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AMCON DISTRIBUTING CO
Form 8-K
January 19, 2010

UNITED STATES
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) January 18, 2010

AMCON DISTRIBUTING COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE	1-15589	47-0702918
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(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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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"This was a very solid quarter as both of our business segments performed well. Additionally, our recently announced acquisition in Northwest Arkansas is meeting our expectations," said Christopher H. Atayan AMCON's Chairman and Chief Executive Officer. "Our pursuit of superior customer service is the foundation of our focused business strategy. In a difficult economy, we believe that our management emphasis on fundamentals serves both our customers and shareholders well. We were particularly pleased that we were able to maintain deliveries during the recent spate of severe weather."

AMCON's wholesale distribution business reported revenues of \$235.0 million and operating income before depreciation and amortization of \$4.3 million in the first quarter of fiscal 2010. AMCON's retail health food business reported revenues of \$8.9 million and operating income before depreciation and amortization of \$1.0 million for the same period.

Kathleen M. Evans, President of AMCON's wholesale distribution business commented, "We have carefully integrated our Northwest Arkansas acquisition into the AMCON system. The most immediate impact of this effort is the bottom line benefits our new customers have enjoyed with the length and breadth of our product mix including food service."

Eric Hinkfent, President of AMCON's retail health food business commented, "We are diligently working on our new store opening in Tulsa. Overall market conditions continue to be challenging. Our strategy of providing a broad selection of products at an attractive price has developed considerable customer loyalty which drove our performance this quarter."

"Our stockholders' equity grew to \$25.7 million during the period. Moreover, we continue to maintain high levels of liquidity, which enabled us to develop profitable opportunities for our customers. The recent acquisition in Northwest Arkansas also contributed positively to our overall net income during the quarter," said Andrew C. Plummer, AMCON's Chief Financial Officer.

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 locations in Arkansas, Illinois, Missouri, Nebraska, North Dakota and South Dakota. Chamberlin's Natural Foods, Inc. and Health Food Associates, Inc., both wholly-owned subsidiaries of The Healthy Edge, Inc., operate health and natural product retail stores in central Florida (6), Kansas, Missouri, Nebraska and Oklahoma (4). The retail stores operate under the names Chamberlin's Market & Cafe www.chamberlins.com and Akins Natural Foods Market www.akins.com.

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 including, without limitation, availability of sufficient cash resources to conduct its business and meet its capital expenditures needs. 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

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For Further Information Contact:
 Christopher H. Atayan
 AMCON Distributing Company
 Ph 312-327-1770
 Fax: 312-527-3964

AMCON Distributing Company and Subsidiaries
 Condensed Consolidated Balance Sheets
 December 31, 2009 and September 30, 2009

	December 2009 (Unaudited)	September 2009
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 517,964	\$ 309,
Accounts receivable, less allowance for doubtful accounts of \$0.9 million at December 2009 and September 2009	23,681,183	28,393,
Inventories, net	32,948,314	34,486,
Deferred income taxes	1,703,413	1,701,
Prepaid and other current assets	4,407,930	1,728,
	-----	-----
Total current assets	63,258,804	66,619,
Property and equipment, net	11,642,259	11,256,
Goodwill	6,149,168	5,848,
Other intangible assets	4,959,519	3,373,
Other assets	1,025,876	1,026,
	-----	-----
	\$ 87,035,626	\$ 88,124,
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,914,745	\$ 15,222,
Accrued expenses	5,895,614	6,768,
Accrued wages, salaries and bonuses	2,003,255	3,257,
Income taxes payable	904,099	3,984,
Current maturities of credit facility	127,067	177,
Current maturities of long-term debt	995,327	1,470,
	-----	-----
Total current liabilities	23,840,107	30,882,
Credit facility, less current maturities	25,476,512	22,655,
Deferred income taxes	1,268,662	1,256,
Long-term debt, less current maturities	5,858,402	5,066,

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Other long-term liabilities	440,420	
Series A cumulative, convertible preferred stock, \$.01 par value 100,000 shares authorized and issued, liquidation preference \$25.00 per share	2,500,000	2,500,000
Series B cumulative, convertible preferred stock, \$.01 par value 80,000 shares authorized and issued, liquidation preference \$25.00 per share	2,000,000	2,000,000
Shareholders' equity:		
Preferred stock, \$.01 par, 1,000,000 shares authorized, 180,000 shares outstanding and issued in Series A and B referred to above	-	-
Common stock, \$.01 par value, 3,000,000 shares authorized, 575,439 shares outstanding at December 2009 and 573,232 shares outstanding at September 2009	5,754	5,754
Additional paid-in capital	7,954,295	7,617,000
Retained earnings	17,691,474	16,140,000
	-----	-----
Total shareholders' equity	25,651,523	23,763,000
	-----	-----
	\$ 87,035,626	\$ 88,124,000
	=====	=====

AMCON Distributing Company and Subsidiaries
Condensed Consolidated Unaudited Statements of Operations
for the three months ended December 31, 2009 and 2008

	2009	
	-----	-----
Sales (including excise taxes of \$81.6 million and \$50.3 million, respectively)	\$ 243,941,038	\$ 217,000,000
Cost of sales	226,713,025	201,000,000
	-----	-----
Gross profit	17,228,013	15,000,000
	-----	-----
Selling, general and administrative expenses	13,778,739	12,000,000
Depreciation and amortization	387,269	0
	-----	-----
	14,166,008	12,000,000
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Operating income	3,062,005	2
	-----	-----
Other expense (income):		
Interest expense	405,245	
Other (income), net	(13,380)	
	-----	-----
	391,865	
	-----	-----
Income from continuing operations before income taxes	2,670,140	2
	-----	-----
Income tax expense	941,000	
	-----	-----
Income from continuing operations	1,729,140	1
	-----	-----
Loss from discontinued operations, net of income tax benefit of \$0.1 million	-	
	-----	-----
Net income	1,729,140	1
	-----	-----
Preferred stock dividend requirements	(74,867)	
	-----	-----
Net income available to common shareholders	\$ 1,654,273	\$ 1
	=====	=====
Basic earnings (loss) per share available to common shareholders:		
Continuing operations	\$ 2.95	\$
Discontinued operations	-	
	-----	-----
Net basic earnings per share available to common shareholders	\$ 2.95	\$
	=====	=====
Diluted earnings (loss) per share available to common shareholders:		
Continuing operations	\$ 2.32	\$
Discontinued operations	-	
	-----	-----
Net diluted earnings per share available to common shareholders	\$ 2.32	\$
	=====	=====
Weighted average shares outstanding:		
Basic	560,119	
Diluted	745,223	

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Condensed Consolidated Unaudited Statements of Cash Flows
for the three months ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,729,140	\$ 1,299,5
Deduct: Loss from discontinued operations, net of tax	-	(102,0
	1,729,140	1,401,6
Income from continuing operations		
Adjustments to reconcile net income from continuing operations to net cash flows from operating activities:		
Depreciation	338,099	310,3
Amortization	49,170	
Gain on sale of property and equipment	(16,935)	(43,6
Stock based compensation	163,364	132,9
Net excess tax (benefit) deficiency on equity-based awards	(107,048)	16,5
Deferred income taxes	10,104	47,4
Provision for losses on doubtful accounts	16,426	77,0
Provision for losses on inventory obsolescence	76,703	92,7
Changes in assets and liabilities, net of effect of acquisition:		
Accounts receivable	4,695,589	3,791,3
Inventories	3,442,508	1,733,2
Prepaid and other current assets	(2,679,354)	833,5
Other assets	519	(351,9
Accounts payable	(1,329,456)	1,023,7
Accrued expenses and accrued wages, salaries and bonuses	(2,127,887)	(1,321,4
Income tax payable	(2,973,111)	572,2
	1,287,831	8,315,6
Net cash flows from operating activities - continuing operations		
Net cash flows from operating activities - discontinued operations	-	19,7
	1,287,831	8,335,4
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(596,612)	(265,9
Proceeds from sales of property and equipment	34,306	71,9
Acquisition	(3,099,836)	
	(3,662,142)	(194,0
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (payments) on bank credit agreement	2,769,851	(7,866,5
Principal payments on long-term debt	(182,901)	(197,7
Proceeds from exercise of stock options	66,411	
Net excess tax benefit (deficiency) on equity-based awards	107,048	(16,5
Dividends paid on preferred stock	(74,867)	(105,5
Dividends on common stock	(103,181)	(57,0
	2,582,361	(8,243,4
Net cash flows from financing activities		
Net change in cash	208,050	(102,1
Cash, beginning of period	309,914	457,6
	\$ 517,964	\$ 355,5
Cash, end of period		

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Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 381,746	\$ 544,2
Cash paid during the period for income taxes	3,903,998	182,3
Supplemental disclosure of non-cash information:		
Equipment acquisitions classified as accounts payable	21,512	
Business acquisition		
Inventory	1,981,498	
Property and equipment	122,978	
Customer relationships intangible asset	1,620,000	
Goodwill	300,360	
Note payable	500,000	
Contingent consideration	425,000	