I.B.C. narrows monthly loss on flat sales and lower costs

KANSAS CITY — Interstate Bakeries Corp. said it sustained a loss of $7,145,874 in the four weeks ended Nov. 18, which compared with a loss of $10,101,019 in the four weeks ended Oct. 21, according to an 8-K filed Jan. 3 with the Securities and Exchange Commission.

Sales in the four weeks ended Nov. 18 were virtually unchanged at $222,315,731, which compared with $222,600,638 in the previous four-week period.

Operating expenses finished at $106,652,818, down from $112,065,588 in the previous period. Ingredients, packaging and outside purchasing costs were basically unchanged at $58,270,148 from $58,209,839, while direct and indirect labor costs fell to $40,650,812 from $41,126,570.

I.B.C. recorded charges of $3,520,903 during the most recent period from restructuring and reorganization. Charges for professional fees of approximately $4,737,421, asset impairment expenses of $1,055,072 and other expenses of 216,124 more than offset KERP and restructuring bonus plans of $561,993, adjustments to lease rejection expense of $5,710, a gain on the sale of assets of $16,432 and a gain of $528,605 in interest income.

I.B.C. had earnings before interest, taxes, depreciation and amortization of $4,785,010, which compared with a loss of $1,075,390 in the prior period.

In the S.E.C. filing, I.B.C. said capital expenditures for the four-week period ended Nov. 18 totaled approximately $2.1 million, boosting year-to-date capital spending through Nov. 18 to $12.4 million.

As of Nov. 18, I.B.C. still had not borrowed under its $200 million debtor-in-possession credit facility. The company said it has $104.9 million of letters of credit outstanding. The amount of the credit facility available for borrowing was $77 million as of Nov. 18. MBN

I.B.C. income (loss)

(Four- or five-week period ended)

Nov. 18, 2006	($7,145,874)
Oct. 21, 2006	($10,101,019)
Sept. 23, 2006	($7,536, 478)
Aug. 26, 2006	($8,643,113)
July 29, 2006	($15,047,743)
July 1, 2006	($4,140,277)
June 3, 2006	$5,827,083
April 29, 2006	($7,514,771)
April 1, 2006	($15,193,537)
March 4, 2006	($10,049,307)
Feb. 4, 2006	($20,853,527)
Jan. 7, 2006	($5,569,011)
Dec. 10, 2005	($9,696,847)
Nov. 12, 2005	($32,534,746)

Delayed filing shows $5.8 million loss at Krispy Kreme in first quarter

WINSTON-SALEM, N.C. — Krispy Kreme Doughnuts, Inc. on Dec. 22 filed financials for the first quarter of fiscal 2007, a little more than six months after preliminary results for the quarter were first announced. The company has delayed filing financials for several reporting periods as it fights to recover from accounting problems.

The Winston-Salem-based maker of donuts sustained a loss of $5,770,000 in the first quarter ended April 30, 2006, which compared with a loss of $53,356,000 in the same period of fiscal 2006.

System-wide sales for Krispy Kreme fell about 17% in the first quarter to $119,365,000, primarily because of a 19% decrease in the number of factory stores. The company said the decrease was attributable to a 10.3% decrease in average weekly sales per store and a 7.3% decrease in store operating weeks.

During the first quarter of 2007, Krispy Kreme closed 16 company and franchised stores.

Net cash provided by operating activities was $7.6 million in the first quarter of fiscal 2007, down from $11.5 million in the same year-ago period.

Net cash used by financing activities in the first quarter of fiscal 2007 was $1.4 million, which compared with net cash of $13.8 million in the first quarter of fiscal 2006. Krispy Kreme said it used cash in the first quarter of fiscal 2007 to repay debt. MBN

Operating income climbs 19% in Penford North American food ingredients business

CENTENNIAL, COLO. — The Penford Corp. posted operating income of $2,853,000 in its Food Ingredients — North America business for the first quarter ended Nov. 30. In the previous year's first quarter, operating income for Food Ingredients — North America was $2,401,000.

Sales in the quarter were $15,240,000, up narrowly from $15,090,000 in last year's first quarter. The company said sales of applications in the protein segment, which includes chicken products, processed meat and cheese, increased at double-digit rates.

Volumes and average unit selling prices were comparable to last year, Penford said.

Gross margin as a per cent of sales increased $500,000 to $4.8 million, reflecting changes in product mix, improved plant productivity and lower unit energy costs.

In the company's Industrial Ingredients business, operating income was $3,182,000, up sharply from $574,000 in the same period a year ago. Sales rose 14% to $43,972,000 from $38,480,000.

Penford said its plan to invest $42 million at its Cedar Rapids, Iowa, facility to manufacture up to 40 million gallons of ethanol a year is "progressing as planned." Production is expected to begin by the end of this year, the company said.

"Fiscal 2007 is off to a strong start," said Thomas Malkoski, president and chief executive officer. "Demand for our higher value applications is growing, and process improvements and investments in operations are showing results. Our industrial business has stepped up its performance, and the ethanol expansion project is advancing as planned. We continue to develop and commercialize specialized food products in Australia and North America that should expand sales opportunities and improve returns."

Overall, Penford posted net income of $2,573,000 for the first quarter, equal to 28c per share, up from $196,000, or 2c per share, in the same period a year ago. Sales for the first quarter of 2007 were $85,500,000, up 10% from $77,903,000. MBN