

ALLIANCE ONE INTERNATIONAL, INC.  
Form 10-Q  
November 04, 2010

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 2010**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.**

**Alliance One International, Inc.**  
(Exact name of registrant as specified in its charter)

<b>Virginia</b>	<b>001-13684</b>	<b>54-1746567</b>
_____ (State or other jurisdiction of incorporation)	_____ (Commission File Number)	_____ (I.R.S. Employer Identification No.)

8001 Aerial Center Parkway  
Morrisville, NC 27560-8417  
(Address of principal executive offices)

(919) 379-4300  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Exchange On Which Registered</u>
Common Stock (no par value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ] Accelerated  
filer [X]

Non-accelerated filer [ ] Smaller reporting company [ ]  
(Do not check if a 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 [X]

As of November 1, 2010, the registrant had 87,083,737 shares outstanding of Common Stock (no par value) excluding 7,853,121 shares owned by a wholly owned subsidiary.

Alliance One International, Inc. and Subsidiaries

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**Part I. Financial Information**

Item 1. Financial Statements

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Three and Six Months Ended September 30, 2010 and 2009  
(Unaudited)

<i>(in thousands, except per share data)</i>	Three Months Ended September 30,		Six Months Ended September 30,	
	2010	2009	2010	2009
Sales and other operating revenues	\$559,249	\$675,154	\$1,050,205	\$1,085,638
Cost of goods and services sold	489,782	568,328	900,720	890,850
Gross profit	69,467	106,826	149,485	194,788
Selling, administrative and general expenses	41,518	42,063	78,792	78,392
Other income	18,040	3,145	19,642	2,705
Operating income	45,989	67,908	90,335	119,101
Debt retirement expense	2,511	40,288	3,443	40,288
Interest expense	27,089	32,776	53,825	57,744
Interest income	1,936	1,188	3,919	2,104
Income (loss) before income taxes and other items	18,325	(3,968)	36,986	23,173
Income tax expense (benefit)	(544)	(2,592)	4,286	9,673
Equity in net income of investee companies	1,194	-	1,194	-
Net income (loss)	20,063	(1,376)	33,894	13,500
Less: Net income (loss) attributable to noncontrolling interests	(216)	82	(207)	481
Net income (loss) attributable to Alliance One International, Inc.	\$ 20,279	\$ (1,458)	\$ 34,101	\$ 13,019
Earnings (loss) per share:				
Basic	\$ .23	\$ (.02)	\$ .38	\$ .15
Diluted	\$ .19	\$ (.02)	\$ .32	\$ .14
Weighted average number of shares outstanding:				
Basic	88,621	88,598	88,790	88,539
Diluted	111,719	88,598	111,993	100,425

See notes to condensed consolidated financial statements

Alliance One International, Inc. and Subsidiaries  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(Unaudited)*

<i>(in thousands)</i>	September 30, 2010	September 30, 2009	March 31, 2010
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 88,824	\$ 97,524	\$ 129,738
Trade and other receivables, net	185,586	170,151	207,387
Accounts receivable, related parties	67,134	23,073	30,061
Inventories	1,008,277	893,391	824,147
Advances to tobacco suppliers	79,955	132,797	70,749
Recoverable income taxes	2,649	1,960	11,447
Current deferred taxes	31,644	49,386	37,209
Prepaid expenses	57,914	62,380	67,288
Assets held for sale	503	4,395	819
Current derivative asset	1,299	2,293	2,528
Other current assets	451	7,106	1,579
Total current assets	1,524,236	1,444,456	1,382,952
Other assets			
Investments in unconsolidated affiliates	24,396	21,283	23,202
Goodwill and other intangible assets	42,894	47,578	44,991
Deferred income taxes	156,354	158,608	148,971
Other deferred charges	25,088	30,967	27,789
Other noncurrent assets	89,319	93,489	90,070
	338,051	351,925	335,023
Property, plant and equipment, net	214,206	196,114	193,224
	\$2,076,493	\$1,992,495	\$1,911,199
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
Current liabilities			
Notes payable to banks	\$ 507,746	\$ 382,493	\$ 188,981
Accounts payable	60,477	57,206	146,395
Due to related parties	9,192	2,564	20,275
Advances from customers	71,101	79,658	102,286
Accrued expenses and other current liabilities	98,659	101,176	113,048
Current derivative liability	-	113	-
Income taxes	11,361	15,435	16,281
Long-term debt current	441	1,794	457
Total current liabilities	758,977	640,439	587,723
Long-term debt	742,468	824,046	788,880
Deferred income taxes	3,686	7,951	4,399
Liability for unrecognized tax benefits	25,912	72,636	20,168
Pension, postretirement and other long-term liabilities	124,636	105,705	115,107

				896,702	1,010,338	928,554
			March			
	Sept. 30,	Sept. 30,	31,			
Stockholders equity	<u>2010</u>	<u>2009</u>	<u>2010</u>			
Common Stock no						
par value:						
Authorized shares	250,000	250,000	250,000			
Issued shares	94,937	96,942	96,966	452,383	462,566	460,971
Retained deficit				(15,141)	(115,390)	(49,242)
Accumulated other comprehensive loss				(20,492)	(9,726)	(21,329)
Total stockholders equity of Alliance One International,						
Inc.				416,750	337,450	390,400
Noncontrolling interests				4,064	4,268	4,522
Total equity				420,814	341,718	394,922
				\$2,076,493	\$1,992,495	\$1,911,199

See notes to condensed consolidated financial statements

Alliance One International, Inc. and Subsidiaries  
**CONDENSED STATEMENTS OF CONSOLIDATED STOCKHOLDERS EQUITY**  
*(Unaudited)*

	Attributable to Alliance One International, Inc.					
	Accumulated					
	Other Comprehensive Loss					
	Currency					
	Common	Retained	Translation	Pensions,	Noncontrolling	Total
<i>(in thousands)</i>	Stock	Deficit	Adjustment	Net of Tax	Interests	Stockholders
						Equity
Balance, March 31, 2009	\$468,195	\$(128,409)	\$ (1,870)	\$(11,255)	\$ 4,119	\$ 330,780
Net income	-	13,019	-	-	481	13,500
Stock warrants issued	16,821	-	-	-	-	16,821
Call option related to convertible debentures, net of tax of \$13,796	(25,622)	-	-	-	-	(25,622)
Restricted stock surrendered	(248)	-	-	-	-	(248)
Stock-based compensation	3,420	-	-	-	-	3,420
Noncontrolling interest dividend paid	-	-	-	-	(360)	(360)
Conversion of foreign currency financial statements	-	-	3,399	-	-	