

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO  
Form 8-K  
January 18, 2008

UNITED STATES  
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 18, 2008  
-----

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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
----

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
----

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
----

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))  
----



## Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

### NEWS RELEASE

Chicago, IL, January 18, 2008 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce diluted earnings per share of \$1.12 for the first fiscal quarter ended December 31, 2007.

"We continue to make steady progress on our strategic plan," commented Christopher H. Atayan, AMCON's Chief Executive Officer. Atayan added "Both of our business segments performed well this quarter. We have a highly cohesive organization that is focused on delivering superior service to our wholesale and retail customers. Our focus on fundamentals leads directly to value creation for our shareholders. Moreover, this philosophy positions us well in a period of economic volatility."

For the first fiscal quarter of 2008, AMCON's Wholesale Distribution segment generated revenues of \$201.1 million and operating income before depreciation and amortization of \$3.0 million. AMCON's Retail Health Food segment generated revenues of \$9.5 million and operating income before depreciation and amortization of \$0.9 million.

"Our Customer First philosophy led to several new business awards during the quarter and we continue to manage the business as efficiently as possible," commented Kathleen Evans, President of AMCON's Wholesale Distribution Segment.

"We continue to offer our consumers a wide variety of quality products and strong customer service, which we believe continues to differentiate us from our competitors," commented Eric Hinkfent, President of AMCON's Retail Health Food segment.

"Income from continuing operations for the first fiscal quarter of 2008 was \$1.0 million as compared to \$0.6 million in the comparable prior period on lower operating and interest costs. Our fully diluted results from the prior period also included a gain of \$0.9 million in connection with the sale of the assets of Hawaiian Natural Water Company" commented Andrew Plummer, AMCON's Chief Financial Officer. Plummer added, "We continue to maintain a high degree of liquidity, which facilitates our ability to take advantage of opportunities that benefit our customers."

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 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

## Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

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](http://www.amcon.com)

For Further Information Contact:

Christopher H. Atayan

AMCON Distributing Company

Ph 312-327-1770

Fax: 312-527-3964

AMCON Distributing Company and Subsidiaries  
Condensed Consolidated Balance Sheets  
December 31, 2007 and September 30, 2007

	December 2007 (Unaudited)	September 2007
ASSETS		
Current assets:		
Cash	\$ 300,908	\$ 717,
Accounts receivable, less allowance for doubtful accounts of \$0.3 million and \$0.3 million, respectively	24,564,218	27,848,

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Inventories, net	34,057,251	29,738,
Deferred income taxes	1,290,020	1,446,
Current assets of discontinued operations	13,743	18,
Prepaid and other current assets	5,176,195	5,935,
	-----	-----
Total current assets	65,402,335	65,705,
Property and equipment, net	11,157,673	11,190,
Goodwill	5,848,808	5,848,
Other intangible assets, net	3,390,137	3,400,
Deferred income taxes	2,270,436	2,768,
Non-current assets of discontinued operations	2,057,033	2,057,
Other assets	1,531,789	1,093,
	-----	-----
	\$ 91,658,211	\$ 92,063,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12,872,541	\$ 15,253,
Accrued expenses	4,954,751	5,293,
Accrued wages, salaries and bonuses	1,244,147	2,202,
Income taxes payable	194,201	367,
Current liabilities of discontinued operations	4,031,778	4,035,
Current maturities of credit facility	3,046,000	3,046,
Current maturities of long-term debt	623,278	568,
	-----	-----
Total current liabilities	26,966,696	30,767,
Credit facility, less current maturities	38,331,796	35,808,
Long-term debt, less current maturities	6,989,239	7,123,
Noncurrent liabilities of discontinued operations	6,542,310	6,542,
Series A cumulative, convertible preferred stock, \$.01 par value 100,000 shares authorized and issued, liquidation preference \$25.00 per share	2,438,355	2,438,
Series B cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share	1,857,645	1,857,
Series C cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share	1,982,372	1,982,
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par, 1,000,000 shares authorized, 260,000 shares outstanding and issued in Series A, B and C referred to above	-	-
Common stock, \$.01 par value, 3,000,000 shares authorized, 537,064 shares outstanding for December 2007 and 529,436 shares outstanding for September 2007	5,372	5,
Additional paid-in capital	6,558,641	6,396,
Accumulated deficit	(14,215)	(857,
	-----	-----
Total shareholders' equity	6,549,798	5,543,
	-----	-----
	\$ 91,658,211	\$ 92,063,
	=====	=====

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON Distributing Company and Subsidiaries  
 Condensed Consolidated Unaudited Statements of Operations  
 for the three months ended December 31, 2007 and 2006

	2007	2006
	-----	----- As re
Sales (including excise taxes of \$51.6 million and \$49.5 million, respectively)	\$ 210,663,237	\$ 209,467,389
Cost of sales	195,467,389	194,467,389
Gross profit	15,195,848	15,000,000
Selling, general and administrative expenses	12,210,575	12,210,575
Depreciation and amortization	362,474	362,474
	-----	-----
Operating income	2,622,799	2,829,120
Other expense (income):		
Interest expense	969,802	1,000,000
Other (income), net	(33,211)	(33,211)
	-----	-----
Income from continuing operations before income taxes	1,686,208	1,795,909
Income tax expense	641,000	641,000
Income from continuing operations	1,045,208	1,154,909
Discontinued operations		
Gain on disposal of discontinued operations, net of income tax expense of \$0.7 million	-	-
(Loss) from discontinued operations, net of income tax (benefit) of (\$0.06) million and (\$0.2) million, respectively	(95,995)	(95,995)
(Loss) income on discontinued operations	(95,995)	(95,995)
Net income	949,213	1,058,914
Preferred stock dividend requirements	(105,533)	(105,533)
Net income available to common shareholders	\$ 843,680	\$ 953,381
Basic earnings (loss) per share available to common shareholders:	=====	=====

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Continuing operations	\$	1.76	\$
Discontinued operations		(0.18)	
-----			
Net basic earnings per share available to common shareholders	\$	1.58	\$
=====			
Diluted earnings (loss) per share available to common shareholders:			
Continuing operations	\$	1.23	\$
Discontinued operations		(0.11)	
-----			
Net diluted earnings per share available to common shareholders	\$	1.12	\$
=====			
Weighted average shares outstanding:			
Basic		533,900	
Diluted		849,187	

AMCON Distributing Company and Subsidiaries  
Condensed Consolidated Unaudited Statements of Cash Flows  
for the three months ended December 31, 2007 and 2006

	2007	2006 As restated
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 949,213	\$ 1,248,300
Deduct: (Loss) income from discontinued operations, net of tax	(95,995)	637,500
-----		
Income from continuing operations	1,045,208	610,700
Adjustments to reconcile net income from continuing operations to net cash flows from operating activities:		
Depreciation	352,541	447,900
Amortization	9,933	9,900
(Gain) on sale of property and equipment	(1,625)	(11,100)
Stock based compensation	42,950	3,000
Deferred income taxes	653,976	899,200
Provision (benefit) for losses on doubtful accounts	44,000	(76,100)
Provision for losses on inventory obsolescence	160,885	172,500
Changes in assets and liabilities:		
Accounts receivable	3,240,720	(315,300)
Inventories	(4,479,409)	(2,074,000)
Other current assets	759,013	314,700
Other assets	(438,639)	(66,200)
Accounts payable	(2,381,021)	(802,700)
Accrued expenses and accrued wages, salaries and bonuses	(1,297,619)	(721,200)
Income tax payable and receivable	(173,572)	(98,900)
-----		
Net cash flows from operating activities - continuing operations	(2,462,659)	(1,707,800)
Net cash flows from operating activities - discontinued operations	(94,926)	(1,808,000)
-----		
Net cash flows from operating activities	(2,557,585)	(3,515,900)

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(280,619)	(170,888)
Proceeds from sales of property and equipment	888	14,200
	-----	-----
Net cash flows from investing activities - continuing operations	(279,731)	(156,688)
Net cash flows from investing activities - discontinued operations	-	3,753,300
	-----	-----
Net cash flows from investing activities	(279,731)	3,596,612
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on bank credit agreements	2,523,616	733,600
Dividends paid on preferred stock	(105,533)	(105,500)
Proceeds from exercise of stock options	119,637	
Principal payments on long-term debt	(117,050)	(161,400)
	-----	-----
Net cash flows from financing activities - continuing operations	2,420,670	466,600
Net cash flows from financing activities - discontinued operations	-	(595,000)
	-----	-----
Net cash flows from financing activities	2,420,670	(128,400)
	-----	-----
Net change in cash	(416,646)	(47,500)
Cash, beginning of period	717,554	481,100
	-----	-----
Cash, end of period	\$ 300,908	\$ 433,500
	=====	=====

Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 992,518	\$ 1,262,200
Cash paid during the period for income taxes	101,595	98,940

Supplemental disclosure of non-cash information:		
Buyer's assumption of HNWC lease in connection with the sale of HNWC's assets - discontinued operations	-	(225,500)
Acquisition of equipment through capital leases	38,090	

/1/ As previously disclosed in the Company's Fiscal 2007 Annual Report on Form 10-K, during the first quarter of fiscal 2007, the Company changed its inventory valuation method from the Last-In First-Out (LIFO) method to the First-In First-Out (FIFO) method. As required by U.S. generally accepted accounting principles, this change in accounting principle was reflected in the Company's financial statements through the retroactive application of the FIFO method and the restatement of prior fiscal periods including the three month fiscal period ended December 2006.