

MGP INGREDIENTS INC
Form 10-Q
November 05, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009.

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: 0-17196

MGP INGREDIENTS, INC.

(Exact name of registrant as specified in its charter)

KANSAS

(State or other jurisdiction of incorporation or organization)

48-0531200

(I.R.S. Employer
Identification No.)

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100 Commercial Street, Atchison Kansas
(Address of principal executive offices)

66002
(Zip Code)

(913) 367-1480

(Registrant's telephone number, including area code)

Indicate by check mark 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 that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, no par value

16,610,814 shares outstanding

as of September 30, 2009

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements as well as historical information. All statements, other than statements of historical facts, included in this Quarterly Report on Form 10-Q regarding the prospects of our industry and our prospects, plans, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements are usually identified by or are associated with such words as intend, plan, believe, estimate, expect, anticipate, hopeful, should, may, will, could and or the negatives of these words or variations of them or similar terminology. They reflect management's current beliefs and estimates of future economic circumstances, industry conditions, Company performance and financial results and are not guarantees of future performance. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: (i) our ability to manage our cash flows, (ii) our ability to find a strategic alternative for our Pekin facility on a timely basis, (iii) our ability to maintain compliance with all applicable loan agreement covenants, (iv) the availability and cost of grain and fluctuations in energy costs, (v) an increase in interest rates, (v) disruptions in operations at our Atchison facility, (vii) competitive environment and related market conditions, (viii) our ability to realize operating efficiencies, (ix) the effectiveness of our hedging programs, (x) and actions of governments. For further information on these and other risks and uncertainties that may affect our business, see *Item 1A. Risk Factors* of our Annual Report on Form 10-K for the fiscal year ended June 30, 2009.

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PART I

ITEM 1 FINANCIAL STATEMENTS

MGP INGREDIENTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Dollars in thousands, except per-share amounts

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	Quarter ended	
	September 30, 2009	September 30, 2008
Net sales	\$ 47,084	\$ 99,020
Cost of sales	37,247	115,707
Gross profit	9,837	(16,687)
Selling, general and administrative expenses	4,596	6,115
Other operating costs	597	
Income (loss) from operations	4,644	(22,802)
Other income, net	21	41
Interest expense	(789)	(728)
Equity in loss of joint venture	(48)	(16)
Income (loss) before income taxes	3,828	(23,505)
Provision (benefit) for income taxes	90	(6,262)
Net income (loss)	3,738	(17,243)
Other comprehensive income (loss), net of tax	3	(1,502)
Comprehensive income (loss)	\$ 3,741	\$ (18,745)
Per Share Data		
Total basic earnings (loss) per common share	\$ 0.23	\$ (1.04)
Total diluted earnings (loss) per common share	\$ 0.22	\$ (1.04)
Weighted Average Shares		
Weighted average common shares (basic)	16,603	16,563
Weighted average common shares (diluted)	16,715	16,563

See accompanying notes to condensed consolidated financial statements

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MGP INGREDIENTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

(Unaudited)

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	September 30, 2009	June 30, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$	\$ 178
Restricted cash	3	203
Receivables (less allowance for doubtful accounts: September 30, 2009 - \$414; June 30, 2009 - \$388)	20,016	18,403
Inventory	16,809	20,400
Prepaid expenses	2,807	980
Deposits	186	980
Deferred income taxes	370	1,218
Refundable income taxes	6,003	6,045
Assets held for sale	29,063	32,380
Total current assets	75,257	80,787
Property and equipment, at cost	163,364	163,345
Less accumulated depreciation	(102,107)	(100,036)
Property and equipment, net	61,2	