

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)
<b>ASSETS</b>		
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
	135,315	151,939
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)
	127,963	132,058
	127,963	132,058
<b>TOTAL ASSETS</b>	<b>\$ 280,599</b>	<b>\$ 301,559</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
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
	54,374	58,990
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
	150,171	161,394
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
	<u>                    </u>	<u>                    </u>
Total stockholders' equity	130,428	140,165
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 280,599</u>	<u>\$ 301,559</u>

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

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)
<b>Pro forma net income (loss)</b>	<b>\$ 2,292</b>	<b>\$ 27,130</b>	<b>\$ (4,063)</b>	<b>\$ 58,445</b>
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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