



## Edgar Filing: AG SERVICES OF AMERICA INC - Form 8-K

the same period last year. The benefit of the cost cutting measures taken earlier in the year, including a nearly 30% reduction in staff, will not be realized by the Company until the second quarter of Fiscal 2004.

Definitive proxy statements have been mailed to shareholders for approval of the Company's previously announced transaction with ASP/ASA, LLC, an indirect subsidiary of American Securities Capital Partners, L.P (ASCP). The Company will seek final approval for the transaction at its annual shareholder meeting which is scheduled for 9 a.m. Central Standard Time on Monday, July 14th, 2003 at the Company's headquarters in Cedar Falls, Iowa. No assurance can be made that the transaction will be approved and/or completed.

ASCP is the private-equity investment arm of American Securities, a family office founded in 1947 by the late William Rosenwald, to manage his share of his family's Sears Roebuck fortune. ASCP manages more than \$1 billion of committed capital in private equity and is currently investing its third private-equity investment fund with outside investors, which has \$650 million of capital committed.

Ag Services of America, Inc. is based in Cedar Falls, Iowa, and is a leading supplier of crop input financing and agricultural inputs, including seed, chemicals and fertilizers to primarily corn and soybean growers in the U.S. The Company's one-stop shopping business model includes competitive and flexible financing packages through its AgriFlex Credit(r) program combined with a comprehensive offering of agricultural inputs from national sources such as Asgrow, BASF, Dekalb, Dow AgroSciences, DuPont, Garst, Monsanto, Syngenta and Pioneer Hi-Bred. The Company also administers additional financing programs for various suppliers, manufacturers and distributors in the agricultural industry and provides ancillary services such as crop insurance and grain marketing.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The factors that could cause actual results to differ materially, include the following: general economic conditions within the agricultural industry; competitive factors and pricing pressures; changes in seasonality of demand patterns; changes in weather conditions; changes in agricultural regulations; unexpected changes in collateral values; unknown risks; timing and/or probability of consummating the ASCP transaction; ability to obtain long term financing; an unexpected shareholder vote to disapprove the contemplated securities purchase agreement; an unexpected withdrawal by ASCP of the investment offered; and the risks described from time to time in the Company's SEC reports.

AgriFlex Credit is a registered trademark of Ag Services of America, Inc. All other trademarks or product names are the property of their respective owners.

For more information visit [www.agservices.com](http://www.agservices.com) or [www.american-securities.com](http://www.american-securities.com).

(All amounts in thousands, except per share amounts)

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Unaudited  
Three months ended  
May 31, 2003    May 31, 2002

Net revenues:		
Farm inputs	\$41,392	\$65,800
Financing income	5,398	6,316
Customer fees	1,169	2,485
Other	208	644
	-----	-----
Net revenue	\$48,167	\$75,245
	-----	-----
Cost of revenue:		
Farm inputs	\$38,242	\$60,636
Financing expense	3,731	3,382
Provision for doubtful notes	3,514	4,077
	-----	-----
Net cost of revenue	\$45,487	\$68,095
	-----	-----
Gross Profit:		
Farm inputs	\$3,150	\$5,164
Financing	1,667	2,934
Customer fees	1,169	2,485
Other	208	644
Provision for doubtful notes	(3,514)	(4,077)
	-----	-----
Gross margin	\$2,680	\$7,150
Operating expenses	3,177	3,643
	-----	-----
Income (loss) before income taxes	(\$497)	\$3,507
Income taxes	(\$188)	1,350
	-----	-----
Net income (loss)	(\$309)	\$2,157
	=====	=====
Earnings per share:		
Basic	(\$0.06)	\$0.39
Diluted	(\$0.06)	\$0.39
Weighted average shares:		
Basic	5,479,514	5,473,288
Diluted	5,479,514	5,513,826

Income Statement Information (Unaudited):	May 31, 2003	May 31, 2002
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Net Revenue		
Seeds	\$15,555    37.6%	\$22,772    34.6%
Chemicals	11,395    27.5%	19,212    29.2%
Fertilizers	14,442    34.9%	23,816    36.2%
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Farm Inputs	\$41,392    100.0%	\$65,800    100.0%
	=====	=====

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Balance Sheet Information (Unaudited):	May 31, 2003	May 31, 2002
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Notes receivables, net	\$322,245	\$423,000
All other assets	20,085	18,222
	-----	-----
Total assets	\$342,330	\$441,222
	=====	=====
Liabilities	\$264,776	\$367,324
Equity	77,554	73,898
	-----	-----
Total liabilities and equity	\$342,330	\$441,222
	=====	=====