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AMCON DISTRIBUTING CO
Form 8-K
April 11, 2001

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) March 23, 2001

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.)

10228 "L" Street, Omaha, NE 68127

(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 2. ACQUISITION OR DISPOSITION OF ASSETS

On March 23, 2001, the AMCON Distributing Company ("AMCON" or the "Company") completed the sale of the health and natural foods distribution business and related net assets of Food For Health Company Inc. ("FFH"), its wholly-owned subsidiary, to Tree of Life, Inc. ("TOL") for approximately \$8.9 million in cash, subject to certain adjustments as set forth in the Assets Purchase Agreement. The health and natural foods distribution business operated out of two distribution facilities located in Phoenix, AZ and Melbourne, FL. The Company retains the lease obligations for the two distribution facilities, but is reimbursed for the facilities cost for a six month period under a separate access agreement with TOL. Subsequent to the six month period, AMCON is responsible for the remaining lease obligations for the two distribution facilities. The Company has reflected an adjustment of approximately \$1.1 million in the accompanying pro forma condensed consolidated balance sheet to

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record a long-term liability for its estimated exposure in connection with these obligations. Consideration was determined by arms length negotiations.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(b) Pro Forma Financial Information

The following pro forma unaudited condensed consolidated financial data of AMCON reflects the pro forma impact on the Company's financial position and results of operations of the sale of FFH. Pro forma condensed consolidated statements of income are presented for the three months ended December 31, 2000 and 1999 and for the three years ended September 30, 2000, 1999 and 1998, reflecting pro forma adjustments as if the sale was consummated at the beginning of each of the periods presented. A pro forma condensed consolidated balance sheet is presented as of December 31, 2000, reflecting pro forma adjustments as if the sale was consummated on that date. Certain Management assumptions and adjustments are described in the accompanying notes. The following pro forma financial information is not necessarily indicative of the actual financial position or results of operations that would have resulted had the sale been consummated on the dates assumed, nor is it necessarily indicative of future operating results.

AMCON Distributing Company and Subsidiaries
Pro Forma Condensed Consolidated Statements of Income
Three months ended December 31, 2000
(Unaudited)

	Historical December 31, 2000 -----	Pro Forma Adjustments -----		Pro Forma December 31, 2000 -----
Sales	\$109,251,278	\$(8,228,774)	(1)	\$101,022,504
Cost of sales	96,351,902	(5,985,925)	(1)	90,365,977
	-----	-----		-----
Gross profit	12,899,376	(2,242,849)		10,656,527
Selling, general and administrative expenses	11,190,434	(2,936,439)	(1)	
		268,925	(2)	8,522,920
Depreciation and amortization	628,192	(131,270)	(1)	496,922
	-----	-----		-----
	11,818,626	(2,798,784)		9,019,842
	-----	-----		-----
Income from operations	1,080,750	555,935		1,636,685
Other expense (income):				
Interest expense	853,549	(139,490)	(3)	
		(77,500)	(4)	636,559
Other (income) expense	(21,234)	11,040	(1)	(10,194)
	-----	-----		-----
	832,315	(205,950)		626,365
	-----	-----		-----
Income before taxes	248,435	761,885		1,010,320

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Income tax expense	85,641	310,688	(5)	396,329
	-----	-----		-----
Net income	\$ 162,794	\$ 451,197		\$ 613,991
	=====	=====		=====
Earnings per share (diluted)	\$ 0.06	\$ 0.16		\$ 0.22
	=====	=====		=====
Weighted average shares outstanding (diluted)	2,819,443	2,819,443		2,819,443
	=====	=====		=====

AMCON Distributing Company and Subsidiaries
Pro Forma Condensed Consolidated Statements of Income
Three months ended December 31, 1999
(Unaudited)

	Historical December 31, 1999	Pro Forma Adjustments		Pro Forma December 31, 1999
	-----	-----		-----
Sales	\$112,043,760	\$ (11,427,664)	(1)	\$100,616,096
Cost of sales	98,085,020	(8,498,975)	(1)	89,586,045
	-----	-----		-----
Gross profit	13,958,740	(2,928,689)		11,030,051
Selling, general and administrative expenses	10,967,986	(2,762,800)	(1)	
		150,750	(2)	8,355,936
Depreciation and amortization	629,824	(118,136)	(1)	511,688
	-----	-----		-----
	11,597,810	(2,730,186)		8,867,624
	-----	-----		-----
Income (loss) from operations	2,360,930	(198,503)		2,162,427
Other expense (income):				
Interest expense	744,602	(139,764)	(3)	
		(72,625)	(4)	532,213
Other (income) expense	(8,112)	(7,682)	(1)	(15,794)
	-----	-----		-----
	736,490	(220,071)		516,419
	-----	-----		-----
Income before taxes	1,624,440	21,568		1,646,008
Income tax expense	612,197	21,671	(5)	633,868
	-----	-----		-----
Net income	\$ 1,012,243	\$ (103)		\$ 1,012,140
	=====	=====		=====
Earnings per share (diluted)	\$ 0.35	\$ 0.00		\$ 0.35

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	=====	=====	=====
Weighted average shares outstanding (diluted)	2,864,444	2,864,444	2,864,444
	=====	=====	=====

AMCON Distributing Company and Subsidiaries
Pro Forma Condensed Consolidated Statements of Income
Year ended September 30, 2000
(Unaudited)

	Historical September 30, 2000	Pro Forma Adjustments	Pro Forma September 30, 2000
	-----	-----	-----
Sales	\$466,125,245	\$ (41,393,914) (1)	\$424,731,331
Cost of sales	410,511,066	(30,542,869) (1)	379,968,197
	-----	-----	-----
Gross profit	55,614,179	(10,851,045)	44,763,134
Selling, general and administrative expenses	45,910,903	(11,479,540) (1)	
		603,000 (2)	35,034,363
Depreciation and amortization	2,794,996	(585,578) (1)	2,209,418
	-----	-----	-----
	48,705,899	(11,462,118)	37,243,781
	-----	-----	-----
Income from operations	6,908,280	611,073	7,519,353
Other expense (income):			
Interest expense	3,048,314	(549,508) (3)	
		(297,000) (4)	2,201,806
Other (income) expense	(2,159,995)	(87,847) (1)	(2,247,842)
	-----	-----	-----
	888,319	(934,355)	(46,036)
	-----	-----	-----
Income before taxes	6,019,961	1,545,428	7,565,389
Income tax expense	2,115,522	656,926 (5)	2,772,448
	-----	-----	-----
Net income	\$ 3,904,439	\$ 888,502	\$ 4,792,941
	=====	=====	=====
Earnings per share (diluted)	\$ 1.37	\$ 0.31	\$ 1.68
	=====	=====	=====
Weighted average shares outstanding (diluted)	2,853,320	2,853,320	2,853,320
	=====	=====	=====

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AMCON Distributing Company and Subsidiaries
 Pro Forma Condensed Consolidated Statements of Income
 Year ended September 30, 1999
 (Unaudited)

	Historical September 30, 1999 -----	Pro Forma Adjustments -----		Pro Forma September 30, 1999 -----
Sales	\$385,501,178	\$ (42,637,607)	(1)	\$342,863,571
Cost of sales	343,021,443	(31,952,148)	(1)	311,069,295
	-----	-----		-----
Gross profit	42,479,735	(10,685,459)		31,794,276
Selling, general and administrative expenses	32,754,406	(10,235,545)	(1)	
		135,600	(2)	22,654,461
Depreciation and amortization	1,861,364	(578,083)	(1)	1,283,281
	-----	-----		-----
	34,615,770	(10,678,028)		23,937,742
	-----	-----		-----
Income (loss) from operations	7,863,965	(7,431)		7,856,534
Other expense (income):				
Interest expense	1,754,837	(297,364)	(3)	
		(262,500)	(4)	1,194,973
Other (income) expense	(72,325)	(171,775)	(1)	(244,100)
	-----	-----		-----
	1,682,512	(731,639)		950,873
	-----	-----		-----
Income before taxes	6,181,453	724,208		6,905,661
Income tax expense	2,345,924	337,041	(5)	2,682,965
	-----	-----		-----
Net income	\$ 3,835,529	\$ 387,167		\$ 4,222,696
	=====	=====		=====
Earnings per share (diluted)	\$ 1.35	\$ 0.13		\$ 1.48
	=====	=====		=====
Weighted average shares outstanding (diluted)	2,855,419	2,855,419		2,855,419
	=====	=====		=====

AMCON Distributing Company and Subsidiaries
 Pro Forma Condensed Consolidated Statements of Income
 Year ended September 30, 1998
 (Unaudited)

Historical

Pro Forma

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	September 30, 1998	Pro Forma Adjustments		September 30, 1998
	-----	-----		-----
Sales	\$294,281,323	\$ (31,197,993)	(1)	\$263,083,330
Cost of sales	262,632,767	(23,452,792)	(1)	239,179,975
	-----	-----		-----
Gross profit	31,648,556	(7,745,201)		23,903,355
Selling, general and administrative expenses	25,088,767	(6,918,383)	(1)	18,170,384
Depreciation and amortization	1,120,482	(197,581)	(1)	922,901
	-----	-----		-----
	26,209,249	(7,115,964)		19,093,285
	-----	-----		-----
Income (loss) from operations	5,439,307	(629,237)		4,810,070
Other expense (income):				
Interest expense	1,814,555	(248,893)	(3)	
		(271,000)	(4)	1,294,662
Other (income) expense	(276,287)	(259,522)		(535,809)
	-----	-----		-----
	1,538,268	(779,415)		758,853
	-----	-----		-----
Income before taxes	3,901,039	150,178		4,051,217
Income tax expense	1,542,853	88,747	(5)	1,631,600
	-----	-----		-----
Net income	\$ 2,358,186	\$ 61,431		\$ 2,419,617
	=====	=====		=====
Earnings per share (diluted)	\$ 0.85	\$ 0.02		\$ 0.87
	=====	=====		=====
Weighted average shares outstanding (diluted)	2,788,996	2,788,996		2,788,996
	=====	=====		=====

AMCON Distributing Company
Notes to Pro Forma Condensed Consolidated Statements of Income
Three months ended December 31, 2000 and
Years ended September 30, 2000, 1999 and 1998

(1) Adjustment eliminates from consolidated results the amounts contributed by the health and natural foods distribution business. Adjustments do not reflect the net gain or loss on the sale of the health and natural foods distribution business as the resulting gain or loss will not be a component of continuing operations.

(2) Adjustment reflects pro forma amount of corporate overhead originally allocated to the health and natural foods distribution business for segment reporting purposes.

(3) Adjustment reflects pro forma reduction in interest expense from debt reductions resulting from the use of proceeds from the sale of FFH including repayment of approximately \$5.4 million of long-term debt associated with the

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health and natural foods distribution business. Pro forma adjustments based on actual interest rates incurred during the related periods.

(4) Adjustment reflects pro forma reduction in interest expense during the period on \$3.5 million of cash proceeds applied to reduce the Company's debt, excluding repayment of debt described in (3) above. Calculations are based on actual interest rates realized during the related periods.

(5) Adjustment reflects the pro forma tax effect of the pro forma adjustments discussed in the notes above at FFH's estimated effective tax rate. The difference between FFH's statutory tax rate of 39% and its effective tax rate is attributable to non-deductible goodwill amortization.

AMCON Distributing Company and Subsidiaries
Pro Forma Condensed Consolidated Balance Sheet
December 31, 2000
(Unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current assets:			
Cash	\$ 1,414,270	-	\$ 1,414,270
Accounts receivable	17,341,106	(1,886,429) (1)	15,454,677
Inventories	24,528,190	(6,022,201) (1)	18,505,989
Deferred income taxes	1,653,871	(136,000) (1)	1,517,871
Other	614,049	(225,360) (1)	388,689
	-----	-----	-----
Total current assets	45,551,486	(8,269,990)	37,281,496
Fixed assets, net	5,771,799	(970,555) (1)	4,801,244
Notes receivable	750,000	-	750,000
Investments	495,062	-	495,062
Other assets	15,172,915	(2,837,522) (1)	12,335,393
	-----	-----	-----
	\$ 67,741,262	\$ (12,078,067)	\$ 55,663,195
	-----	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 11,267,770	\$ (3,457,339) (1)	\$ 7,810,431
Accrued expenses	4,092,186	(1,027,116) (1)	3,065,070
Income taxes payable	440,781	- (1)	440,781
Dividends payable	82,137	-	82,137
Current portion of long-term debt	2,830,282	(216,000)	2,614,282
Current portion of subordinated debt	906,318	- (2)	906,318
	-----	-----	-----
Total current liabilities	19,619,474	(4,700,455)	14,919,019
	-----	-----	-----
Other liabilities	1,204,647	1,093,133 (3)	2,297,780
Long-term debt, less current portion	21,251,544	(8,684,000) (2)	12,567,544

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Subordinated debt, less current portion	8,735,236	-	8,735,236
Shareholders' equity (as restated):			
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-	-
Common stock, \$.01 par value, 15,000,000 shares authorized, 2,737,881 issued	27,379	-	27,379
Additional paid-in capital	4,122,464	-	4,122,464
Unrealized gain on investments available-for-sale, net of \$136,069 tax	223,237	-	223,237
Retained earnings	12,557,281	213,255 (1)	12,770,536
	-----	-----	-----
Total shareholders' equity	16,930,361	213,255	17,143,616
	-----	-----	-----
	\$ 67,741,262	\$ (12,078,067)	\$ 55,663,195
	=====	=====	=====

AMCON Distributing Company
Notes to Pro Forma Condensed Consolidated Balance Sheet
December 31, 2000

(1) Adjustment eliminates amounts attributable to the health and natural foods distribution business, net of assets and liabilities to be retained.

(2) Adjustment reflects the pro forma repayment of debt with the cash proceeds from the buyer, consistent with the intended actual application of cash proceeds after the closing of the transaction.

(3) Adjustment reflects the pro forma accrual of approximately \$1.1 million for the Company's estimated exposure under the lease obligations that will be retained by AMCON in connection with the two FFH distribution facilities.

(c) Exhibits:

2.1 Assets Purchase and Sale Agreement by and between Food For Health Company, Inc, AMCON Distributing Company and Tree of Life, Inc. dated March 8, 2001

2.2 Amendment to Assets Sale and Purchase Agreement effective March 23, 2001

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

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(Registrant)

Date: April 10, 2001

By : Michael D. James

Name: Michael D. James

Title: Treasurer & Chief Financial
Officer