

DARLING INTERNATIONAL INC

Form 10-Q

November 10, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-24620

**DARLING INTERNATIONAL INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation or organization)

**251 O Connor Ridge Blvd., Suite 300**

**36-2495346**

(I.R.S. Employer  
Identification Number)

**Irving, Texas**

(Address of principal executive offices)

**75038**

(Zip Code)

Registrant's telephone number, including area code **(972) 717-0300**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 64,437,410 shares of common stock, \$0.01 par value, outstanding at November 3, 2005.

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DARLING INTERNATIONAL INC. AND SUBSIDIARIES  
FORM 10-Q FOR THE THREE MONTHS ENDED OCTOBER 1, 2005

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## DARLING INTERNATIONAL INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**

October 1, 2005 and January 1, 2005

(in thousands, except shares and per share data)

	October 1, 2005	January 1, 2005
	(unaudited)	
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 36,739	\$ 37,249
Restricted cash	2,355	2,379
Accounts receivable	24,320	26,675
Inventories	7,700	6,000
Prepaid expenses	4,524	3,740
Deferred income taxes	4,409	4,080
Assets held for sale		837
Other	6	13
Total current assets	80,053	80,973
Property, plant and equipment, less accumulated depreciation of \$171,538 at October 1, 2005 and \$166,353 at January 1, 2005	81,773	75,398
Collection routes and contracts, less accumulated amortization of \$32,068 at October 1, 2005 and \$29,163 at January 1, 2005	13,105	16,006
Goodwill	4,429	4,429
Deferred loan costs	3,008	3,565
Other assets	2,429	2,438
	\$ 184,797	\$ 182,809
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 5,026	\$ 5,030
Accounts payable, principally trade	9,264	8,144
Accrued expenses	30,282	28,005
Accrued interest	63	192
Total current liabilities	44,635	41,371
Long-term debt, net	45,759	49,528
Other non-current liabilities	17,136	20,197
Deferred income taxes	3,744	4,478
Total liabilities	111,274	115,574
Stockholders' equity:		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 64,437,410 and 63,918,346 shares issued and outstanding at October 1, 2005 and at January 1, 2005, respectively	644	639
Additional paid-in capital	79,364	77,393
Treasury stock, at cost; 21,000 shares at October 1, 2005 and January 1, 2005	(172 )	(172 )
Accumulated other comprehensive loss	(7,134 )	(7,331 )
Retained earnings/(deficit)	2,366	(3,294 )
Unearned compensation	(1,545 )	
Total stockholders' equity	73,523	67,235

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Commitments and contingencies

\$ 184,797

\$ 182,809

The accompanying notes are an integral part of these consolidated financial statements.

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DARLING INTERNATIONAL INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Three months and nine months ended October 1, 2005 and October 2, 2004

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	October 1 2005	October 2 2004	October 1 2005	October 2 2004
Net sales	\$79,332	\$80,047	\$231,959	\$248,845
Costs and expenses:				
Cost of sales and operating expenses	63,204	57,878	182,014	183,124
Selling, general and administrative expenses	8,111	9,203	26,158	27,301
Depreciation and amortization	3,812	3,559	11,390	11,301
Total costs and expenses	75,127	70,640	219,562	221,726
Operating income	4,205	9,407	12,397	27,119
Other income/(expense):				
Interest expense	(1,534 )	(1,664 )	(4,707 )	(5,224 )
Other, net				