

LANDEC CORP \CA\
Form 10-Q
January 07, 2010

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

FORM 10-Q

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

For the Fiscal Quarter Ended November 29, 2009, 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: 0-27446

LANDEC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3025618
(IRS Employer
Identification Number)

3603 Haven Avenue
Menlo Park, California 94025
(Address of principal executive offices)

Registrant's telephone number, including area code:
(650) 306-1650

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 at least the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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 definition of "large accelerated filer" and "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated Filer Accelerated Filer
Non Accelerated Filer 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

As of December 21, 2009, there were 26,362,064 shares of Common Stock outstanding.

LANDEC CORPORATION

FORM 10-Q For the Fiscal Quarter Ended November 29, 2009

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LANDEC CORPORATION
 CONSOLIDATED BALANCE SHEETS
 (In thousands, except share and per share amounts)

	November 29, 2009 (Unaudited)	May 31, 2009 (1)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,222	\$ 43,459
Marketable securities	65,851	22,498
Accounts receivable, less allowance for doubtful accounts of \$203 and \$165 at November 29, 2009 and May 31, 2009, respectively	16,680	15,271
Accounts receivable, related party	368	632
Inventories, net	6,782	5,829
Notes and advances receivable	1,216	186
Deferred taxes	2,161	2,161
Prepaid expenses and other current assets	934	1,298
Total Current Assets	96,214	91,334
Property, plant and equipment, net	24,361	22,743
Goodwill, net	27,361	27,361
Trademarks, net	8,228	8,228
Other assets	4,231	3,832
Total Assets	\$ 160,395	\$ 153,498
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 15,740	\$ 12,430
Related party accounts payable	69	299
Income taxes payable	187	107
Accrued compensation	1,060	1,112
Other accrued liabilities	2,285	1,805
Deferred revenue	2,010	3,430
Total Current Liabilities	21,351	19,183
Deferred revenue	2,000	3,000
Deferred taxes	4,593	4,119
Total Liabilities	27,944	26,302
Stockholders' Equity:		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 26,361,315 and 26,326,889 shares issued and outstanding at November 29, 2009 and May 31, 2009, respectively	26	26
Additional paid-in capital	117,875	116,158
Accumulated other comprehensive income	92	—
Retained earnings	12,940	9,222
Total Stockholders' Equity	130,933	125,406

Noncontrolling interest	1,518	1,790
Total Equity	132,451	127,196
Total Liabilities and Stockholders' Equity	\$ 160,395	\$ 153,498

(1) Derived from audited financial statements.

See accompanying notes.

LANDEC CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	November 29, 2009	November 30, 2008	November 29, 2009	November 30, 2008
Revenues:				
Product sales	\$ 58,490	\$ 55,267	\$ 116,882	\$ 124,128
Services revenue, related party	914	998	2,080	2,156
License fees	1,350	1,550	2,700	3,100
Research, development and royalty revenues	179	223	213	406
Total revenues	60,933	58,038	121,875	129,790
Cost of revenue:				
Cost of product sales	52,009	48,822	102,115	108,124
Cost of product sales, related party	755	822	1,820	2,258
Cost of services revenue	752	837	1,653	1,728
Total cost of revenue	53,516	50,481	105,588	112,110
Gross profit	7,417	7,557	16,287	17,680
Operating costs and expenses:				
Research and development	942	867	1,881	1,756
Selling, general and administrative	4,182	4,449	8,752	9,125
Total operating costs and expenses	5,124	5,316	10,633	10,881
Operating income	2,293	2,241	5,654	6,799
Interest income	266	455	554	812
Interest expense	(4)	(3)	(5)	(4)
Net income before taxes	2,555	2,693	6,203	7,607
Income tax expense	(895)	(1,063)	(2,176)	(2,974)
Consolidated net income	1,660	1,630	4,027	4,633
Noncontrolling interest	(126)	(132)	(309)	(296)
Net income applicable to Common Stockholders	\$ 1,534	\$ 1,498	\$ 3,718	\$ 4,337
Basic net income per share	\$ 0.06	\$ 0.06	\$ 0.14	\$ 0.17
Diluted net income per share (Note 5)	\$ 0.06	\$ 0.06	\$ 0.14	\$ 0.16
Shares used in per share computation:				
Basic	26,360	26,171	26,355	26,167
Diluted	26,676	26,814	26,670	26,806

See accompanying notes.

LANDEC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six months Ended	
	November 29, 2009	November 30, 2008
Cash flows from operating activities:		
Net income applicable to Common Stockholders	\$ 3,718	\$ 4,337
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,541	1,615
Stock-based compensation expense	412	474
Tax benefit from stock-based compensation expense	(1,341)	(1,496)
Increase in long-term receivable	(400)	(400)
Noncontrolling interest	309	296
Deferred taxes	474	933
Changes in current assets and current liabilities:		
Accounts receivable, net	(1,409)	3,986
Accounts receivable, related party	264	(255)