

MGP INGREDIENTS INC
Form 10-Q
May 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2008.**

or

o 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: **0-17196**

MGP INGREDIENTS, INC.

(Exact name of registrant as specified in its charter)

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KANSAS

(State or other jurisdiction of incorporation or organization)

48-0531200

(I.R.S. Employer Identification No.)

100 Commercial Street, Atchison Kansas

(Address of principal executive offices)

66002

(Zip Code)

(913) 367-1480

(Registrant's telephone number, including area code)

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 the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

(Do not check if a smaller reporting company)

Smaller reporting company ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock, no par value

16,559,253 shares outstanding

as of March 31, 2008

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Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders

MGP Ingredients, Inc.

Atchison, Kansas

We have reviewed the accompanying condensed consolidated balance sheets of MGP Ingredients, Inc. as of March 31, 2008 and April 1, 2007, and the related condensed consolidated statements of income for the three-month and nine-month periods ended March 31, 2008 and April 1, 2007, and cash flows for the nine-month periods ended March 31, 2008 and April 1, 2007. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of July 1, 2007 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated August 31, 2007, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of July 1, 2007 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ BKD,LLP

Kansas City, Missouri
May 12, 2008

MGP INGREDIENTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME(LOSS)

(Unaudited)

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	Quarter Ended		Year-to-Date Ended	
	March 31, 2008	April 1, 2007 (as restated) (see note 12)	March 31, 2008	April 1, 2007 (as restated) (see note 12)
Dollars in thousands except per share amounts				
Net sales	\$ 106,694	\$ 93,807	\$ 288,666	\$ 266,447
Cost of sales	102,954	85,720	275,870	226,432
Gross profit	3,740	8,087	12,796	40,015
Selling, general and administrative expenses	6,532	5,432	17,626	15,399
Loss on impairment of assets	8,100		8,100	
Income (loss) from operations	(10,892)	2,655	(12,930)	24,616
Other income, net	456	585	570	1,145
Gain on settlement of litigation, net of related expenses			7,046	
Interest expense	(359)	(208)	(1,040)	(659)
Income (loss) before income taxes	(10,795)	3,032	(6,354)	25,102
Provision (benefit) for income taxes	(4,166)	884	(4,601)	9,204
Net income (loss)	(6,629)	2,148	(1,753)	15,898
Other comprehensive income (loss), net of tax:	(869)	(995)	4,765	(1,060)
Comprehensive income (loss)	\$ (7,498)	\$ 1,153	\$ 3,012	\$ 14,838
Per Share Data				
Total basic earnings per common share	\$ (0.40)	\$ 0.13	\$ (0.11)	\$ 0.97
Total diluted earnings per common share	\$ (0.39)	\$ 0.13	\$ (0.10)	\$ 0.94
Dividends per common share	\$	\$	\$ 0.15	\$ 0.20

See Notes to Condensed Consolidated Financial Statements

MGP INGREDIENTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2008 (unaudited)	April 1, 2007 (unaudited) (as restated) (see note 12)	July 1, 2007 (as restated) (see note 12)
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