in the natural foods industry. As a result we enjoy strong customer loyalty" said Eric Hinkfent President of AMCON's Retail Health Food business.

"Our reported financial results are significantly impacted by non recurring legal and accounting expenses related to our discontinued operations. We expect this trend to continue in 2007" said Andrew C. Plummer AMCON's Acting Chief Financial Officer.

AMCON is a leading wholesale distributor of consumer products, including beverages, candy, tobacco, groceries, food service, frozen and chilled foods, and health and beauty care products with distribution centers in Illinois, Missouri, Nebraska, North Dakota and South Dakota. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., both wholly-owned subsidiaries of The Healthy Edge, Inc., operate health and natural product retail stores in central Florida (6), Kansas, Missouri, Nebraska and Oklahoma (4). The retail stores operate under the names Chamberlin's Market & Cafe and Akins Natural Foods Market.

This news release contains forward-looking statements that are subject to risks and uncertainties and which reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results. A number of factors could affect the future results of the Company and could cause those results to differ

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

materially from those expressed in the Company's forward-looking statements including, without limitation, availability of sufficient cash resources to conduct its business and meet its capital expenditures needs. Moreover, past financial performance should not be considered a reliable indicator of future performance. Accordingly, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 with respect to all such forward-looking statements.

Visit AMCON Distributing Company's web site at: www.amcon.com

For Further Information Contact:

Christopher H. Atayan
AMCON Distributing Company
Ph 312-327-1770
Fax: 312-527-3964

CONSOLIDATED BALANCE SHEETS
AMCON Distributing Company and Subsidiaries

	2006	2005
September 30,		
ASSETS		

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Current assets:

Cash	\$ 481,138	\$ 546,27
Accounts receivable, less allowance for doubtful accounts of \$0.9 million and \$0.4 million in 2006 and 2005, respectively	27,815,751	27,180,03
Inventories, net	24,443,063	23,341,28
Deferred income taxes	1,972,988	1,642,21
Current assets of discontinued operations	1,172,805	2,823,80
Prepaid and other current assets	5,369,154	5,264,62
	-----	-----
Total current assets	61,254,899	60,798,24
Property and equipment, net	12,528,539	13,514,94
Goodwill	5,848,808	5,848,80
Other intangible assets	3,439,803	3,464,53
Deferred income taxes	6,772,927	6,300,50
Non-current assets of discontinued operations	3,774,106	4,145,19
Other assets	1,247,464	1,236,57
	-----	-----
	\$ 94,866,546	\$ 95,308,79
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

Current liabilities:

Accounts payable	\$ 14,633,124	\$ 15,438,35
Accrued expenses	4,687,789	4,456,42
Accrued wages, salaries and bonuses	1,879,699	1,469,20
Income taxes payable	168,936	118,79
Current liabilities of discontinued operations	7,461,549	6,655,27
Current maturities of credit facility	3,896,000	1,432,00
Current maturities of long-term debt	524,130	655,66
	-----	-----
Total current liabilities	33,251,227	30,225,72

Credit facility, less current maturities	44,927,429	47,730,38
Long-term debt, less current maturities	7,069,357	7,371,52
Noncurrent liabilities of discontinued operations	5,087,230	5,913,59

Series A cumulative, convertible preferred stock, \$.01 par value 100,000 authorized and issued, liquidation preference \$25.00 per share	2,438,355	2,438,35
---	-----------	----------

Series B cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued, liquidation preference \$25.00 per share	1,857,645	1,857,64
--	-----------	----------

Series C cumulative, convertible preferred stock, \$.01 par value 80,000 authorized and issued, liquidation preference \$25.00 per share	1,982,372	
--	-----------	--

Commitments and contingencies

Shareholders' equity (deficiency):

Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	
Common stock, \$.01 par value, 3,000,000 shares authorized, 527,062 outstanding	5,271	5,27
Additional paid-in capital	6,278,476	6,218,47
Accumulated other comprehensive income, net of tax of \$0.05 million in 2005	-	101,29
Accumulated deficit	(8,030,816)	(6,553,46
	-----	-----

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Total shareholders' deficiency	(1,747,069)	(228,42)
	\$ 94,866,546	\$ 95,308,79

CONSOLIDATED STATEMENTS OF OPERATIONS

AMCON Distributing Company and Subsidiaries

Fiscal Years Ended September	2006	2005	2004
Sales (including excise taxes of \$200.6 million, \$197.7 million and \$191.6 million in 2006, 2005 and 2004, respectively)	\$ 839,539,780	\$ 834,551,448	\$ 817,285,523
Cost of sales	779,406,125	774,060,331	757,937,989
Gross profit	60,133,655	60,491,117	59,347,534
Selling, general and administrative expenses	51,721,525	51,032,197	48,908,769
Depreciation and amortization	1,936,897	2,155,983	2,065,876
Impairment charges	-	4,234,856	-
	53,658,422	57,423,036	50,974,645
Operating income	6,475,233	3,068,081	8,372,889
Other expense (income):			
Interest expense	4,858,012	4,211,685	3,243,238
Other (income), net	(137,241)	(80,105)	(569,274)
	4,720,771	4,131,580	2,673,964
Income (loss) from continuing operations before income taxes	1,754,462	(1,063,499)	5,698,925
Income tax expense (benefit)	432,000	(196,000)	2,286,000
Minority interest in loss, net of tax	-	(97,100)	(91,000)
Income (loss) from continuing operations	1,322,462	(770,399)	3,503,925
Loss from discontinued operations, net of income tax benefit of \$1.1 million, \$5.5 million and \$4.7 million, respectively	(2,433,767)	(11,971,580)	(7,642,472)
Net loss	(1,111,305)	(12,741,979)	(4,138,547)
Preferred stock dividend requirements	(366,042)	(294,640)	(49,474)
Net loss available to common shareholders	\$ (1,477,347)	\$ (13,036,619)	\$ (4,188,021)
Basic earnings (loss) per share			

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

available to common shareholders:						
Continuing operations	\$	1.81	\$	(2.02)	\$	6.54
Discontinued operations		(4.61)		(22.71)		(14.48)

Net loss earnings per share						
available to common shareholders	\$	(2.80)	\$	(24.73)	\$	(7.94)
=====						
Diluted earnings (loss) per share						
available to common shareholders:						
Continuing operations	\$	1.63	\$	(2.02)	\$	6.23
Discontinued operations		(3.87)		(22.71)		(13.59)

Net diluted loss per share						
available to common shareholders	\$	(2.24)	\$	(24.73)	\$	(7.36)
=====						
Weighted average shares outstanding:						
Basic		527,062		527,062		527,774
Diluted		627,810		527,062		562,559

CONSOLIDATED STATEMENTS OF CASH FLOWS
AMCON Distributing Company and Subsidiaries

Fiscal Years	2006	2005	

CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	\$ (1,111,305)	\$ (12,741,979)	\$ (4,111,305)
Deduct: Loss from discontinued operations, net of tax	2,433,767	11,971,580	7,971,580
	-----	-----	-----
(Loss) income from continuing operations	1,322,462	(770,399)	3,202,083
Adjustments to reconcile (loss) income from continuing operations to net cash flows from operating activities:			
Depreciation	1,897,166	2,039,553	1,897,166
Amortization	39,731	116,430	39,731
Impairment charges	-	4,234,856	-
(Gain) loss on sale of property and equipment	30,082	(13,116)	30,082
Stock based compensation	60,000	-	60,000
Deferred income taxes	(803,200)	(5,987,341)	(803,200)
Provision for losses on doubtful accounts	179,196	(189,604)	179,196
Provision for losses on inventory obsolescence	77,940	(33,520)	77,940
Gain on sale of securities	-	-	-
Minority interest	-	(97,100)	-
Changes in assets and liabilities, net of effect of acquisitions:			
Accounts receivable	(814,916)	1,383,923	(814,916)
Inventories	(1,179,714)	10,056,784	(1,179,714)
Other current assets	(205,819)	(4,848,246)	(205,819)
Other assets	(10,891)	(160,509)	(10,891)
Accounts payable	(805,235)	(670,130)	(805,235)
Accrued expenses and accrued wages, salaries and bonuses	641,863	1,280,966	641,863
Income taxes payable and receivable	50,138	1,281,423	50,138
	-----	-----	-----

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Net cash flows from operating activities			
- continuing operations	478,803	7,623,970	
Net cash flows from operating activities			
- discontinued operations	(822,124)	903,906	(3)
Net cash flows from operating activities	(343,321)	8,527,876	(3)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(980,510)	(2,464,694)	
Proceeds from sales of property and equipment	39,665	116,597	
Acquisitions, net of cash acquired	-	-	
Purchase of trademark	(15,000)	-	
Proceeds from sales of available-for-sale securities	-	-	
Net cash flows from investing activities			
- continuing operations	(955,845)	(2,348,097)	
Net cash flows from investing activities			
- discontinued operations	(16,818)	(585,451)	(4)
Net cash flows from investing activities	(972,663)	(2,933,548)	(3)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowings (payments) on bank credit agreements	(338,959)	4,352,573	6
Net proceeds from preferred stock issuance	1,982,372	1,857,645	2
Proceeds from borrowings of long-term debt	237,266	1,399,638	
Payments on long-term and subordinated debt	(670,966)	(8,413,374)	(1)
Debt issuance costs	-	(446,641)	
Dividends paid on common stock	-	-	
Dividends paid on preferred stock	(366,042)	(294,640)	
Purchase of common stock, retired	-	-	
Proceeds from exercise of stock options	-	-	
Net cash flows from financing activities			
- continuing operations	843,671	(1,544,799)	7
Fiscal Years	2006	2005	
Net cash flows from financing activities			
- discontinued operations	407,178	(3,919,329)	
Net cash flow from financing activities	1,250,849	(5,464,128)	7
Net change in cash	(65,135)	130,200	
Cash, beginning of year	546,273	416,073	
Cash, end of year	\$ 481,138	\$ 546,273	\$
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$4,858,960	\$ 4,376,251	\$ 3
Cash (refunded) paid during the year for			

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

income taxes	(647)	(911,278)	1
Supplemental disclosure of non-cash information:			
Issuance of note payable in exchange for			
accounts payable - discontinued operations	\$ 362,716	\$ -	\$
Acquisition of equipment through capital leases	-	91,343	
Business combinations:			
Fair value of assets acquired	-	-	10
Subordinated debt assumed and notes payable issued	-	-	4
Present value of future water royalty payments	-	-	2
Other liabilities assumed	-	-	
Issuance of common stock, stock options and			
minority interest	-	-	

-end-