

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON DISTRIBUTING CO
Form 8-K
November 27, 2006

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) November 27, 2006

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

Chicago, IL, November 27, 2006 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company, is pleased to report fully diluted earnings available to common stock holders of 41 cents per share on net income of \$241,865 for the period end June 30, 2006.

"We are delighted at the continued progress the corporation has made since we announced our internal reorganization in March 2006" said Christopher Atayan, AMCON's Chief Executive Officer. "Our core businesses continued their trend of strong performance during the quarter and we began to reap some of the benefits of the aggressive efforts we have instituted to control our non-core water businesses. Our corporate strategic objective in the short to medium term is to reduce the levels of debt we employ at AMCON, which will enhance our ability to grow in the long term. The two primary elements supporting this objective are to preserve and enhance the operating earnings we generate from our core business units and the disposition of assets no longer central to our mission. We believe that by taking this approach and continuing our tradition of superior customer service we are well positioned to enhance shareholder value. We are diligently working as a Company on resolving the issues presented by our Beverage businesses and as a result have expended very little cash resources into those businesses. This has resulted in increasing liquidity and financial strength for the entire company" added Atayan.

For the first nine months of fiscal 2006, AMCON's wholesale consumer products distribution business reported segment operating income before depreciation and amortization of approximately \$6.6 million and the retail health food business reported segment operating income before depreciation and amortization of approximately \$2.4 million. This compares to \$5.6 million and \$1.2 million for the wholesale and retail businesses, respectively, in the comparable periods one year ago.

"AMCON's legacy of premium customer service has served us well as we remain highly competitive in the market place" noted Kathleen Evans, President of AMCON's wholesale distribution business, " Our solid performance year to date is a direct reflection of the programs and systems we are developing to enhance our customers profits."

"Our retail health food stores are continuing to perform at historically high levels of revenues and profitability. Consumers are continuing to move in the direction of natural products and we are well positioned to serve them" commented Eric Hinkfent, President of AMCON's retail health food business, "We continue to differentiate our self in the market place by our high levels of customer service. This has a direct bottom line effect as we benefit from repeat customer business."

Another positive factor in the quarter was the narrowing of losses from Hawaiian Natural Water Company in our beverage segment. Price increases and active financial management of the enterprise contributed to this result. Senior management has invested a significant amount of time and energy toward

revitalizing this enterprise. As previously announced, AMCON is actively in negotiations to divest the business.

AMCON received an extension of its Revolving Credit agreement through July 2007 and is in active discussions with the bank group with respect to a long term extension. "Our bank group has been very responsive to our needs. Their solid support has enabled us to take advantage of several short term profit opportunities developed by our management team," commented Andy Plummer, AMCON's Acting Chief Financial Officer. Plummer also added, "During the recently completed fourth quarter we have incurred substantial professional fees in connection with our prior period audit and the Trinity Springs, Inc.

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

litigation settlement discussions which will impact bottom line profitability when we report those results."

Concurrently with this press release AMCON has filed its third quarter 10-Q with the Securities and Exchange Commission. This now brings AMCON into compliance with the financial reporting compliance requirements of the American Stock Exchange.

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. Hawaiian Natural Water Company, Inc. produces and sells natural spring water under the Hawaiian Springs label in Hawaii and other foreign markets and purified bottled water on the Island of Oahu in Hawaii. The natural spring water is bottled at the source on the Big Island of Hawaii.

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 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

AMCON Distributing Company and Subsidiaries Condensed Consolidated Balance Sheets June 30, 2006 and September 30, 2005

	June 2006 (Unaudited)	September
ASSETS		
Current assets:		
Cash	\$ 84,020	\$ 546,
Accounts receivable, less allowance for doubtful accounts of \$1.0 million and \$0.6 million, respectively	30,134,256	28,202,

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Inventories	30,492,996	23,977,
Deferred income taxes	1,642,212	1,642,
Current assets of discontinued operations	37,544	1,159,
Prepaid and other current assets	4,843,534	5,269,
	-----	-----
Total current assets	67,234,562	60,798,
Property and equipment	14,102,301	15,162,
Deferred income taxes	6,863,737	6,300,
Noncurrent assets from discontinued operations	2,382,801	2,475,
Goodwill	5,848,808	5,848,
Other intangible assets	3,449,736	3,464,
Other assets	1,084,769	1,258,
	-----	-----
	\$100,966,714	\$ 95,308,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Accounts payable	\$ 15,550,519	\$ 17,047,
Accrued expenses	4,837,193	4,990,
Accrued wages, salaries and bonuses	1,171,914	1,601,
Income taxes payable	-	118,
Current liabilities of discontinued operations	4,339,022	4,098,
Current maturities of revolving credit facility	3,932,000	1,432,
Current maturities of long-term debt	815,005	936,
	-----	-----
Total current liabilities	30,645,653	30,225,
	-----	-----
Revolving credit facility, less current maturities	52,768,394	47,730,
Long-term debt, less current maturities	7,508,260	7,636,
Noncurrent liabilities of discontinued operations	5,651,744	5,648,
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	
Commitments and contingencies		
Shareholders' equity (deficiency):		
Preferred stock, \$0.01 par, 1,000,000 shares authorized, none outstanding	-	
Common stock, \$.01 par value, 3,000,000 shares authorized, 527,062 shares issued	5,271	5,
Additional paid-in capital	6,263,476	6,218,
Accumulated other comprehensive income, net of tax of \$0.1 million in 2005	-	101,
Accumulated deficit	(8,154,456)	(6,553,
	-----	-----
Total shareholders' deficiency	(1,885,709)	(228,
	-----	-----
	\$100,966,714	\$ 95,308,
	=====	=====

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Unaudited Statements of Operations
 for the three and nine month periods ended June 30, 2006 and 2005

	For the three months ended June		For the nine mo ended June	
	2006	2005	2006	2005
Sales (including excise taxes of \$52.5 million and \$50.1 million, and \$147.7 million and \$145.2 million, respectively)	\$ 223,954,710	\$ 215,124,070	\$ 620,973,352	\$ 621,124,070
Cost of sales	208,168,019	199,928,910	576,622,438	577,124,070
Gross profit	15,786,691	15,195,160	44,350,914	44,000,000
Selling, general and administrative expenses	13,096,950	12,720,659	38,989,674	38,989,674
Depreciation and amortization	525,170	571,940	1,510,767	1,510,767
	13,622,120	13,292,599	40,500,441	40,500,441
Operating income	2,164,571	1,902,561	3,850,473	3,850,473
Other (income) expense:				
Interest expense	1,227,561	1,063,338	3,505,530	3,505,530
Other (income) expense, net	(44,424)	(32,827)	(94,015)	(94,015)
	1,183,137	1,030,511	3,411,515	3,411,515
Income from continuing operations before income taxes	981,434	872,050	438,958	438,958
Income tax expense	392,000	347,000	246,000	246,000
Minority interest	-	-	-	-
Income from continuing operations	589,434	525,050	192,958	192,958
Loss from discontinued operations, net of income tax benefit of \$0.1 million and \$0.5 million, \$0.9 million and \$1.9 million, respectively	(243,183)	(751,473)	(1,533,453)	(3,000,000)
Net income (loss)	346,251	(226,423)	(1,340,495)	(2,807,042)
Preferred stock dividend requirements	(104,386)	(74,053)	(260,492)	(260,492)
Net income (loss) available to common shareholders	\$ 241,865	\$ (300,476)	\$ (1,600,987)	\$ (2,546,534)
Basic earnings (loss) per share available to common shareholders:				
Continuing operations	\$ 0.92	\$ 0.86	\$ (0.13)	\$ (0.13)
Discontinued operations	(0.46)	(1.43)	(2.91)	(2.91)

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

Net basic earnings (loss) per share available to common shareholders	\$ 0.46	\$ (0.57)	\$ (3.04)	\$
Diluted earnings (loss) per share available to common shareholders:				
Continuing operations	\$ 0.69	\$ 0.73	\$ (0.13)	\$
Discontinued operations	(0.28)	(1.05)	(2.91)	
Net diluted earnings (loss) per share available to common shareholders	\$ 0.41	\$ (0.32)	\$ (3.04)	\$
Weighted average shares outstanding:				
Basic	527,062	527,062	527,062	
Diluted	854,187	712,881	527,062	

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Cash Flows
for the nine month periods ended June 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (1,340,495)	\$ (2,594,800)
Deduct: (loss) from discontinued operations, net of tax	1,533,453	3,084,800
Income from continuing operations	192,958	489,900
Adjustments to reconcile net (loss) income from continuing operations to net cash flows from operating activities:		
Depreciation	1,606,824	1,735,400
Amortization	29,798	146,100
(Gain) loss on sale of property and equipment	11,570	(20,300)
Stock based compensation	45,000	
Deferred income taxes	(563,234)	(1,558,600)
Provision for losses on doubtful accounts	505,295	259,000
Provision for losses on inventory obsolescence	46,204	237,100
Impairment on assets held for sale	-	77,600
Minority interest	-	(97,100)
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	(2,436,694)	(3,698,400)
Inventories	(6,561,311)	7,338,800
Other current assets	324,956	(494,100)
Other assets	174,130	(42,200)
Accounts payable	(1,134,598)	(2,391,100)
Accrued expenses and accrued wages, salaries and bonuses	(583,373)	935,500
Income tax payable and receivable	(118,798)	190,400
Net cash flows from operating activities - continuing operations	(8,461,273)	3,108,300
Net cash flows from operating activities - discontinued operations	(779,463)	(1,761,700)
Net cash flows from operating activities	(9,240,736)	1,346,500

Edgar Filing: AMCON DISTRIBUTING CO - Form 8-K

CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(609,637)	(2,469,1
Proceeds from sales of property and equipment	50,949	85,2
Purchase of trademark	(15,000)	
	-----	-----
Net cash flows from investing activities - continuing operations	(573,688)	(2,383,8
Net cash flows from investing activities - discontinued operations	(2,671)	(92,8
	-----	-----
Net cash flows from investing activities	(576,359)	(2,476,7
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on revolving credit facility	7,538,006	10,977,8
Net proceeds from preferred stock issuance	1,982,372	1,857,6
Proceeds from borrowings of long-term debt	125,988	1,399,6
Dividends paid on preferred stock	(260,492)	(219,7
Principal payments on long-term debt and subordinated debt	(738,105)	(12,907,7
Debt issue costs	-	(446,6
	-----	-----
Net cash flows from financing activities - continuing operations	8,647,769	661,0
Net cash flows from financing activities - discontinued operations	707,073	421,4
	-----	-----
Net cash flows from financing activities	9,354,842	1,082,5
	-----	-----
Net change in cash	(462,253)	(47,6
Cash, beginning of period	546,273	416,0
	-----	-----
Cash, end of period	\$ 84,020	\$ 368,4
	=====	=====

Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 3,488,161	\$ 2,661,7
Cash refunded during the period for income taxes	(1,577)	(185,6
Supplemental disclosure of non-cash information:		
Issuance of note payable in exchange for accounts payable	\$ 362,716	\$
Acquisition of equipment through capital leases	-	91,3

-end-