

TASTY BAKING CO
Form 10-Q
August 07, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the twenty-six weeks ended July 1, 2006

- 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 1-5084

TASTY BAKING COMPANY

(Exact name of Company as specified in its charter)

Pennsylvania
(State of Incorporation)

23-1145880
(IRS Employer Identification Number)

2801 Hunting Park Avenue, Philadelphia, Pennsylvania 19129

(Address of principal executive offices including Zip Code)

215-221-8500

(Company'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 xNO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated Filer o Accelerated Filer x Non-accelerated Filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

There were 8,235,121 shares of Common Stock outstanding as of August 1, 2006.

TASTY BAKING COMPANY AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1.	Financial Statements (Unaudited)	
	Consolidated Balance Sheets July 1, 2006 and December 31, 2005	3
	Consolidated Statements of Operations Thirteen and Twenty-six weeks ended July 1, 2006 and June 25, 2005	4
	Consolidated Statements of Cash Flows Twenty-six weeks ended July 1, 2006 and June 25, 2005	5
	Notes to Consolidated Financial Statements	6-14
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15-20
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	20
Item 4.	Controls and Procedures	20

PART II. OTHER INFORMATION

Item 4.	Submission of Matters to a Vote of Security Holders	22
Item 5.	Other Information	22
Item 6.	Exhibits	23
Signature		24

Part I. FINANCIAL INFORMATION**Item 1. Financial Statements****TASTY BAKING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(000's)

	July 1, 2006	December 31, 2005
Assets		
Current assets:		
Cash	\$ 140	\$ 251
Receivables, less allowance of \$2,552 and \$3,272, respectively	20,389	18,389
Inventories	6,461	6,472
Deferred income taxes	2,127	2,127
Prepayments and other	1,227	1,769
Total current assets	30,344	29,008
Property, plant and equipment:		
Land	1,433	1,433
Buildings and improvements	42,946	42,282
Machinery and equipment	138,963	136,392
	183,342	180,107
Less accumulated depreciation	116,834	113,859
	66,508	66,248
Other assets:		
Long-term receivables from independent sales distributors	11,069	10,700
Deferred income taxes	13,113	13,251
Other	2,476	2,100
	26,658	26,051
Total assets	\$ 123,510	\$ 121,307
Liabilities		
Current liabilities:		
Current obligations under capital leases	\$ 549	\$ 534
Notes payable, banks	631	631
Book overdraft	2,168	3,482
Accounts payable	4,614	3,934
Accrued payroll and employee benefits	7,074	6,810
Reserve for restructures	45	247
Other	4,762	3,734
Total current liabilities	19,843	19,372
Long-term obligations under capital leases, less current portion	256	534
Long-term debt	23,592	22,558
Accrued pensions and other liabilities	24,562	24,599
Postretirement benefits other than pensions	16,244	16,955
Total liabilities	84,497	84,018
Shareholders' equity		

Edgar Filing: TASTY BAKING CO - Form 10-Q

Common stock	4,558	4,558
Capital in excess of par value of stock	28,982	28,910
Retained earnings	23,742	22,472
	57,282	55,940
Less:		
Accumulated other comprehensive loss	5,987	6,287
Treasury stock, at cost	12,282	11,912
Stock compensation arrangements, receivables and deferrals	—	452
Total shareholders' equity	39,013	37,289
Total liabilities and shareholders' equity	\$ 123,510	\$ 121,307

See Notes to Consolidated Financial Statements.

TASTY BAKING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(000's, except per share amounts)

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Gross sales	\$ 67,909	\$ 69,580	\$ 137,241	\$ 135,526
Less discounts and allowances	(25,348)	(25,850)	(51,771)	(50,642)
Net sales	42,561	43,730	85,470	84,884
Costs and expenses:				
Cost of sales	25,599	27,125	52,419	53,149
Depreciation	1,626	1,661	3,168	3,462
Selling, general and administrative	13,419	13,526	26,363	26,181
Interest expense	412	326	787	647
Other income, net	(274)	(242)	(574)	(480)
	40,782	42,396	82,163	82,959
Income before provision for income taxes	1,779	1,334	3,307	1,925
Provision for income taxes	644	448	1,218	560
Net income	\$ 1,135	\$ 886	\$ 2,089	\$ 1,365
Average common shares outstanding:				
Basic	8,052	8,056	8,052	8,060
Diluted	8,236	8,159	8,250	8,163
Per share of common stock:				
Net income:				
Basic	\$ 0.14	\$ 0.11	\$ 0.26	\$ 0.17
Diluted	\$ 0.14	\$ 0.11	\$ 0.25	\$ 0.17
Cash dividend	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

See Notes to Consolidated Financial Statements.

TASTY BAKING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)
(000's)

For the Twenty-Six Weeks Ended
June 25, 2005
(a)

Cash flows from (used for) operating activities

	July 1, 2006	June 25, 2005
Net income	\$ 2,089	\$ 1,365
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,168	3,462
Gain on sale of routes	(6)	—
Restructure payments	(202)	(343)
Pension expense	6	167
Deferred taxes	(52)	(124)
Post retirement medical	(711)	(99)
Other	404	466
Changes in assets and liabilities:		
Increase in receivables	(2,260)	(2,629)
(Increase) decrease in inventories	11	(378)
Decrease in prepayments and other	707	329
Increase in accrued taxes	914	395
Increase (decrease) in accounts payable, accrued payroll and other current liabilities	1,058	(4,021)
Net cash provided from (used for) operating activities	5,126	(1,410)

Cash flows from (used for) investing activities

Proceeds from sale of property, plant and equipment	75	—
Purchase of property, plant and equipment	(3,683)	(1,287)
Proceeds from independent sales distributor loan repayments	2,277	2,299
Loans to independent sales distributors	(2,362)	(2,483)
Other	(183)	(90)
Net cash used for investing activities	(3,876)	(1,561)

Cash flows from (used for) financing activities

Dividends paid	(818)	(817)
Payment of long-term debt	(579)	(356)
Net increase in short-term debt	—	1,900
Additional long-term debt	1,350	1,000
Net increase (decrease) in book overdraft	(1,314)	1,345
Purchase of treasury stock		