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AMCON DISTRIBUTING CO
Form 8-K
August 10, 2004

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) August 9, 2004

AMCON DISTRIBUTING COMPANY

(Exact name of registrant as specified in its charter)

| | | |
|--|-----------------------------|--------------------------------------|
| DELAWARE | 0-24708 | 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 7. FINANCIAL STATEMENTS AND EXHIBITS

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| EXHIBIT NO. | DESCRIPTION |
|-------------|---|
| 99.1 | Press release, dated August 9, 2004, issued by AMCON Distributing Company |

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 9, 2004, AMCON issued a press release announcing its earnings for the third quarter and nine months ended June 25, 2004. The press release is furnished herewith as an exhibit and incorporated herein by reference.

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

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: August 10, 2004

By : Michael D. James

Name: Michael D. James
Title: Treasurer & Chief Financial Officer

EXHIBIT INDEX

| Exhibit | Description |
|---------|---|
| 99.1 | Press release, dated August 9, 2004, issued by AMCON Distributing Company |

Exhibit 99.1

NEWS RELEASE

AMCON DISTRIBUTING REPORTS THIRD QUARTER RESULTS

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Omaha, Nebraska - August 9, 2004 AMCON Distributing Company (AMEX:DIT), an Omaha, Nebraska based consumer products company, today reported sales of \$218.9 million for the third quarter ended June 2004. This compares with sales of \$189.9 million for the third quarter of the prior year. Sales for the nine months ended June 2004, were \$605.3 million compared to \$564.7 million for the prior nine month period ended June 2003. The Company reported a net loss for the current third quarter of \$0.3 million (\$0.50 per diluted share) compared to net income of \$0.7 million (\$1.29 per diluted share) for the prior third quarter. A net loss for the nine month period ended June 2004 was \$0.9 million (\$1.61 per diluted share) compared to a profit of \$0.7 million (\$1.29 per diluted share) for the prior comparable nine month period ended June 2003.

William F. Wright, Chairman of AMCON Distributing Company, stated that "During the third quarter ended June 2004, the Company announced the acquisition of the Trinity/R/ tradename and substantially all of the operating assets from Trinity Springs, Ltd. The Company also completed a one-for-six reverse stock split which eliminated a significant number of small shareholders, issued \$2.5 million of convertible preferred stock in a private placement transaction and opened a new retail store in Oklahoma.

The loss for the quarter was primarily the result of approximately \$1.1 million in losses (after-tax) incurred in our beverage segment during the quarter and adverse LIFO adjustments to our inventories across all segments. With our recent acquisition of the business of Trinity Springs, which is showing significant increases in year-to-year sales, we are presently in the process of rationalizing all costs and personnel in the beverage segment. This process will continue through our fourth quarter and should be completed by October 1, the start of our next fiscal year.

Our retail segment, which produced significant improvements in net income during the first six months of the fiscal year, saw sales drop in the third quarter, when compared to the prior year, which, combined with a \$0.2 million charge to cost of sales to increase its LIFO inventory reserve, produced a net loss of \$0.4 million for the quarter. Sales fell, despite the opening of new store in April 2004, primarily due to our migration away from deli operations in the Florida stores, a government ban on ephedra-based products, and a shift in sales of low-carb products to main stream grocery stores."

Wright added, "Sales in our wholesale distribution segment increased by approximately 16% during the third quarter when compared to the prior year, primarily due to sales to new customers. The wholesale distribution segment produced net income of \$1.3 million during the quarter. This amount was down from the net income of \$1.7 million during the third quarter of the prior year, which received a boost from a reduction to cost of sales of \$1.3 million to decrease its LIFO inventory reserve compared with a charge to cost of sales of \$0.1 million to increase the LIFO inventory reserve during the third quarter of the current year."

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, South Dakota and Wyoming. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., both wholly-owned subsidiaries of The Healthy Edge, Inc. (formerly Food For Health Co., Inc.), operate health and natural product retail stores in central Florida (7), Kansas, Missouri, Nebraska and Oklahoma (4). The retail stores operate under the names Chamberlin's Market & Cafe and Akin's Natural Foods Market. Hawaiian Natural Water Company, Inc. produces and sells natural spring water under the Hawaiian Springs label. The water is bottled at the source on the Big Island of Hawaii. Trinity Springs, Inc., which was acquired in June

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2004, produces and sells geothermal bottled water and a natural mineral supplement under the Trinity label. The water and mineral supplement are both bottled at the base of the Trinity Mountains in Paradise, Idaho, one of the worlds deepest know sources. The Beverage Group, Inc. markets and distributes Hawaiian Springs and other premium beverage products, including HYPE Energy Drink, Lightnin' Energy Drink, Royal Kona Iced Coffee, Bottle Green Presse and Fruit Sodas, Bahia drinks and Xterra, a line of sports beverages and energy bars, in the United States, Canada and Mexico.

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. 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

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Balance Sheets
June 2004 and September 2003

| | (Unaudited) | |
|--|-------------|----------------|
| | June 2004 | September 2003 |
| ----- | | |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 711,257 | \$ 668,073 |
| Available-for-sale securities | - | 512,694 |
| Accounts receivable, less allowance for doubtful | | |

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| | | |
|---|----------------|---------------|
| accounts of \$0.9 million and \$0.8 million, respectively | 28,491,176 | 28,170,129 |
| Inventories | 30,798,156 | 32,489,051 |
| Income tax receivable | 1,075,629 | - |
| Deferred income taxes | 1,568,476 | 1,568,476 |
| Other | 1,124,721 | 581,950 |
| | ----- | ----- |
| Total current assets | 63,769,415 | 63,990,373 |
| Fixed assets, net | 19,842,824 | 16,951,615 |
| Goodwill | 6,091,397 | 6,091,397 |
| Other intangible assets | 19,267,938 | 11,420,542 |
| Other assets | 1,021,310 | 1,045,503 |
| | ----- | ----- |
| | \$ 109,992,884 | \$ 99,499,430 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 16,319,600 | \$ 15,092,091 |
| Accrued expenses and other current liabilities | 4,447,798 | 3,715,370 |
| Accrued wages, salaries, bonuses | 1,702,029 | 1,462,678 |
| Income tax payable | - | 540,414 |
| Current liabilities of discontinued operations | 122,976 | 117,612 |
| Current portion of long-term debt | 10,762,065 | 15,348,167 |
| Current portion of subordinated debt | 7,785,486 | 7,762,666 |
| | ----- | ----- |
| Total current liabilities | 41,139,954 | 44,038,998 |
| | ----- | ----- |
| Deferred income taxes | 1,291,429 | 1,367,367 |
| Non-current liabilities of discontinued operations | - | 161,025 |
| Other long-term liabilities | 5,146,551 | - |
| Long-term debt, less current portion | 43,457,833 | 35,654,423 |
| Subordinated debt, less current portion | 80,000 | 976,220 |
| Minority interest | - | - |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Series A cumulative convertible preferred stock, \$.01 par value, 100,000 shares authorized and issued | 1,000 | - |
| Common stock, \$.01 par value, 2,500,000 shares authorized, 527,062 and 528,159 shares issued, respectively | 5,271 | 31,690 |
| Additional paid-in capital - preferred stock | 2,454,568 | - |
| Additional paid-in capital - common stock | 6,406,575 | 5,997,977 |
| Accumulated other comprehensive income, net of tax of \$0.1 million and \$0.1 million, respectively | 95,933 | 220,732 |
| Retained earnings | 9,913,770 | 11,050,998 |
| | ----- | ----- |
| Total shareholders' equity | 18,877,117 | 17,301,397 |
| | ----- | ----- |
| | \$ 109,992,884 | \$ 99,499,430 |
| | ===== | ===== |

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AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Statements of Operations
 for the three and nine month periods ended June 2004 and 2003
 (Unaudited)

| | For the three months ended June | | For the nine months ended June | |
|---|------------------------------------|----------------|-----------------------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Sales (including excise taxes of \$50.3 million and \$42.8 million, and \$141.3 million and \$123.4 million, respectively) | \$ 218,891,060 | \$ 189,949,079 | \$ 605,345,475 | \$ 564,811,000 |
| Cost of sales | 203,794,520 | 173,924,679 | 561,580,512 | 520,811,000 |
| Gross profit | 15,096,540 | 16,024,400 | 43,764,963 | 43,800,000 |
| Selling, general and administrative expenses | 14,235,975 | 13,628,524 | 41,618,177 | 38,811,000 |
| Depreciation and amortization | 554,862 | 574,332 | 1,683,313 | 1,611,000 |
| | 14,790,837 | 14,202,856 | 43,301,490 | 40,422,000 |
| Income from operations | 305,703 | 1,821,544 | 463,473 | 3,378,000 |
| Other expense (income): | | | | |
| Interest expense | 842,260 | 788,898 | 2,445,401 | 2,211,000 |
| Other | (108,797) | (85,159) | (555,663) | (511,000) |
| | 733,463 | 703,739 | 1,889,738 | 1,700,000 |
| Income (loss) before income taxes | (427,760) | 1,117,805 | (1,426,265) | 1,678,000 |
| Income tax expense (benefit) | (163,000) | 427,000 | (574,000) | 427,000 |
| Minority interest, net of tax | - | - | - | - |
| Net income (loss) available to common shareholders | \$ (264,760) | \$ 690,805 | \$ (852,265) | \$ 2,105,000 |
| Earnings (loss) per share: | | | | |
| Basic | \$ (0.50) | \$ 1.31 | \$ (1.61) | \$ 1.61 |
| Diluted | \$ (0.50) | \$ 1.29 | \$ (1.61) | \$ 1.59 |
| Dividends per share | \$ 0.18 | \$ 0.18 | \$ 0.54 | \$ 0.54 |
| Weighted average shares outstanding: | | | | |
| Basic | 527,671 | 528,159 | 528,010 | 528,010 |
| Diluted | 527,671 | 534,858 | 528,010 | 528,010 |

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FOR FURTHER INFORMATION CONTACT:

Michael D. James
Chief Financial Officer
AMCON Distributing Company
Tel 402-331-3727
Fax 402-331-4834

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