

INGLES MARKETS INC  
Form 10-Q  
May 06, 2014

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 quarterly period ended March 29, 2014

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 0-14706.

INGLES MARKETS, INCORPORATED

(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation or organization)	56-0846267 (I.R.S. Employer Identification No.)
P.O. Box 6676, Asheville NC (Address of principal executive offices)	28816 (Zip Code)

(828) 669-2941

Registrant's telephone number, including area code

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 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company.) 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 May 5, 2014 the Registrant had 13,513,983 shares of Class A Common Stock, \$0.05 par value per share, outstanding and 9,245,793 shares of Class B Common Stock, \$0.05 par value per share, outstanding.

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## Part I. FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 29, 2014	September 28, 2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 7,387,333	\$ 16,844,007
Receivables - net	64,923,793	59,929,491
Inventories	333,423,272	329,691,256
Other current assets	25,110,990	28,075,314
Total Current Assets	430,845,388	434,540,068
Property and Equipment – Net	1,205,951,284	1,212,132,055
Other Assets	23,654,647	22,655,614
Total Assets	\$ 1,660,451,319	\$ 1,669,327,737
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt	\$ 13,814,664	\$ 18,956,761
Accounts payable - trade	151,851,736	160,314,263
Accrued expenses and current portion of other long-term liabilities	61,970,660	72,002,983
Total Current Liabilities	227,637,060	251,274,007
Deferred Income Taxes	83,550,000	86,082,000
Long-Term Debt	897,318,379	893,514,238
Other Long-Term Liabilities	28,549,670	27,818,217
Total Liabilities	1,237,055,109	1,258,688,462
Stockholders' Equity		
Preferred stock, \$0.05 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stocks:		
Class A, \$0.05 par value; 150,000,000 shares authorized; 13,468,537 shares issued and outstanding March 29, 2014; 13,437,975 shares issued and outstanding at September 28, 2013	673,427	671,899
Class B, convertible to Class A, \$0.05 par value; 100,000,000 shares authorized; 9,291,239 shares issued and outstanding March 29, 2014; 9,321,801 shares	464,562	466,090

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issued and outstanding at September 28, 2013

Paid-in capital in excess of par value	77,186,249	77,186,249
Retained earnings	345,071,972	332,315,037
Total Stockholders' Equity	423,396,210	410,639,275
Total Liabilities and Stockholders' Equity	\$ 1,660,451,319	\$ 1,669,327,737

See notes to unaudited condensed consolidated financial statements.

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## INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended	
	March 29, 2014	March 30, 2013
Net sales	\$ 947,760,587	\$ 920,694,264
Cost of goods sold	741,636,640	722,048,693
Gross profit	206,123,947	198,645,571
Operating and administrative expenses	178,402,604	174,977,866
Gain from sale or disposal of assets	83,283	4,054,095
Income from operations	27,804,626	27,721,800
Other income, net	737,862	739,704
Interest expense	11,698,560	15,720,348
Income before income taxes	16,843,928	12,741,156
Income tax expense	6,389,000	4,651,000
Net income	\$ 10,454,928	\$ 8,090,156
Per share amounts:		
Class A Common Stock		
Basic earnings per common share	\$ 0.47	\$ 0.35
Diluted earnings per common share	\$ 0.46	\$ 0.33
Class B Common Stock		
Basic earnings per common share	\$ 0.43	\$ 0.32
Diluted earnings per common share	\$ 0.43	\$ 0.32
Cash dividends per common share		
Class A Common Stock	\$ 0.165	\$ —
Class B Common Stock	\$ 0.150	\$ —

See notes to unaudited condensed consolidated financial statements.



## INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Six Months Ended	
	March 29, 2014	March 30, 2013
Net sales	\$ 1,892,885,457	\$ 1,855,671,791
Cost of goods sold	1,483,255,844	1,448,820,979
Gross profit	409,629,613	406,850,812
Operating and administrative expenses	355,832,785	349,823,648
Gain from sale or disposal of assets	208,156	4,175,642
Income from operations	54,004,984	61,202,806
Other income, net	1,577,865	1,303,894
Interest expense	23,480,791	31,279,897
Income before income taxes	32,102,058	31,226,803
Income tax expense	12,114,000	11,569,000
Net income	\$ 19,988,058	\$ 19,657,803
Per share amounts:		
Class A Common Stock		
Basic earnings per common share	\$ 0.91	\$ 0.85
Diluted earnings per common share	\$ 0.88	\$ 0.81
Class B Common Stock		
Basic earnings per common share	\$ 0.83	\$ 0.77
Diluted earnings per common share	\$ 0.83	\$ 0.77
Cash dividends per common share		
Class A Common Stock	\$ 0.33	\$ 0.99
Class B Common Stock	\$ 0.30	\$ 0.90

See notes to unaudited condensed consolidated financial statements.

## INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

SIX MONTHS ENDED MARCH 29, 2014 AND MARCH 30, 2013

	Class A Common Stock		Class B Common Stock		Paid-in Capital in Excess of Par Value	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, September 29, 2012	12,953,635	\$ 647,682	11,306,141	\$ 565,307	\$ 114,236,249	\$ 341,964,231	\$ 457,413,469
Net income	—	—	—	—	—	19,657,803	19,657,803
Cash dividends	—	—	—	—	—	(22,999,892)	(22,999,892)
Common stock conversions	19,665	983	(19,665)	(983)	—	—	—
Balance, March 30, 2013	12,973,300	\$ 648,665	11,286,476	\$ 564,324	\$ 114,236,249	\$ 338,622,142	\$ 454,071,380
Balance, September 28, 2013	13,437,975	\$ 671,899	9,321,801	\$ 466,090	\$ 77,186,249	\$ 332,315,037	\$ 410,639,275
Net income	—	—	—	—	—	19,988,058	19,988,058
Cash dividends	—	—	—	—	—	(7,231,123)	(7,231,123)
Common stock conversions	30,562	1,528	(30,562)	(1,528)	—	—	—
Balance, March 29, 2014	13,468,537	\$ 673,427	9,291,239	\$ 464,562	\$ 77,186,249	\$ 345,071,972	\$ 423,396,210

See notes to unaudited condensed consolidated financial statements.



## INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended	
	March 29, 2014	March 30, 2013
Cash Flows from Operating Activities:		
Net income	\$ 19,988,058	\$ 19,657,803
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	48,113,901	47,128,497
Gain on disposals of property and equipment	(208,156)	(4,175,642)
Receipt of advance payments on purchases contracts	2,516,458	3,015,720
Recognition of advance payments on purchases contracts	(1,632,251)	(1,754,024)
Deferred income taxes	(3,271,000)	(1,278,000)
Changes in operating assets and liabilities:		
Receivables	(4,994,302)	(3,182,573)
Inventory	(3,732,015)	(640,035)
Other assets	2,064,706	(1,131,736)
Accounts payable and accrued expenses	(8,095,489)	(12,616,141)
Net Cash Provided by Operating Activities	50,749,910	45,023,869
Cash Flows from Investing Activities:		
Proceeds from sales of property and equipment	200,804	7,679,488
Capital expenditures	(51,838,307)	(47,046,109)
Net Cash Used by Investing Activities	(51,637,503)	(39,366,621)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	297,451,513	411,598,618
Payments on short-term borrowings	(297,451,513)	(389,719,260)
Proceeds from other long-term borrowings	14,000,000	8,000,000
Principal payments on long-term borrowings	(15,337,958)	(5,037,754)
Dividends paid	(7,231,123)	(22,999,892)
Net Cash (Used) Provided by Financing Activities	(8,569,081)	1,841,712
Net (Decrease) Increase in Cash and Cash Equivalents	(9,456,674)	7,498,960
Cash and cash equivalents at beginning of period	16,844,007	4,683,410
Cash and Cash Equivalents at End of Period	\$ 7,387,333	\$ 12,182,370

See notes to unaudited condensed consolidated financial statements.



INGLES MARKETS, INCORPORATED AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

Six Months Ended March 29, 2014 and March 30, 2013

A. BASIS OF PREPARATION

In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments necessary to present fairly the financial position of Ingles Markets, Incorporated and Subsidiaries (the "Company") as of March 29, 2014, the results of operations for the three-month and six-month periods ended March 29, 2014 and March 30, 2013, and the changes in stockholders' equity and cash flows for the six-month periods ended March 29, 2014 and March 30, 2013. The adjustments made are of a normal recurring nature. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. It is suggested that these unaudited interim financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Annual Report on Form 10-K for the year ended September 28, 2013 filed by the Company under the Securities Exchange Act of 1934 on December 12, 2013.

The results of operations for the three-month and six-month periods ended March 29, 2014 are not necessarily indicative of the results to be expected for the full fiscal year.

B. NEW ACCOUNTING PRONOUNCEMENTS

There were no new accounting standards adopted in the six-month period ended March 29, 2014.

C. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Receivables are presented net of an allowance for doubtful accounts of \$764,000 at March 29, 2014 and \$733,000 at September 28, 2013, respectively.

D. INCOME TAXES

The Company's continuing practice is to recognize interest and penalties related to uncertain tax positions and related matters in income tax expense. As of March 29, 2014, the Company had approximately \$51,000 accrued for interest and penalties.

The Company's effective tax rate differs from the federal statutory rate primarily as a result of state income taxes and tax credits. As of March 29, 2014, the Company had gross unrecognized tax benefits of approximately \$130,000, all of which, if recognized, would affect the effective tax rate. The Company does not expect that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months.

The Company files income tax returns with federal and various state jurisdictions. With few exceptions, the Company is no longer subject to state income tax examinations by tax authorities for the years before 2009. Additionally, the Internal Revenue Service has completed its examination of the Company's U.S. Federal income tax returns filed through fiscal 2008.

The Company had approximately \$9.7 million and \$13.8 million of refundable income taxes included in the caption "Other current assets" in the Condensed Consolidated Balance Sheets at March 29, 2014 and September 28, 2013, respectively.

On September 13, 2013, the IRS released final tangible property regulations under Sections 162(a) and 263(a) of the Internal Revenue Code regarding the deduction and capitalization of expenditures related to tangible property as well as dispositions of tangible property. These regulations will be effective for the Company's fiscal year ending September 26, 2015. Taxpayers may elect to apply them to tax years beginning on or after January 1, 2012. The Company does not anticipate that the regulations will have a material impact on the Company's consolidated results of operations, cash flows or financial position.

## E. ACCRUED EXPENSES AND CURRENT PORTION OF OTHER LONG-TERM LIABILITIES

Accrued expenses and current portion of other long-term liabilities consist of the following:

	March 29, 2014	September 28, 2013
Property, payroll and other taxes payable	\$ 11,423,655	\$ 16,771,941
Salaries, wages and bonuses payable	21,246,096	25,129,025
Self-insurance liabilities	12,136,910	12,844,143
Interest payable	12,551,936	12,993,252
Other	4,612,063	4,264,622
	\$ 61,970,660	\$ 72,002,983

Self-insurance liabilities are established for general liability claims, workers' compensation and employee group medical and dental benefits based on claims filed and estimates of claims incurred but not reported. The Company is insured for covered costs in excess of \$750,000 per occurrence for workers' compensation, \$500,000 for general liability and \$325,000 per covered person for medical care benefits for a policy year. At March 29, 2014, the Company's self-insurance reserves totaled \$29.4 million. Of this amount, \$12.1 million is accounted for as a current liability and \$17.3 million as a long-term liability. Employee insurance expense, including workers' compensation and medical care benefits, net of employee contributions, totaled \$3.5 million and \$9.3 million for each of the three-month periods ended March 29, 2014 and March 30, 2013, respectively. For the six-month periods ended March 29, 2014 and March 30, 2013, employee insurance expense, net of employee contributions, totaled \$12.0 million and \$17.8 million, respectively.

## F. LONG-TERM DEBT

In June 2013, the Company issued \$700.0 million aggregate principal amount of senior notes due in 2023 (the "Notes") in a private placement. The Notes bear an interest rate of 5.750% per annum and were issued at par. Note proceeds were used to repay \$575.0 million aggregate principal amount of senior notes maturing in 2017, \$52.0 million of indebtedness outstanding under the Company's line of credit, and to pay costs related to the offering of the Notes. Remaining Note proceeds will be used for general corporate purposes, including future capital expenditures.

The Company filed a registration statement with the Securities and Exchange Commission to exchange the private placement notes with registered notes. The exchange has been completed.



The Company may redeem all or a portion of the Notes at any time on or after June 15, 2018 at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning June 15 of the years indicated below:

Year	
2018	102.875%
2019	101.917%
2020	100.958%
2021 and thereafter	100.000%

In connection with the offering of the Notes, the Company extended the maturity date of its \$175.0 million line of credit from December 29, 2015 to June 12, 2018 and modified certain interest rate options and covenants. There were no outstanding borrowings under the line of credit at March 29, 2014 or at September 28, 2013.

The line of credit provides the Company with various interest rate options based on the prime rate, the Federal Funds Rate, or the London Interbank Offering Rate. The line allows the Company to issue up to \$30.0 million in unused letters of credit, of which \$9.7 million of unused letters of credit were issued at March 29, 2014. The Company is not required to maintain compensating balances in connection with the line of credit.

On December 29, 2010, the Company completed the funding of \$99.7 million of Recovery Zone Facility Bonds (the "Bonds") for: (A) acquisition, construction and equipping of an approximately 830,000 square foot new warehouse and distribution center located in Buncombe County, North Carolina (the "Project"), and (B) the payment of certain expenses incurred in connection with the issuance of the Bonds. The final maturity date of the Bonds is January 1, 2036.

The Bonds were issued by the Buncombe County Industrial Facilities and Pollution Control Financing Authority and were purchased by certain financial institutions. Under a Continuing Covenant and Collateral Agency Agreement (the "Covenant Agreement") between the financial institutions and the Company, the financial institutions would hold the Bonds until January 2, 2018, subject to certain events. Mandatory redemption of the Bonds by the Company in the annual amount of \$4,530,000 began on January 1, 2014.

In connection with the offering of the Notes, the Company extended the maturity date of the Covenant Agreement from January 2, 2018 to June 30, 2021 and modified certain interest rate options and covenants. The Company may redeem the Bonds without penalty or premium at any time prior to June 30, 2021.

Interest earned by bondholders on the Bonds is exempt from Federal and North Carolina income taxation. The interest rate on the Bonds is equal to one month LIBOR (adjusted monthly) plus a credit spread, adjusted to reflect the income tax exemption.

The Company's obligation to repay the Bonds is collateralized by the Project. Additional collateral was required in order to meet certain loan to value criteria in the Covenant Agreement. The Covenant Agreement incorporates substantially all financial covenants included in the line of credit.

The Notes, the Bonds and the line of credit contain provisions that under certain circumstances would permit lending institutions to terminate or withdraw their respective extensions of credit to the Company. Included among the triggering factors permitting the termination or withdrawal of the line of credit to the Company are certain events of default, including both monetary and non-monetary defaults, the initiation of bankruptcy or insolvency proceedings, and the failure of the Company to meet certain financial covenants designated in its respective loan documents. The Company was in compliance with all financial covenants related to its borrowings at March 29, 2014.

The Company's long-term debt agreements generally have cross-default provisions which could result in the acceleration of payments due under the Company's line of credit, Bond and Notes indenture in the event of default under any one instrument.

#### G. DIVIDENDS

The Company paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on October 24, 2013 to stockholders of record on October 10, 2013.

The Company paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on January 23, 2014 to stockholders of record on January 9, 2014.

On December 7, 2012, the Company declared a special dividend of \$0.66 per share of Class A Common Stock and \$0.60 per share of Class B Common Stock payable on December 31, 2012 to shareholders of record on December 21, 2012. The Company also paid cash dividends of \$0.165 for each share of Class A Common Stock and \$0.15 for each share of Class B Common Stock on December 31, 2012 to stockholders of record on December 21, 2012.

For additional information regarding the dividend rights of the Class A Common Stock and Class B Common Stock, please see Note 8, "Stockholders' Equity" to the Consolidated Financial Statements of the Annual Report on Form 10-K filed by the Company under the Securities Exchange Act of 1934 on December 12, 2013.

#### H. EARNINGS PER COMMON SHARE

The Company has two classes of common stock: Class A which is publicly traded, and Class B, which has no public market. The Class B Common Stock has restrictions on transfer; however, each share is convertible into one share of Class A Common Stock at any time. Each share of Class A Common Stock has one vote per share and each share of Class B Common Stock has ten votes per share. Each share of Class A Common Stock is entitled to receive cash dividends equal to 110% of any cash dividend paid on Class B Common Stock.

The Company calculates earnings per share using the two-class method in accordance with FASB ASC Topic 260.

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The two-class method of computing basic earnings per share for each period reflects the cash dividends paid per share for each class of stock, plus the amount of allocated undistributed earnings per share computed using the participation percentage which reflects the dividend rights of each class of stock. Diluted earnings per share is calculated assuming conversion of all shares of Class B Common Stock to shares of Class A Common Stock on a share-for-share basis. The tables below reconcile the numerators and denominators of basic and diluted earnings per share for current and prior periods.

	Three Months Ended March 29, 2014		Six Months Ended March 29, 2014	
	Class A	Class B	Class A	Class B
Numerator: Allocated net income				
Net income allocated, basic	\$ 6,417,400	\$ 4,037,528	\$ 12,263,861	\$ 7,724,197
Conversion of Class B to Class A shares	4,037,528	—	7,724,197	—
Net income allocated, diluted	\$ 10,454,928	\$ 4,037,528	\$ 19,988,058	\$ 7,724,197
Denominator: Weighted average shares outstanding				
Weighted average shares outstanding, basic	13,456,262	9,303,514	13,447,893	9,311,883
Conversion of Class B to Class A shares	9,303,514	—	9,311,883	—
Weighted average shares outstanding, diluted	22,759,776	9,303,514	22,759,776	9,311,883
Earnings per share				
Basic	\$ 0.47	\$ 0.43	\$ 0.91	\$ 0.83
Diluted	\$ 0.46	\$ 0.43	\$ 0.88	\$ 0.83

The per share amounts for the second quarter of fiscal 2013 and the six months ended March 30, 2013 are based on the following amounts:

	Three Months Ended March 30, 2013		Six Months Ended March 30, 2013	
	Class A	Class B	Class A	Class B
Numerator: Allocated net income				
Net income allocated, basic	\$ 4,513,615	\$ 3,576,541	\$ 10,962,905	\$ 8,694,898
Conversion of Class B to Class A shares	3,576,541	—	8,694,898	—
Net income allocated, diluted	\$ 8,090,156	\$ 3,576,541	\$ 19,657,803	\$ 8,694,898
Denominator: Weighted average shares outstanding				
Weighted average shares outstanding, basic	12,961,853	11,297,923	12,958,169	11,301,607
Conversion of Class B to Class A shares	11,297,923	—	11,301,607	—

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Weighted average shares outstanding, diluted	24,259,776	11,297,923	24,259,776	11,301,607
Earnings per share				
Basic	\$ 0.35	\$ 0.32	\$ 0.85	\$ 0.77
Diluted	\$ 0.33	\$ 0.32	\$ 0.81	\$ 0.77

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## I. SEGMENT INFORMATION

The Company operates one primary business segment, retail grocery sales. The “Other” activities include fluid dairy and shopping center rentals. The Company previously presented the fluid dairy and shopping center rentals as separate segments; however, these have now been combined as neither meets the criteria for separate disclosure in any period presented. Prior year data has been recast to reflect the current segment presentation. In addition, the Company has historically presented the revenue and expense of the shopping center rental segment “net” on the condensed consolidated statements of income. In 2013, the Company concluded that the income and expense amounts associated with shopping center rentals should be presented as “gross” rather than “net”. Accordingly the prior period condensed consolidated statements of income have been revised to eliminate the amounts presented as rental income, net while increasing net sales by \$2.1 million and cost of goods sold by \$1.7 million for the three months ended March 30, 2013. The increase to net sales was \$4.2 million and to cost of goods sold was \$3.6 million for the six months ended March 30, 2013. Management does not believe that these corrections are material to the financial statements. Information about the Company’s operations by lines of business (amounts in thousands) is as follows:

	Three Months Ended		Six Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Revenues from unaffiliated customers:				
Grocery sales	\$ 908,448	\$ 886,374	\$ 1,818,534	\$ 1,786,170
Other	39,313	34,320	74,351	69,502
Total revenues from unaffiliated customers	\$ 947,761	\$ 920,694	\$ 1,892,885	\$ 1,855,672
Income from operations:				
Grocery sales	\$ 24,284	\$ 24,415	\$ 48,449	\$ 55,256
Other	3,521	3,307	5,556	5,947
Total income from operations	\$ 27,805	\$ 27,722	\$ 54,005	\$ 61,203

	March 29, 2014	September 28, 2013
Assets:		
Grocery sales	\$ 1,516,206	\$ 1,528,483
Other	146,490	143,237
Elimination of intercompany receivable	(2,245)	(2,392)

Total assets	\$ 1,660,451	\$ 1,669,328
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Sales by product category (amounts in thousands) are as follows:

Three Months Ended March 29, 30, 2014	2013	Six Months Ended March 29, 30, 2014	2013
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