

REX AMERICAN RESOURCES Corp  
Form 10-Q  
December 03, 2015

**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 October 31, 2015**

**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 001-09097**

**REX AMERICAN RESOURCES CORPORATION**

**(Exact name of registrant as specified in its charter)**

**Delaware** **31-1095548**  
**(State or other jurisdiction of (I.R.S. Employer**  
**incorporation or organization) Identification Number)**

**7720 Paragon Road, Dayton, Ohio 45459**  
**(Address of principal executive offices) (Zip Code)**

**(937) 276-3931**

**(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.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

At the close of business on December 2, 2015 the registrant had 6,858,002 shares of Common Stock, par value \$.01 per share, outstanding.

## REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES

## INDEX

	Page
<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>
<u>Item 1.</u>	<u>Financial Statements</u>
	<u>Consolidated Condensed</u>
	<u>Balance Sheets</u> 3
	<u>Consolidated Condensed</u>
	<u>Statements of Operations</u> 4
	<u>Consolidated Condensed</u>
	<u>Statements of Equity</u> 5
	<u>Consolidated Condensed</u>
	<u>Statements of Cash Flows</u> 6
	<u>Notes to Consolidated</u>
	<u>Condensed Financial Statements</u> 7
<u>Item 2.</u>	<u>Management's Discussion and</u>
	<u>Analysis of Financial Condition</u>
	<u>and Results of Operations</u> 21
<u>Item 3.</u>	<u>Quantitative and Qualitative</u>
	<u>Disclosures About Market Risk</u> 30
<u>Item 4.</u>	<u>Controls and Procedures</u> 30
<u>PART II.</u>	<u>OTHER INFORMATION</u>
<u>Item 1.</u>	<u>Legal Proceedings</u> 31
<u>Item 1A.</u>	<u>Risk Factors</u> 31
<u>Item 2.</u>	<u>Unregistered Sales of Equity</u>
	<u>Securities and Use of Proceeds</u> 31
<u>Item 3.</u>	<u>Defaults upon Senior Securities</u> 31
<u>Item 4.</u>	<u>Mine Safety Disclosures</u> 31
<u>Item 5.</u>	<u>Other Information</u> 31
<u>Item 6.</u>	<u>Exhibits</u> 31

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

## REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES

**Consolidated Condensed Balance Sheets**

Unaudited

	October 31, 2015	January 31, 2015
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 136,626	\$ 137,697
Restricted cash	20	—
Accounts receivable	13,289	8,794
Inventory	23,556	18,062
Refundable income taxes	1,935	3,019
Prepaid expenses and other	7,134	5,810
Deferred taxes, net	2,363	2,363
Total current assets	184,923	175,745
Property and equipment, net	189,126	194,447
Other assets	8,131	6,366
Equity method investments	41,088	80,389
Total assets	\$ 423,268	\$ 456,947
Liabilities and equity:		
Current liabilities:		
Accounts payable, trade	\$ 14,535	\$ 9,210
Accrued expenses and other current liabilities	9,189	10,347
Total current liabilities	23,724	19,557
Long-term liabilities:		
Deferred taxes	34,690	42,768
Other long-term liabilities	—	1,658
Total long-term liabilities	34,690	44,426
Equity:		
REX shareholders' equity:		
Common stock	299	299
Paid-in capital	144,814	144,791
Retained earnings	472,188	444,438
Treasury stock	(299,668)	(239,557)
Total REX shareholders' equity	317,633	349,971
Noncontrolling interests	47,221	42,993

Edgar Filing: REX AMERICAN RESOURCES Corp - Form 10-Q

Total equity	364,854	392,964
Total liabilities and equity	\$423,268	\$456,947

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

3

**REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES****Consolidated Condensed Statements Of Operations**

Unaudited

	Three Months Ended October 31, 2015		Nine Months Ended October 31, 2015	
	2014	2014	2014	2014
	(In Thousands, Except Per Share Amounts)			
Net sales and revenue	\$ 110,584	\$ 138,424	\$ 329,261	\$ 444,580
Cost of sales	96,311	101,934	287,585	332,612
Gross profit	14,273	36,490	41,676	111,968
Selling, general and administrative expenses	(4,720 )	(4,350 )	(15,629 )	(15,369 )
Gain on sale of investment	—	—	10,385	—
Equity in income of unconsolidated affiliates	1,314	8,780	7,857	24,322
Gain on disposal of property and equipment, net	1	—	496	—
Interest and other income	199	107	524	242
Interest expense	—	(454 )	—	(1,737 )
Income from continuing operations before income taxes	11,067	40,573	45,309	119,426
Provision for income taxes	(1,634 )	(12,124 )	(12,726 )	(40,053 )
Income from continuing operations	9,433	28,449	32,583	79,373
Income (loss) from discontinued operations, net of tax	—	2	—	(2 )
Gain on disposal of discontinued operations, net of tax	—	138	—	136
Net income	9,433	28,589	32,583	79,507
Net income attributable to noncontrolling interests	(1,977 )	(5,249 )	(4,833 )	(12,518 )
Net income attributable to REX common shareholders	\$ 7,456	\$ 23,340	\$ 27,750	\$ 66,989
Weighted average shares outstanding – basic	6,915	8,170	7,460	8,157
Basic income per share from continuing operations attributable to REX common shareholders	\$ 1.08	\$ 2.84	\$ 3.72	\$ 8.19
Basic income per share on disposal of discontinued operations attributable to REX common shareholders	—	0.02	—	0.02
Basic net income per share attributable to REX common shareholders	\$ 1.08	\$ 2.86	\$ 3.72	\$ 8.21
Weighted average shares outstanding – diluted	6,931	8,170	7,469	8,168
Diluted income per share from continuing operations attributable to REX common shareholders	\$ 1.08	\$ 2.84	\$ 3.72	\$ 8.18
Diluted income per share on disposal of discontinued operations attributable to REX common shareholders	—	0.02	—	0.02
Diluted net income per share attributable to REX common shareholders	\$ 1.08	\$ 2.86	\$ 3.72	\$ 8.20

Edgar Filing: REX AMERICAN RESOURCES Corp - Form 10-Q

Amounts attributable to REX common shareholders:

Income from continuing operations, net of tax	\$7,456	\$23,200	\$27,750	\$66,855
Income from discontinued operations, net of tax	—	140	—	134
Net income	\$7,456	\$23,340	\$27,750	\$66,989

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

**REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES****Consolidated Condensed Statements Of Equity****Unaudited**

(In Thousands)

	REX Shareholders							
	Common Shares Issued		Treasury		Paid-in Capital	Retained Earnings	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount				
Balance at January 31, 2015	29,853	\$ 299	21,954	\$(239,557)	\$ 144,791	\$ 444,438	\$ 42,993	\$ 392,964
Net income						27,750	4,833	32,583
Treasury stock acquired			1,044	(60,116 )				(60,116 )
Stock based compensation expense			(3 )	5	23			28
Noncontrolling interests distribution and other	—	—	—	—	—	—	(605 )	(605 )
Balance at October 31, 2015	29,853	\$ 299	22,995	\$(299,668)	\$ 144,814	\$ 472,188	\$ 47,221	\$ 364,854
Balance at January 31, 2014	29,853	\$ 299	21,753	\$(222,170)	\$ 144,051	\$ 357,101	\$ 31,472	\$ 310,753
Net income						66,989	12,518	79,507
Treasury stock acquired			123	(8,412 )				(8,412 )
Stock based compensation and related tax effects			(83 )	851	740			1,591
Noncontrolling interests distribution and other	—	—	—	—	—	—	(39 )	(39 )
Balance at October 31, 2014	29,853	\$ 299	21,793	\$(229,731)	\$ 144,791	\$ 424,090	\$ 43,951	\$ 383,400

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.



**REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES****Consolidated Condensed Statements Of Cash Flows****Unaudited**

	Nine Months Ended October 31,	
	2015	2014
	(In Thousands)	
Cash flows from operating activities:		
Net income including noncontrolling interests	\$32,583	\$79,507
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, impairment charges and amortization	14,193	12,480
Income from equity method investments	(7,857 )	(24,322)
Gain on sale of investment	(10,385)	—
Gain on disposal of real estate and property and equipment, net	(496 )	(209 )
Dividends received from equity method investees	7,643	19,881
Derivative financial instruments	—	(1,141 )