

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

PENFORD CORP

CIK: **739608** | IRS No.: **911221360** | State of Incorpor.: **WA** | Fiscal Year End: **0831**
Type: **8-K** | Act: **34** | File No.: **000-11488** | Film No.: **13519937**
SIC: **2040** Grain mill products

Mailing Address

7094 SOUTH REVERE
PARKWAY
CENTENNIAL CO 80112-3932

Business Address

7094 SOUTH REVERE
PARKWAY
CENTENNIAL CO 80112-3932
303-649-1900

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 9, 2013

Penford Corporation

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction
of incorporation)

0-11488
(Commission File Number)

91-1221360
(IRS Employer
Identification No.)

**7094 South Revere Parkway,
Centennial, Colorado**
(Address of principal executive offices)

80112-3932
(Zip Code)

303-649-1900
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02: Results of Operations and Financial Condition

On January 9, 2013, Penford Corporation issued a press release reporting its financial results for the three-month period ended November 30, 2012. A copy of the Registrant's press release containing this information is furnished as Exhibit 99.1 to this Report on Form 8-K and is incorporated herein by reference.

Item 9.01: Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated January 9, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Penford Corporation

(Registrant)

January 9, 2013

/s/ Steven O. Cordier

Steven O. Cordier

Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1 Press Release dated January 9, 2013

Contacts: Michael J. Friesema
 Vice President - Corporate Development
 (303) 649-1900
 mfriesema@penx.com

PENFORD REPORTS FIRST QUARTER FISCAL YEAR 2013 FINANCIAL RESULTS

Net income nearly triples to \$1.7 million, or \$0.14 per diluted share, from \$0.6 million or \$0.05 per diluted share, last year.

Revenue increased 4.5% to \$94.9 million, with both segments delivering record quarterly sales.

Gross margin expanded by 12% to \$13.3 million.

CENTENNIAL, CO, January 9, 2013 - Penford Corporation (Nasdaq: PENX), a leader in ingredient systems for industrial and food applications, today reported first quarter 2013 results.

For the first quarter ended November 30, 2012 consolidated sales increased 4.5% to \$94.9 million from \$90.7 million a year ago. The Company reported first quarter net income of \$1.7 million, or \$0.14 per diluted share, compared with net income of \$0.6 million or \$0.05 per diluted share last year.

A table summarizing quarterly and annual financial results is shown below:

Penford Corporation - Financial Highlights

<i>(In thousands)</i>	<u>Q1 FY 13</u>	<u>Q4 FY 12</u>	<u>Q3 FY 12</u>	<u>Q2 FY 12</u>	<u>Q1 FY 12</u>
Food Ingredients:					
Sales	\$27,654	\$25,543	\$26,173	\$24,904	\$25,924
Gross margin	8,104	8,098	8,225	7,626	8,221
Operating income	5,355	5,028	5,362	5,247	5,959
Depreciation and amortization	485	473	512	498	505
Industrial Ingredients:					
Sales	\$67,205	\$65,962	\$66,751	\$61,284	\$64,822
Gross margin	5,154	3,149	3,229	1,775	3,586
Operating income (loss)	1,387	(767)	75	(985)	743
Depreciation and amortization	2,813	2,781	2,772	2,697	2,629
Consolidated:					
Sales	\$94,859	\$91,505	\$92,924	\$86,188	\$90,746
Gross margin	13,258	11,247	11,454	9,401	11,808
Operating income	4,020	476	3,573	1,650	4,359
Depreciation and amortization	3,383	3,409	3,632	3,574	3,512

Highlights for the first quarter are as follows:**Food Ingredients Division**

Food Ingredients reported record quarterly sales of \$27.7 million.

Revenue gains of 6.7% were primarily led by strong sales in protein and sauces end markets. The revenue increase was partially offset by a 3% decline in sales of coatings applications, which reflected a pipeline build from a new product introduction in the year ago quarter.

Operating income declined 10% due to higher investment spending in R&D and commercial resources.

Industrial Ingredients Division

Revenue for the first quarter increased 4% to \$67.2 million on growth in industrial starch volumes, as well as contributions from the Carolina Starches business acquired in January 2012.

The revenue gain was partially offset by lower ethanol sales, down 28% from weaker pricing and lower volume. The Industrial Division shifted more of its production to higher margin starches. Ethanol revenue represented 35% of Industrial sales in the first quarter, down from 50% last year.

Gross margin improved 44% to \$5.2 million, and operating income rose 87% over the prior year on higher starch sales, lower unit costs and better manufacturing yields, but slightly offset by increased investment in R&D and commercial support for the Company's bioproducts platform.

During the quarter the Company received approval from the City of Cedar Rapids, IA for an agreement which will permit the Company to acquire an 11 acre park adjacent to the Company's Cedar Rapids plant for future expansion of the Company's bioproducts and other operations.

Consolidated Results

Interest expense declined by 55% to \$1.1 million in the first quarter of fiscal 2013, reflecting the complete redemption of the Series A 15% Preferred Stock in fiscal 2012.

The Company's effective tax rate in the first quarter of 2013 was 38.5% compared to 70% for the same period last year. The decrease in the effective rate was primarily due to the redemption of the Company's preferred stock. Dividends and discount accretion on the preferred stock, which were reported as interest expense, were not deductible for tax purposes.

Conference Call

Penford will host a conference call to discuss fiscal 2013 first quarter results today, January 9, 2013 at 7:30 a.m. Mountain Time (9:30 a.m. Eastern Time). Access information for the call and web-cast can be found at www.penx.com. To participate in the call on January 9, 2013, please phone 1-877-407-9205 at 7:20 a.m. Mountain Time. A replay will be available at www.penx.com.

About Penford Corporation

Penford Corporation develops, manufactures and markets specialty, natural-based ingredient systems for a variety of industrial and food applications. Penford has seven manufacturing and/or research locations in the United States.

The statements contained in this release that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "may," "will," "looks," "should," "could," "anticipates," "expects," or comparable terminology or by discussions of strategies or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly affect expected results. Actual future results could differ materially from those described in such forward-looking statements, and the Company does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that could cause actual results to differ materially

are the risks and uncertainties discussed in this release and those described from time to time in other filings with the Securities and Exchange Commission which include, but are not limited to: competition; the possibility of interruption of business activities due to equipment problems, accidents, strikes, weather or other factors; product development risk; changes in corn and other raw material prices and availability; the Company's inability to comply with the terms of instruments governing the Company's debt; changes in general economic conditions or developments with respect to specific industries or customers affecting demand for the Company's products, including changes in government rules or incentives affecting ethanol consumption, unfavorable shifts in product mix; unanticipated costs, expenses or third party claims; interest rate, chemical and energy cost volatility; changes in returns on pension plan assets and/or assumptions used for determining employee benefit expense and obligations; unforeseen developments in the industries in which Penford operates; and other factors described in the "Risk Factors" section in reports filed with the Securities and Exchange Commission.

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CHARTS TO FOLLOW

Penford Corporation
Financial Highlights

	Three Months Ended	
	November 30	
	2012	2011
	(unaudited)	
Consolidated Results		
Sales	\$94,859	\$90,746
Income from operations	\$4,020	\$4,359
Net income	\$1,707	\$592
Earnings per share, diluted	\$0.14	\$0.05
Cash Flows		
Cash flow provided by (used in):		
Operating activities	\$6,247	\$12,182
Investing activities	(3,425)	(2,447)
Financing activities	(2,855)	(9,752)
Decrease in cash	\$(33)	\$(17)

Balance Sheets

	November 30,	August 31,
	2012	2012
	(unaudited)	
Current assets	\$90,210	\$91,965
Property, plant and equipment, net	112,390	113,191
Other assets	29,853	31,023
Total assets	<u>232,453</u>	<u>236,179</u>
Current liabilities	32,250	36,138
Long-term debt	82,954	84,004
Other liabilities	47,870	47,187
Shareholders' equity	69,379	68,850
Total liabilities and equity	<u>\$232,453</u>	<u>\$236,179</u>

Penford Corporation
Consolidated Statements of Operations

	Three Months Ended	
	November 30,	
	(unaudited)	
	2012	2011
	<i>(In thousands, except per share data)</i>	
Sales	\$94,859	\$90,746
Cost of sales	81,601	78,938
Gross margin	13,258	11,808
Operating expenses	7,773	6,109
Research and development expenses	1,465	1,340
Income from operations	4,020	4,359
Interest expense	1,081	2,397
Other non-operating income (expense), net	(163)	20
Income before income taxes	2,776	1,982
Income tax expense	1,069	1,390
Net income	<u>\$1,707</u>	<u>\$592</u>
Weighted average common shares and equivalents outstanding, diluted	12,372	12,330
Earnings per common share, diluted	\$0.14	\$0.05