AMCON DISTRIBUTING CO
Form 8-K
July 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) July 14, 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 CFO 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On July 14, 2008, the Company refinanced a real estate note payable that is collateralized by two of the Company's distribution facilities (Bismarck, ND and Quincy, IL). The note payable was originally due in April 2009 and had a balance of approximately $5.6 million at June 2008. The terms of the new note payable include a fixed interest rate of 6.8% with monthly principal and interest installments of $58,303 due through June 2013. The remaining principal is due at maturity in June 2013.

On July 17, 2008, the Company amended and executed an early renewal of its $55.0 million credit agreement with Bank of America (the "Facility"), which originally was scheduled to mature in April 2009. The significant changes to the Facility agreement include:

- The Facility bears interest at either the bank's prime rate or at a LIBOR based rate depending on the election made by the Company.

- The Facility matures on June 30, 2011.

- The Facility provides for an additional $5.0 million of credit available for inventory purchases. These advances bear interest at the bank's prime rate plus one-quarter of one percent (1/4%) per annum and are payable within 45 days of each advance.

- The Facility includes a prepayment penalty equal to one percent (1%) of the prepayment loan limit of $55.0 million if prepayment occurs on or before June 30, 2009 and one-half of one percent (1/2%) if prepayment occurs subsequent to June 30, 2009 but on or before June 30, 2010.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On July 18, 2008, AMCON Distributing Company ("AMCON or "Company") issued a press release announcing its financial results for the third fiscal quarter ended June 30, 2008. A copy of the press release is attached to this report as an exhibit and is incorporated herein by reference.

The information in this report (including the exhibit) shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information set forth in this report (including the exhibit) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

EXHIBIT NO.	DESCRIPTION
99.1	Press release, dated July 18, 2008, issued by AMCON Distributing Company announcing financial results for the third fiscal quarter ended June 30, 2008

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMCON DISTRIBUTING COMPANY

(Registrant)

Date: July 18, 2008 By: Andrew C. Plummer

Name: Andrew C. Plummer
Title: Vice President & Chief Financial Officer

Exhibit 99.1

AMCON DISTRIBUTING COMPANY REPORTS FULLY DILUTED EARNINGS PER SHARE FOR THE QUARTER ENDED JUNE 30, 2008

NEWS RELEASE

Chicago, IL, July 18, 2008 - AMCON Distributing Company ("AMCON") (AMEX:DIT), an Omaha, Nebraska based consumer products company is pleased to announce fully diluted earnings per share of $1.63 for the third fiscal quarter ended June 30, 2008.

"This quarter's performance was exceptional when all the external factors are taken into consideration. We experienced catastrophic floods in our market, all time record fuel prices and an overall declining economy. Despite this adverse background, our team was able to turn in another strong performance. Our corporate focus on delivering superior service to our customers continues to differentiate AMCON and as a result we were able to gain new customers in our wholesale segment and continue to show leadership in retail," said Christopher Atayan, AMCON's Chairman and Chief Executive Officer. "We emphasize fundamentals and that is why we can adapt in difficult conditions. Our banks recognized this and renewed our credit facility one year early."

AMCON reported revenues of $213.6 million in its Wholesale Distribution business and operating income before depreciation and amortization of $3.5 million in the third fiscal quarter. AMCON's Retail Health Food business reported revenues of $9.8 million and operating income before depreciation and amortization of $0.9 million.

Kathleen Evans, President of AMCON's Wholesale Distribution business commented, "Our managers worked diligently to make sure our customer base in the flood impacted areas experienced minimal disruptions. Clearly the fuel environment is challenging for us, our customers and their retail consumers. We are working closely with our vendors and customers to create value added propositions that we believe enable the consumer to stretch their budget and enhance loyalty."

Eric Hinkefent, President of AMCON's Retail Health Food business commented, "The market for natural products continues to be strong. We are committed to investing in our stores to maintain our position as the quality leader. We were especially pleased with the reintroduction of our website at our Akins subsidiary www.akins.com."

Income from continuing operations before income taxes was $1.5 million for the third fiscal quarter ended June 30, 2008 compared to $1.6 million in the comparable period in the prior year. The litigation matters that were resolved in the prior fiscal year have reduced our professional and legal costs during the period with significantly higher fuel costs partially offsetting that decrease. Additionally, interest expense decreased during the period because of lower borrowings and interest rates.

"We are aggressively managing expenses in this tough environment," commented Andrew Plummer AMCON's Chief Financial Officer. "We are especially pleased to announce that we were able to renew our credit facility one year early and extend it for another three years. This is a testament to our conservative financial posture given the tight credit markets. There is a direct correlation between our liquidity and our ability to develop opportunities for 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 and the other factors described under Item 1.A. of the Company's Annual Report on Form 10-K. 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:
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AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
June 30, 2008 and September 30, 2007

	June 2008 (Unaudited)	Septembe 2007
ASSETS		
Current assets:		

Cash	$ 646,696	$ 717,
Accounts receivable, less allowance for doubtful accounts of $0.5 million and $0.3 million, respectively	25,537,979	27,848,
Inventories, net	37,730,061	29,738,
Deferred income taxes	1,588,880	1,446,
Current assets of discontinued operations	3,485	18,
Prepaid and other current assets	4,261,048	5,935,
Total current assets	69,768,149	65,705,
Property and equipment, net	11,080,791	11,190,
Goodwill	5,848,808	5,848,
Other intangible assets, net	3,373,269	3,400,
Deferred income taxes	625,261	2,768,
Non-current assets of discontinued operations	2,057,033	2,057,
Other assets	1,346,397	1,093,
	$ 94,099,708	$ 92,063,
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,017,107	$ 15,253,
Accrued expenses	5,176,143	5,293,
Accrued wages, salaries and bonuses	1,654,009	2,202,
Income taxes payable	197,407	367,
Current liabilities of discontinued operations	4,199,466	4,035,
Current maturities of credit facility	3,046,000	3,046,
Current maturities of long-term debt	726,548	568,
Total current liabilities	30,016,680	30,767,
Credit facility, less current maturities	35,354,698	35,808,
Long-term debt, less current maturities	6,794,247	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, $0.01 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, 568,564 shares outstanding at June 2008 and 529,436 shares outstanding at September 2007	5,686	5,
Additional paid-in capital	6,817,726	6,396,
Retained earnings (deficit)	2,289,989	(857,
Total shareholders' equity	9,113,401	5,543,
	$ 94,099,708	$ 92,063,

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Operations
for the three and nine months ended June 30, 2008 and 2007

	For the three months ended June		For the nine mo ended June	
	2008	2007 As Restated/1/	2008	As Re
Sales (including excise taxes of $53.6 million and $54.5 million, and $151.5 million and $152.5 million, respectively)	$ 223,397,392	$ 220,072,350	$ 624,472,299	$ 630
Cost of sales	207,135,083	203,027,613	577,272,429	583
Gross profit	16,262,309	17,044,737	47,199,870	47
Selling, general and administrative expenses	12,959,518	12,950,796	37,866,602	38
Depreciation and amortization	340,983	450,902	1,043,266	1
	13,300,501	13,401,698	38,909,868	39
Operating income	2,961,808	3,643,039	8,290,002	7
Other expense (income):				
Interest expense	635,523	1,176,313	2,354,883	3
Other (income), net	(17,958)	(81,510)	(90,437)	
	617,565	1,094,803	2,264,446	3
Income from continuing operations before income tax expense	2,344,243	2,548,236	6,025,556	4
Income tax expense	857,000	995,000	2,226,000	1
Income from continuing operations	1,487,243	1,553,236	3,799,556	2
Discontinued operations				
Gain on disposal of discontinued operations, net of income tax expense of $0.6 million	-	-	-	
Loss from discontinued operations, net of income tax (benefit) of ($0.1) million and ($0.1) million, and ($0.2) million and ($0.3) million, respectively	(98,441)	(131,740)	(291,881)	
(Loss) income on discontinued operations	(98,441)	(131,740)	(291,881)	
Net income	1,388,802	1,421,496	3,507,675	2
Preferred stock dividend requirements	(104,386)	(104,386)	(314,306)	
Net income available to common shareholders	$ 1,284,416	$ 1,317,110	$ 3,193,369	$ 2

Basic earnings (loss) per share available to common shareholders:				
Continuing operations	$ 2.57	$ 2.75	$ 6.50	$
Discontinued operations	(0.18)	(0.25)	(0.54)	
Net basic earnings per share available to common shareholders	$ 2.39	$ 2.50	$ 5.96	$
Diluted earnings (loss) per share available to common shareholders:				
Continuing operations	$ 1.75	$ 1.80	$ 4.46	$
Discontinued operations	(0.12)	(0.15)	(0.34)	
Net diluted earnings per share available to common shareholders	$ 1.63	$ 1.65	$ 4.12	$
Weighted average shares outstanding:				
Basic	537,064	527,062	536,002	
Diluted	851,911	862,598	850,898	

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Cash Flows
for the nine months ended June 30, 2008 and 2007

	2008	2007 As restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,507,675	$ 2,811,1
Deduct: (Loss) income from discontinued operations, net of tax	(291,881)	315,0
Income from continuing operations	3,799,556	2,496,1
Adjustments to reconcile net income from continuing operations to net cash flows from operating activities:		
Depreciation	1,016,465	1,335,1
Amortization	26,801	29,8
(Gain) on sale of property and equipment	(36,417)	(16,6
Stock based compensation	302,350	37,8
Deferred income taxes	2,000,291	1,815,5
Provision (benefit) for losses on doubtful accounts	238,000	(93,1
Provision for losses on inventory obsolescence	118,976	148,5
Changes in assets and liabilities:		
Accounts receivable	2,072,959	1,255,2
Inventories	(8,110,310)	(1,500,9
Prepaid and other current assets	1,674,160	(1,001,8
Other assets	(253,247)	96,4
Accounts payable	(236,455)	(2,310,0
Accrued expenses and accrued wages, salaries and bonuses	(666,365)	563,8
Income tax payable	(170,366)	(13,2
Net cash flows from operating activities - continuing operations	1,776,398	2,842,5
Net cash flows from operating activities - discontinued operations	(112,866)	(1,915,0

Net cash flows from operating activities	1,663,532	927,5
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(667,268)	(345,6
Proceeds from sales of property and equipment	74,821	34,2
Net cash flows from investing activities - continuing operations	(592,447)	(311,3
Net cash flows from investing activities - discontinued operations	-	3,965,3
Net cash flows from investing activities	(592,447)	3,654,0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on bank credit agreements	(453,482)	(2,956,2
Dividends on preferred stock	(314,306)	(313,1
Dividends on common stock	(45,485)	
Proceeds from exercise of stock options	119,636	
Principal payments on long-term debt	(448,306)	(415,2
Net cash flows from financing activities - continuing operations	(1,141,943)	(3,684,6
Net cash flows from financing activities - discontinued operations	-	(789,8
Net cash flows from financing activities	(1,141,943)	(4,474,5
Net change in cash	(70,858)	106,9
Cash, beginning of period	717,554	481,1
Cash, end of period	$ 646,696	$ 588,1
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 2,488,101	$ 3,729,2
Cash paid during the period for income taxes	221,076	99,0
Supplemental disclosure of non-cash information:		
Buyer's assumption of HNWC lease in connection with the sale of HNWC's assets - discontinued operations	-	(225,5
Acquisition of equipment through capital leases	277,624	

/1/ As previously disclosed in the Company's Fiscal 2007 Annual Report on Form 10-K, during the f of fiscal 2007, the Company changed its inventory valuation method from the Last-In First-Out (LI to the First-In First-Out (FIFO) method. As required by U.S. generally accepted accounting princ change in accounting principle was reflected in the Company's financials statements through the r application of the FIFO method and the restatement of prior fiscal periods, including the three a fiscal periods ended June 30, 2007.