

MGP INGREDIENTS INC
Form 10-Q
February 09, 2011
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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 December 31, 2010.

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.)

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

17,824,813 shares outstanding

as of February 7, 2011

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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, encouraged, opportunity, or the negatives of these terms 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) disruptions in operations at our Atchison facility, (ii) the availability and cost of grain and fluctuations in energy costs, (iii) the effectiveness of our hedging strategy, (iv) the competitive environment and related market conditions, (v) the ability to effectively operate the Illinois Corn Processing, LLC (ICP) joint venture, (vi) our ability to maintain compliance with all applicable loan agreement covenants, (vii) our ability to realize operating efficiencies, (viii) 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, 2010.

METHOD OF PRESENTATION

All amounts in this quarterly report, except for share, per share, and per bushel amounts, are shown in thousands.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****MGP INGREDIENTS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(Dollars in thousands, except per-share amounts)**

	Quarter Ended		Year to Date Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net sales	\$ 57,951	\$ 48,094	\$ 114,929	\$ 98,343
Cost of sales	49,159	39,584	95,783	79,996
Gross profit	8,792	8,510	19,146	18,347
Selling, general and administrative expenses	4,360	5,004	10,587	9,600
Other operating costs	55	455	328	1,252
Loss (gain) on sale of assets	33	(500)	322	(700)
Loss on joint venture formation		3,047		3,047
Income from operations	4,344	504	7,909	5,148
Other income, net		2	3	23
Interest expense	(141)	(537)	(266)	(1,326)
Equity in earnings (loss) of joint ventures	(957)	150	632	102
Income before income taxes	3,246	119	8,278	3,947
Provision (benefit) for income taxes	4	(4,659)	34	(4,569)
Net income	3,242	4,778	8,244	8,516
Other comprehensive income (loss), net	(203)	3	(176)	3
Comprehensive income	\$ 3,039	\$ 4,781	\$ 8,068	\$ 8,519
Per Share Data				
Total basic earnings per common share	\$ 0.18	\$ 0.29	\$ 0.46	\$ 0.51
Total diluted earnings per common share	\$ 0.18	\$ 0.29	\$ 0.46	\$ 0.51
Dividends per common share	\$	\$	\$ 0.05	\$

See accompanying notes to unaudited condensed consolidated financial statements

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MGP INGREDIENTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)