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CAL MAINE FOODS INC
Form 10-Q/A
May 18, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

FORM 10-Q/A No. 1

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Amendment No. 1 to quarterly report on Form 10-Q for
the quarterly period ended February 26, 2005

CAL-MAINE FOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-04892

(Commission
File Number)

64-0500378

(IRS Employer
Identification Number)

3320 Woodrow Wilson Avenue

Jackson, Mississippi 22033

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (601) 948-6813

The undersigned registrant hereby includes the following items, financial statements, exhibits or other portions of its quarterly report on Form 10-Q for the year quarterly period ended February 26, 2005, as set forth in the pages attached hereto:

Part I. Item 1. Condensed Consolidated Financial Statements
Part II. Item 6. Exhibits

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

CAL-MAINE FOODS, INC.

Date: May 16, 2005

By: /s/ Charles F. Collins

Charles F. Collins

Vice President Controller

(Principal Accounting Officer)

CAL-MAINE FOODS, INC.

Amendment No. 1 to quarterly report on Form 10-Q for
quarterly period ended February 26, 2005.

This Form 10-Q/A No. 1 is filed solely for the purpose of correcting typographical errors in the condensed consolidated balance sheets as of February 26, 2005 and May 29, 2004. In the stockholder equity section, certain common stock dollar figures shifted columns. Common stock should be \$351 for February 26, 2005 and May 29, 2004. The year 2004 shifted from the date information in the treasury stock section and caused the dollar values of the treasury stock to transpose. The value of the common stock in treasury at February 26, 2005 should be \$(19,776), and \$(12,426) at May 29, 2004, instead of the amounts shown in the Form 10-Q quarterly report as originally filed. All total amounts, and all other amounts, are correctly stated.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

| | February 26, 2005 | May 29, 2004 |
|---|-------------------|-------------------|
| | (unaudited) | (note 1) |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,289 | \$ 36,629 |
| Investments | 2,093 | 36,352 |
| Trade and other receivables | 21,709 | 22,360 |
| Recoverable federal income taxes | 8,468 | 5,007 |
| Inventories | 47,387 | 49,896 |
| Prepaid expenses and other current assets | 1,369 | 1,695 |
| | <hr/> | <hr/> |
| Total current assets | 135,315 | 151,939 |
| Notes receivable and investments | 12,736 | 12,455 |
| Goodwill | 3,147 | 3,147 |
| Other assets | 1,438 | 1,960 |
| Property, plant and equipment | 279,745 | 275,622 |
| Less accumulated depreciation | (151,782) | (143,564) |
| | <hr/> | <hr/> |
| | 127,963 | 132,058 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 280,599 | \$ 301,559 |
| | <hr/> | <hr/> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 35,311 | \$ 39,363 |
| Current maturities of long-term debt | 9,363 | 9,597 |
| Deferred income taxes | 9,700 | 10,030 |
| | <hr/> | <hr/> |
| Total current liabilities | 54,374 | 58,990 |
| Long-term debt, less current maturities | 72,297 | 80,434 |
| Other non-current liabilities | 1,900 | 1,900 |
| Deferred income taxes | 21,600 | 20,070 |
| | <hr/> | <hr/> |
| Total liabilities | 150,171 | 161,394 |
| Stockholders' equity: | | |
| Common stock \$0.01 par value per share: | | |
| Authorized shares - 60,000 | | |
| Issued and outstanding shares - 35,130 at February 26, 2005 and May 29, 2004 | 351 | 351 |
| Class A common stock \$0.01 par value, authorized, issued and outstanding 2,400 shares | 24 | 24 |
| Paid-in capital | 28,621 | 26,308 |
| Retained earnings | 121,208 | 125,908 |
| Common stock in treasury-13,803 shares at February 26, 2005 and 13,307 shares at May 29, 2004 | (19,776) | (12,426) |

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| | February 26, 2005 | May 29, 2004 |
|--|-------------------|--------------|
| | | |
| Total stockholders' equity | 130,428 | 140,165 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 280,599 | \$ 301,559 |

See notes to condensed consolidated financial statements.

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CAL-MAINE FOODS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
UNAUDITED

| | 13 Weeks Ended | | 39 Weeks Ended | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | February 26, 2005 | February 28, 2004 | February 26, 2005 | February 28, 2004 |
| Net sales | \$ 101,042 | \$ 165,655 | \$ 293,789 | \$ 429,979 |
| Cost of sales | 83,927 | 107,871 | 261,007 | 294,742 |
| Gross profit | 17,115 | 57,784 | 32,782 | 135,237 |
| Selling, general and administrative | 12,440 | 21,341 | 36,531 | 57,772 |
| Operating income(loss) | 4,675 | 36,443 | (3,749) | 77,465 |
| Other income (expense): | | | | |
| Interest expense, net | (791) | (795) | (3,097) | (4,924) |
| Other | 247 | 1,651 | 1,168 | 4,465 |
| | (544) | 856 | (1,929) | (459) |
| Income (loss) before income taxes | 4,131 | 37,299 | (5,678) | 77,006 |
| Income tax expense (benefit) | 1,710 | 13,427 | (1,870) | 27,758 |
| Net income (loss) | \$ 2,421 | \$ 23,872 | \$ (3,808) | \$ 49,248 |
| Net income (loss) per common share: | | | | |
| Basic | \$ 0.10 | \$ 0.99 | \$ (0.16) | \$ 2.07 |
| Diluted | \$ 0.10 | \$ 0.98 | \$ (0.16) | \$ 2.03 |
| Dividends per common share | \$ 0.0125 | \$ 0.0125 | \$ 0.0375 | \$ 0.0375 |
| Weighted average shares outstanding: | | | | |
| Basic | 23,797 | 24,096 | 23,900 | 23,762 |
| Diluted | 23,905 | 24,418 | 23,900 | 24,280 |

See notes to condensed consolidated financial statements.

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CAL-MAINE FOODS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
UNAUDITED

| | 39 Weeks Ended | |
|--|-------------------|-------------------|
| | February 26, 2005 | February 28, 2004 |
| Cash flows provided by operating activities | \$ 4,971 | \$ 66,688 |
| Cash flows from investing activities: | | |
| Net decrease in investments | 34,259 | -0- |
| Purchases of property, plant and equipment | (8,199) | (5,630) |
| Construction of production facilities | -0- | (2,043) |
| Payments received on notes receivable and from investments | 989 | 196 |
| Increase in note receivable, investments and other assets | (565) | (1,535) |
| Net proceeds from sale of property, plant and equipment | 505 | 461 |
| Net cash provided by (used in) investing activities | 26,989 | (8,551) |
| Cash flows from financing activities: | | |
| Purchases of common stock for treasury | (7,614) | -0- |
| Long-term borrowings | -0- | 25,000 |
| Principal payments on long-term debt | (8,371) | (41,756) |
| Proceeds from issuance of common stock from treasury | 2,577 | 8,112 |
| Payment of dividends | (892) | (445) |
| Net cash used in financing activities | (14,300) | (9,089) |
| Net change in cash and cash equivalents | 17,660 | 49,048 |
| Cash and cash equivalents at beginning of period | 36,629 | 6,092 |
| Cash and cash equivalents at end of period | \$ 54,289 | \$ 55,140 |

See notes to condensed consolidated financial statements.

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CAL-MAINE FOODS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(in thousands, except share amounts)
February 26, 2005

1. Presentation of Interim Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended February 26, 2005 are not necessarily indicative of the results that may be expected for the year ending May 28, 2005.

The balance sheet at May 29, 2004 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

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For further information, refer to the consolidated financial statements and footnotes thereto included in Cal-Maine Foods, Inc.'s annual report on Form 10-K for the fiscal year ended May 29, 2004.

Stock Split

On April 14, 2004, the shareholders of the Company approved amendments to the Certificate of Incorporation to facilitate a two-for-one stock split approved by the Board of Directors on January 26, 2004. The split was effected in the form of a stock dividend paid on April 23, 2004 to stockholders of record on April 14, 2004. All share and per share data in the financial statements have been adjusted to reflect this stock split.

Stock Based Compensation

We account for stock option grants in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees.

The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock- Based Compensation, which require compensation cost for all stock-based employee compensation plans to be recognized based on the use of a fair value method (in thousands except per share amounts):

| | 13 Weeks Ended | | 39 Weeks Ended | |
|---|----------------|---------------|----------------|--------------|
| | Feb. 26, 2005 | Feb. 28, 2004 | Feb. 26, 2005 | Feb.28, 2004 |
| Net income (loss) | \$ 2,421 | \$ 23,872 | \$ (3,808) | \$ 49,248 |
| Add: Stock-based employee compensation expense included in reported net income(loss) | (242) | 6,069 | (467) | 15,450 |
| Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards | 113 | (2,811) | 212 | (6,253) |
| Pro forma net income (loss) | \$ 2,292 | \$ 27,130 | \$ (4,063) | \$ 58,445 |
| Earnings (loss) per share: | | | | |
| Basic-as reported | \$ 0.10 | \$ 0.99 | \$ (0.16) | \$ 2.07 |
| Basic-pro forma | \$ 0.10 | \$ 1.13 | \$ (0.17) | \$ 2.46 |
| Diluted-as reported | \$ 0.10 | \$ 0.98 | \$ (0.16) | \$ 2.03 |
| Diluted-pro forma | \$ 0.10 | \$ 1.11 | \$ (0.17) | \$ 2.41 |

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The fair value of our stock options were estimated as of the date of the grant using a Black-Scholes option pricing model with the following weighted-average assumptions for the prior year grants: risk-free interest rate of 3.00%; a dividend yield of 1.00%; expected volatility of 39.2%; and a weighted average expected life of the options of 5 years.

2. Inventories

Inventories consisted of the following:

| | February 26, 2005 | May 29, 2004 |
|--------|-------------------|--------------|
| Flocks | \$31,601 | \$34,011 |

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| | February 26, 2005 | May 29, 2004 |
|-------------------|-------------------|--------------|
| Eggs | 3,489 | 2,831 |
| Feed and supplies | 12,020 | 12,781 |
| Livestock | 277 | 273 |
| | \$47,387 | \$49,896 |

3. Stockholders Equity

Stock Repurchase Program

On August 3, 2004, our Board of Directors approved a repurchase program whereby we may purchase up to 2,000,000 shares of our common stock. The repurchase program will expire on July 31, 2005. We do not have any other stock repurchase programs.

The following table sets forth the share repurchase activity for the third quarter ended February 26, 2005:

Thirteen Weeks November 28, 2004 to February 26, 2005

| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of a Publicly Announced Program | Maximum Number of Shares that May Yet Be Repurchased Under the Program |
|---------------------------------------|-------------------------------------|------------------------------------|---|--|
| November 28, 2004 - December 25, 2004 | \$ 0 | \$ 0 | \$ 0 | \$1,437,497 |
| December 26, 2004 - January 22, 2005 | 35,000 | 11.47 | 35,000 | 1,402,497 |
| January 23, 2005 - February 26, 2005 | 105,000 | 9.93 | 105,000 | 1,297,497 |
| Total | \$140,000 | \$10.32 | \$140,000 | \$1,297,497 |

4. Legal Proceedings

We are defendants in certain legal actions. It is our opinion, based on advice of legal counsel, that the outcome of these actions will not have a material adverse effect on our consolidated financial position or operations. Please refer to Part II, Item 1, of this report for a description of certain pending legal proceedings.

5. Net Income (Loss) per Common Share

Basic earnings (loss) per share are based on the weighted average common shares outstanding. Diluted earnings per share include any dilutive effects of options and warrants. Options and warrants representing 107,725 shares were excluded from the calculation of diluted earnings per share for the nine month period ended February 26, 2005 because of the net loss for the period.

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ITEM 6. EXHIBITS

a. Exhibits

| No. | Description |
|------|--|
| 31.1 | Certification of The Chief Executive Officer |
| 31.2 | Certification of The Chief Financial Officer |
| 32.0 | Written Statement of The Chief Executive Officer and The Chief Financial Officer |

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