

AMERICAN VANGUARD CORP
Form 10-Q/A
January 27, 2004
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

.. **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 0-6354

AMERICAN VANGUARD CORPORATION

Delaware
(State or other jurisdiction of
Incorporation or organization)

4695 MacArthur Court, Newport Beach, California

95-2588080
(I.R.S. Employer
Identification Number)

92660

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(Address of principal executive offices)

(Zip Code)

(949) 260-1200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 x No "

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes " No "

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Common Stock, \$.10 Par Value 5,958,487 shares as of November 11, 2003.

Table of Contents

AMERICAN VANGUARD CORPORATION

INDEX

	<u>Page Number</u>
PART I FINANCIAL INFORMATION	
Item 1.	
Financial Statements.	
<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2003 and 2002</u>	1
<u>Consolidated Balance Sheets as of September 30, 2003 and December 31, 2002</u>	2
<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2003 and 2002</u>	4
<u>Notes to Consolidated Financial Statements</u>	6
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
PART II <u>OTHER INFORMATION</u>	16
Item 6.	
<u>Exhibits.</u>	16
<u>SIGNATURES AND CERTIFICATIONS</u>	17

Explanatory Note:

Items 1 and 2 listed above are each hereby amended by deleting the Item in its entirety and replacing it with the corresponding Item attached hereto and filed herewith. Item 6 listed above is hereby amended by replacing the specified portions indicated herein.

The purpose of this Amendment is to make certain changes to the above referenced Items in the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2003 that was originally filed on November 14, 2003 (the "Original Filing"). We are filing this amended Quarterly Report on Form 10-Q/A in response to comments received from the Securities and Exchange Commission (the "SEC") in connection with our Registration Statement on Form S-3 filed on September 30, 2003. This report continues to speak as of the date of the Original Filing and we have not updated the disclosure in this report to speak to any later date. While this report primarily relates to the historical period covered, events may have taken place since the date of the Original Filing that might have been reflected in this report if they had taken place prior to the Original Filing.

Any items in the Original Filing not expressly changed hereby shall be as set forth in the Original Filing. All information contained in this Amendment and the Original Filing is subject to updating and supplementing as provided in the Company's periodic reports filed with the SEC subsequent to the date of such reports.

Table of Contents**PART I. FINANCIAL INFORMATION**

ITEM 1. FINANCIAL STATEMENTS

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands except per share amounts)

(Unaudited)

	For the three months ended September 30		For the nine months ended September 30	
	2003	2002	2003	2002
Net sales	\$ 32,948	\$ 29,841	\$ 86,234	\$ 69,257
Cost of sales	18,091	17,826	48,056	40,236
Gross profit	14,857	12,015	38,178	29,021
Operating expenses	10,148	9,052	29,013	22,760
Operating Income	4,709	2,963	9,165	6,261
Interest expense	226	248	790	723
Interest income		(6)	(302)	(19)
Interest capitalized	(19)	(103)	(309)	(347)
Income before income taxes	4,502	2,824	8,986	5,904
Income taxes	1,687	1,059	3,221	2,214
Net income	\$ 2,815	\$ 1,765	\$ 5,765	\$ 3,690
Earnings per common share	\$.48	\$.31	\$.99	\$.64
Earnings per common share assuming dilution	\$.45	\$.30	\$.93	\$.61
Weighted average shares outstanding (note 4)	5,883	5,815	5,845	5,768
Weighted average shares outstanding assuming dilution (note 4)	6,232	6,073	6,172	6,048

See notes to consolidated financial statements.

Table of Contents**AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(In thousands)

ASSETS (note 5)

	September 30, 2003	Dec. 31, 2002
	(Unaudited)	(Note)
Current assets:		
Cash	\$ 969	\$ 3,275
Receivables:		
Trade	21,369	16,975
Other	435	219
	<u>21,804</u>	<u>17,194</u>
Inventories	29,530	21,228
Prepaid expenses	1,924	870
Deferred tax asset	289	289
Income tax benefit		918
	<u>54,516</u>	<u>43,774</u>
Total current assets	54,516	43,774
Property, plant and equipment, net (note 2)	21,566	19,984
Land held for development	211	211
Intangible assets	16,123	10,878
Other assets	708	601
	<u>\$ 93,124</u>	<u>\$ 75,448</u>

(Continued)

See notes to consolidated financial statements.

Table of Contents

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2003	Dec. 31, 2002
	(Unaudited)	(Note)
Current liabilities:		
Current installments of long-term debt	\$ 5,624	\$ 1,949
Accounts payable	7,461	5,159
Accrued program costs	10,220	4,875
Accrued expenses and other payables	4,505	2,714
Accrued royalty obligations	1,041	1,215
	<u>28,851</u>	<u>15,912</u>
Total current liabilities	28,851	15,912
Long-term debt, excluding current installments	17,185	17,765
Deferred income taxes	1,528	1,528
	<u>47,564</u>	<u>35,205</u>
Total liabilities	47,564	35,205
Stockholders' Equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued		
Common stock, \$.10 par value per share, authorized 10,000,000 shares; issued 6,506,320 shares at September 30, 2003 and 6,357,034 shares at December 31, 2002	651	636
Additional paid-in capital	10,029	9,494
Accumulated other comprehensive income	(232)	(272)
Retained earnings	37,499	32,621
	<u>47,947</u>	<u>42,479</u>
Less treasury stock at cost 547,833 shares at September 30, 2003 and 539,833 shares at December 31, 2002	(2,387)	(2,236)
	<u>45,560</u>	<u>40,243</u>
Total stockholders' equity	45,560	40,243
	<u>\$ 93,124</u>	<u>\$ 75,448</u>

Note: The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date.

See notes to consolidated financial statements.

Table of Contents**AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

For The Nine Months Ended September 30, 2003 and 2002

(Unaudited)

Increase (decrease) in cash	2003	2002
Cash flows from operating activities:		
Net income	\$ 5,765	\$ 3,690
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,948	1,787
Changes in assets and liabilities associated with operations:		
Increase in receivables	(4,611)	(3,700)
Increase in inventories	(8,302)	(2,284)
(Increase) decrease in prepaid expenses	(1,054)	254
Increase (decrease) in accounts payable	2,303	(1,599)
Increase in other payables and accrued expenses	7,588	728
	4,637	(1,124)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Capital expenditures	(3,583)	(7,091)
Additions to intangible assets	(3,392)	(1,773)
Net increase in other noncurrent assets	(105)	(182)
	(7,080)	(9,046)
Net cash used in investing activities		

(Continued)

Table of Contents

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED

(In thousands)

For The Nine Months Ended September 30, 2003 and 2002

(Unaudited)

Increase (decrease) in cash	2003	2002
Cash flows from financing activities:		
Proceeds from lines of credit agreement	\$ 1,600	\$ 900
Proceeds from issuance of long-term debt		10,000
Payments on long-term debt	(1,305)	(683)
Exercise of stock options	461	501
Purchase of treasury stock	(151)	(394)
Payment of cash dividends	(508)	(405)
Net cash provided by financing activities	97	9,919
Net decrease in cash	(2,346)	(251)
Cash at beginning of year	3,275	853
Effect of exchange rate changes on cash	40	
Cash as of September 30	\$ 969	\$ 602

Supplemental schedule of non-cash investing and financial activities:

On September 12, 2003, the Company announced that the Board of Directors declared a cash dividend of \$.05 per share. The dividend was distributed on October 17, 2003, to stockholders of record at the close of business on October 3, 2003.

On March 19, 2003, the Company announced that the Board of Directors declared a cash dividend of \$.13 per share (\$.087 as adjusted for a 3-for-2 stock split) as well as a 3-for-2 stock split. Both the cash dividend and stock split were distributed on April 11, 2003 to stockholders of record at the close of business on March 28, 2003. The cash dividend was paid on the number of shares outstanding prior to the 3-for-2 stock split. Stockholders entitled to fractional shares resulting from the stock split received cash in lieu of such fractional share based on the closing price of the Company's stock on March 28, 2003.

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During the period ended September 30, 2003, the Company completed the acquisition of six product lines, one related to the herbicide business and five related to a pre-harvest crop protection business. In connection with these acquisitions, the Company recorded intangible assets in the amount of \$6,192 of which \$3,392 was paid in cash during the period.

See notes to consolidated financial statements.

Table of Contents

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Numbers in thousands except for share data)

(Unaudited)

1. The accompanying unaudited 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 accruals) considered necessary for a fair presentation, have been included. Operating results for the three and nine-month periods ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Effective January 1, 2002, the Company adopted Emerging Issues Task Force Issue No. 01-9, Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products (EITF 01-9). Upon adoption of EITF 01-9, the Company was required to classify certain payments to its customers as a re