TODHUNTER INTERNATIONAL INC
Form 10-Q
May 15, 2003

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 31, 2003

Commission File No. 1-13453

TODHUNTER INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**59-1284057**
(State or other jurisdiction of incorporation or organization)	IRS Employer Identification No.
222 Lakeview Avenue, Suite 1500, West Palm Beach, FL	**33401**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(561) 655-8977**

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ý

The number of shares outstanding of registrant s Common Stock, $.01 par value per share, as of May 12, 2003 was 5,574,234.

TODHUNTER INTERNATIONAL, INC.

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* Item is omitted because answer is negative or item is inapplicable.

PART I - FINANCIAL INFORMATION

Item 1. **Financial Statements**

TODHUNTER INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2003 (Unaudited)	September 30, 2002 *
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,905,229	$ 13,946,736
Short-term investments	3,402,235	3,397,033
Trade receivables	13,593,832	13,505,737
Other receivables	2,989,610	2,696,743
Inventories	30,092,602	27,854,925
Notes receivable, current maturities	123,901	118,165
Deferred income taxes	2,105,000	1,992,000
Other current assets	1,571,117	3,078,437
Total current assets	66,783,526	66,589,776
LONG-TERM INVESTMENTS AND NOTES RECEIVABLE		
Investments in and advances to equity investees	2,108,034	1,584,628
Notes receivable from affiliates, less current maturities	3,755,870	3,774,773
Notes receivable, less current maturities	544,374	584,687
	6,408,278	5,944,088
PROPERTY AND EQUIPMENT	91,101,193	89,775,329
Less accumulated depreciation	49,509,352	47,590,112
	41,591,841	42,185,217
GOODWILL	20,524,404	20,524,404
AMORTIZED INTANGIBLE ASSETS	1,870,081	2,040,181
OTHER ASSETS	720,653	598,838
	$ 137,898,783	$ 137,882,504

*From audited financial statements.

See Notes to Consolidated Financial Statements.

TODHUNTER INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2003 (Unaudited)	September 30, 2002 *
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 4,000,000	$ 4,000,000
Accounts payable	5,076,553	4,051,379
Accrued expenses	1,935,619	3,223,293
Total current liabilities	11,012,172	11,274,672
LONG-TERM DEBT, less current maturities	52,905,192	53,017,009
DEFERRED INCOME TAXES	4,768,000	4,710,000
OTHER LIABILITIES	2,191,382	1,811,459
	70,876,746	70,813,140
STOCKHOLDERS EQUITY		
Preferred stock, par value $.01 per share; authorized 2,500,000 shares; no shares issued		
Common stock, par value $.01 per share; authorized 10,000,000 shares; issued 5,673,434 shares March 31, 2003, and 5,669,434 shares September 30, 2002	56,715	56,694
Additional paid-in capital	18,681,491	18,664,449
Retained earnings	49,021,611	49,086,001
	67,759,817	68,807,144
Less cost of 99,200 shares of treasury stock	(737,780)	(737,780)
	67,022,037	67,069,364
	$ 137,898,783	$ 137,882,504

*From audited financial statements.

See Notes to Consolidated Financial Statements.

TODHUNTER INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Sales	$ 57,721,813	$ 63,316,172	$ 29,384,629	$ 31,354,237
Less excise taxes	14,932,589	16,504,594	7,559,884	8,396,438
Net sales	42,789,224	46,811,578	21,824,745	22,957,799
Cost of goods sold	29,400,847	32,113,588	14,020,606	15,815,898
Gross profit	13,388,377	14,697,990	7,804,139	7,141,901
Selling, general and administrative expenses	11,087,222	9,814,277	5,578,249	4,744,124
Operating income	2,301,155	4,883,713	2,225,890	2,397,777
Other income (expense):				
Interest income	342,720	372,633	210,059	148,470
Interest expense	(1,598,433)	(1,420,726)	(873,530)	(627,999)
Equity in income of equity investees	249,405	157,413	156,117	83,182
Other, net	(1,458,621)	245,806	(61,591)	207,357
	(2,464,929)	(644,874)	(568,945)	(188,990)
Income (loss) before income taxes	(163,774)	4,238,839	1,656,945	2,208,787
Income tax expense (benefit):				
Current	(44,384)	996,750	222,879	459,319
Deferred	(55,000)	26,500	6,000	24,000
	(99,384)	1,023,250	228,879	483,319
Net Income (loss)	$ (64,390)	$ 3,215,589	$ 1,428,066	$ 1,725,468
Earnings (loss) per common share:				
Basic	$ (0.01)	$ 0.58	$ 0.26	$ 0.31
Diluted	$ (0.01)	$ 0.58	$ 0.25	$ 0.31
Common shares and equivalents outstanding:				
Basic	5,571,750	5,513,734	5,572,367	5,513,734
Diluted	5,635,928	5,565,483	5,607,374	5,574,959

See Notes to Consolidated Financial Statements.

TODHUNTER INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended March 31,	
	2003	**2002**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (64,390)	$ 3,215,589
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	2,637,420	2,596,508
Amortization	170,100	195,100
(Gain) loss on sale of property and equipment	54,234	(30,924)
Equity in income of equity investees	(249,405)	(157,413)
Deferred income taxes	(55,000)	26,500
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(380,962)	2,988,482
Inventories	(2,237,677)	1,144,643
Other current assets	1,507,320	821,193
Increase (decrease) in:		
Accounts payable	1,025,174	824,500
Accrued expenses	(1,287,674)	(801,094)
Other liabilities	379,923	97,516
Net cash provided by operating activities	1,499,063	10,920,600
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	42,026	46,599
Principal payments received on notes receivable	53,480	49,622
Purchase of property and equipment	(2,140,304)	(3,287,015)
Disbursements for notes receivable		(286,797)
Purchase of short-term investments	(103,202)	(3,231,379)
Redemption of short-term investments	98,000	
Investments in and advances to equity investees	(274,001)	
Increase in other assets	(121,815)	(106,502)
Net cash used in investing activities	$ (2,445,816)	$ (6,815,472)

TODHUNTER INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Unaudited)

	Six Months Ended March 31,	
	2003	**2002**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on line of credit	$ 2,000,000	$ (2,200,000)
Issuance of common stock	17,063	
Disbursements for loan costs		(889,833)
Principal payments on long-term borrowings	(2,111,817)	(2,101,391)
Net cash used in financing activities	(94,754)	(5,191,224)
Net decrease in cash and cash equivalents	(1,041,507)	(1,086,096)
Cash and cash equivalents:		
Beginning	13,946,736	5,624,029
Ending	$ 12,905,229	$ 4,537,933
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	$ 1,445,278	$ 1,392,540
Income taxes	$ 142,604	$ 826,615

See Notes to Consolidated Financial Statements.

TODHUNTER INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, except for the retirement of the Chief Executive Officer (see Note 7), necessary for a fair presentation of the financial information for the periods indicated have been included. For further information regarding the Company s accounting policies, refer to the consolidated financial statements and related notes included in the Company s Annual Report on Form 10-K for the year ended September 30, 2002.

Aggregate amortization expenses were $170,100 and $85,050 for the six and three months ended March 31, 2003, respectively, and $195,100 and $97,550 for the six and three months ended March 31, 2002, respectively.

The Company applies Accounting Principles Board Opinion Number 25, *Accounting for Stock Issued to Employees* (APB 25) and related interpretations in accounting for options granted, which requires compensation expense for the Company s options to be recognized only if the market price of the underlying stock exceeds the exercise price on the date of grant. Accordingly, the Company has not recognized compensation expense for its options granted after 1994. SFAS 123, *Accounting for Stock-Based Compensation*, issued in October 1995, requires pro forma disclosures for option grants made after December 31, 1994, when accounting for stock-based compensation plans in accordance with APB 25.

If the Company elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123, net income and earnings per common share would have been reduced to the pro forma amounts show below:

	Six Months Ended March 31,		**Three Months Ended March 31,**	
	2003	**2002**	**2003**	**2002**
Net income (loss), as reported	$ (64,390)	$ 3,215,589	$ 1,428,066	$ 1,725,468
Net income (loss), pro forma	(197,833)	3,082,146	1,361,344	1,658,746
Earnings (loss) per common share, as reported				
Basic	(0.01)	0.58	0.26	0.31
Diluted	(0.01)	0.58	0.25	0.31

Earnings (loss) per common share, pro forma				
Basic	(0.03)	0.55	0.24	0.30
Diluted	(0.03)	0.55	0.24	0.29

Note 2. Inventories

The major components of inventories are:

	March 31, 2003 (Unaudited)	September 30, 2002
Finished goods	$ 16,251,569	$ 16,470,057
Work in process	2,399,366	1,513,786
Raw materials and supplies	11,441,667	9,871,082
	$ 30,092,602	$ 27,854,925

Note 3. Financing Arrangements

Long-term debt consists of the following as of March 31, 2003:

Term loans under a credit agreement (i) (ii), interest payable monthly based on either the Eurodollar or prime rate at the Company s option, plus an applicable margin as defined in the agreement. The interest rate at March 31, 2003 was 4.78%. Future minimum quarterly principal installments of $1,000,000 through September 30, 2006 with any remaining balance due September 30, 2006.	$ 34,000,000
Revolving loans under a credit agreement (i), interest payable quarterly based on either the Eurodollar or prime rate at the Company s option, plus an applicable margin as defined in the agreement. The blended interest rate at March 31, 2003 was 5.2%. The revolving lines of credit terminate in October 2004.	22,500,000
Other	405,192
	56,905,192
Less current maturities	4,000,000
	$ 52,905,192

(i) In October 2001, the Company entered into a $70 million credit agreement, which consists of a $40 million term loan and a $30 million revolving loan facility. The credit agreement is collateralized principally by all assets located in the United States of America. The Company is restricted from paying dividends to stockholders. Also, the Company is required to maintain unencumbered cash or marketable securities of $4 million at the end of each fiscal quarter and to maintain a minimum fixed charge and interest coverage ratio, among other financial covenants.

(ii) In addition to quarterly principal payments, the Company may be required to make additional principal payments based on results of the Company s domestic operating profits, as defined in the agreement.

As of December 31, 2002 and March 31, 2003, the Company was not in compliance with the Funded Debt to EBITDA (earnings before interest, taxes, depreciation and amortization) financial covenant under its credit agreement. In addition, as of March 31, 2003 the Company was not in compliance with its Interest Coverage and Fixed Charge Coverage financial covenants. On February 18, 2003, the Company received a waiver for the December 31, 2002 covenant violation. On May 14, 2003, the Company received a waiver of the March 31, 2003 covenant violations and amended prospectively the credit agreement to reset the levels of certain financial covenants to reflect the Company s current business plan and forecasts. The Company paid a fee of $136,250 for the December waiver and $160,000 for the March waiver and amendment. The Company s interest rate under the term-loan and revolving credit agreement was increased 50 basis points effective January 1, 2003 and an additional 50 basis points effective May 14, 2003.

Note 4. Earnings (Loss) Per Common Share

Basic earnings per common share are calculated by dividing net income by the average common shares outstanding. On a diluted basis, shares outstanding are adjusted to assume the exercise of stock options. The effect of stock options have not been included in six months ended March 31, 2003 loss per common share, as their effect would have been anti-dilutive.

	Six Months Ended March 31,				Three Months Ended March 31,			
		2003		2002		2003		2002
Net income (loss)	$	(64,390)	$	3,215,589	$	1,428,066	$	1,725,468
Determination of shares:								
Weighted average number of common shares outstanding		5,571,750		5,513,734		5,572,367		5,513,734
Shares issuable on exercise of stock options, net of shares assumed to be purchased out of proceeds		64,178		51,749		35,007		61,225
Average common shares outstanding for diluted earnings per share computation		5,635,928		5,565,483		5,607,374		5,574,959
Earnings (loss) per common share:								
Basic	$	(0.01)	$	0.58	$	0.26	$	0.31
Diluted	$	(0.01)	$	0.58	$	0.25	$	0.31

The Company s Virgin Islands subsidiary, through the Economic Development Commission of the Government of the Virgin Islands of the United States, has received a 90% exemption from income taxes on operating income. This exemption is effective through September 2020. The per share effect of this exemption on earnings (on both a basic and diluted basis) was to increase earnings per share by $0.09 and $0.06 for the six and three months ended March 31, 2003, respectively, and $0.08 and $0.05 for the six and three months ended March 31, 2002, respectively.

Note 5. Segment and Geographical Information

The Company operates primarily in the beverage alcohol industry in the United States. The Company reports its operating results in four segments:

Bulk Alcohol Products (citrus brandy, citrus spirits, rum, cane spirits, fortified citrus wine, purchased distilled products and byproducts)

Premium Branded Spirits (primarily Cruzan Estate Rums and Cruzan Flavored Rums)

Bottling Operations (contract bottling services and proprietary and private label products)

Vinegar and Cooking Wine (bulk vinegar, bulk cooking wine, vinegar stock and proprietary and private label case goods)

The accounting policies of the reportable segments are the same as those referred to in Note 1 to the consolidated financial statements. The Company evaluates the performance of its operating segments based on income before income taxes, equity in income or loss of equity investees, interest income and interest expense. Material intersegment sales and transfers have been eliminated.

Summarized financial information concerning the Company s reportable segments is shown in the following table.

Net sales, operating income (loss), depreciation and amortization and capital expenditures for the Company s reportable segments for the six and three months ended March 31, 2003 and 2002, and identifiable assets as of March 31, 2003 and 2002, were as follows:

	Six Months Ended March 31,		Three Months Ended March 31,	
	2003	2002	2003	2002
	(in thousands)		(in thousands)	
Net Sales				
Bulk Alcohol Products	$ 17,527	$ 17,692	$ 8,832	$ 8,856
Premium Branded Spirits	8,725	8,432	4,521	3,659
Bottling Operations	6,411	10,205	3,582	5,423
Vinegar and Cooking Wine	10,126	10,483	4,890	5,020
	$ 42,789	$ 46,812	$ 21,825	$ 22,958
Operating Income (Loss)				
Bulk Alcohol Products	$ 5,773	$ 5,400	$ 3,676	$ 2,511
Premium Branded Spirits	(746)	(542)	(333)	(371)
Bottling Operations	(1,737)	1,008	(455)	826
Vinegar and Cooking Wine	2,052	2,103	880	956
Corporate Operations and Other	(3,041)	(3,085)	(1,542)	(1,524)
	$ 2,301	$ 4,884	$ 2,226	$ 2,398
Depreciation and Amortization				
Bulk Alcohol Products	$ 1,609	$ 1,461	$ 800	$ 755
Premium Branded Spirits	50	71	25	35
Bottling Operations	698	812	400	414
Vinegar and Cooking Wine	242	234	120	117
Corporate Operations and Other	209	214	105	107
	$ 2,808	$ 2,792	$ 1,450	$ 1,428
Capital Expenditures				
Bulk Alcohol Products	$ 1,072	$ 2,691	$ 314	$ 759
Premium Branded Spirits	16	59		50
Bottling Operations	1,007	343	376	203
Vinegar and Cooking Wine	34	78	23	61
Corporate Operations and Other	11	116		40
	$ 2,140	$ 3,287	$ 713	$ 1,113
Identifiable Assets				
Bulk Alcohol Products	$ 73,442	$ 70,523		
Premium Branded Spirits	6,838	5,117		
Bottling Operations	25,639	24,509		

Vinegar and Cooking Wine		19,600		20,518
Corporate Operations and Other		12,380		12,136
	$	137,899	$	132,803

Sales and operating income for the six and three months ended March 31, 2003 and 2002 and identifiable assets as of March 31, 2003 and 2002, classified by geographic area, were as follows:

	United States	U. S. Virgin Islands and the Bahamas	Consolidated
		(in thousands)	
Six Months Ended			
March 31, 2003:			
Net sales	$ 37,483	$ 5,306	$ 42,789
Operating Income	988	1,313	2,301
Identifiable assets	94,637	43,262	137,899
March 31, 2002:			
Net sales	42,044	4,768	46,812
Operating income	3,710	1,174	4,884
Identifiable assets	90,853	41,950	132,803
Three Months Ended			
March 31, 2003:			
Net sales	18,823	3,002	21,825
Operating income	1,351	875	2,226
March 31, 2002:			
Net sales	20,120	2,838	22,958
Operating income	1,574	824	2,398

Included in net sales for the United States are export sales, primarily to Europe, Canada and the Caribbean, totaling approximately $3,697,000 and $1,779,000 for the six and three months ended March 31, 2003, respectively, and $5,111,000 and $1,995,000 for the six and three months ended March 31, 2002, respectively.

Note 6. Comprehensive income (loss)

Comprehensive income (loss) is the total of net income (loss) and other changes in equity. Total comprehensive income (loss) for the six and three months ended March 31, 2003 and 2002 was as follows:

	Six Months Ended March 31,	Three Months Ended March 31,

	2003	2002	2003	2002
	(in thousands)		(in thousands)	
Net income (loss)	$ (64)	$ 3,215	$ 1,428	$ 1,725
Other comprehensive income, interest rate cap adjustment		63		12
	$ (64)	$ 3,278	$ 1,428	$ 1,737

Note 7. Retirement of Chairman and Chief Executive Officer

On November 26, 2002, the Company announced the retirement and resignation of A. Kenneth Pincourt, Jr., its Founder, Chairman and Chief Executive Officer. The Company has entered into a retirement agreement with Mr. Pincourt, setting forth the terms of his retirement and resignation. The retirement agreement replaces Mr. Pincourt s previous employment agreement. Under the retirement agreement, the Company elected to accelerate retirement benefits under its deferred compensation program and to continue to pay compensation and provide related benefits through July 15, 2004, the remaining term of Mr. Pincourt s previous employment contract.

Accelerated benefits under the deferred program amounted to $1,040,987, of which $549,220 had been accrued as of September 30, 2002. Mr. Pincourt s deferred compensation was paid to him on December 13, 2002. Also under the retirement agreement, Mr. Pincourt will continue to receive monthly payments of $41,004 through July 15, 2004, one bonus payment of $150,491 payable on or before October 31, 2003, and a second bonus payment of $119,138 payable on or before August 31, 2004. Among other benefits, Mr. Pincourt is also able to participate in any health insurance plan, employee benefit plan or other arrangement made available by the Company or its subsidiaries to its executives and key management employees, through July 15, 2004. The Company recorded a charge for the retirement of Mr. Pincourt during the first quarter of fiscal 2003. The effect of this charge was included in other expense in the Company s consolidated statement of income and amounted to $1,503,925 before income taxes.

The following table summarizes the charge made during the first quarter for Mr. Pincourt s retirement:

Deferred compensation	$	1,040,987
Compensation and related benefits		1,012,158
Total		2,053,145
Less deferred compensation accrued as of September 30, 2002		(549,220)
Charged to expense	$	1,503,925

Item 2. **Management s Discussion and Analysis of Financial Condition and Results of Operations**

Forward-Looking Statements

Management s Discussion and Analysis contains Forward-Looking Statements, as defined in section 27a of the Securities Act of 1933, as amended, and Section 21e of the Securities Exchange Act of 1934, as amended. Forward-Looking Statements are statements other than historical information or statements of current condition and relate to future events or the future financial performance of the Company. Some Forward-Looking Statements may be identified by use of such terms as believes, anticipates, intends or expects. Such Forward-Looking Statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such Forward-Looking Statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the Forward-Looking Statements: business conditions in certain market segments and industries and the general economy; competitive factors, including increased competition and price pressures; availability of third-party component products at reasonable prices; increased excise taxes; foreign currency exposure; changes in product mix between and among product lines; lower than expected customer orders and quarterly seasonal fluctuations of those orders; and product shipment interruptions. The Company undertakes no obligation to update or revise any Forward-Looking Statements, whether as a result of new information, future events or otherwise.

Introduction

The following discussion and analysis summarizes the significant factors affecting (i) consolidated results of operations of the Company for the six months ended March 31, 2003 compared to the six months ended March 31, 2002, (ii) consolidated results of operations of the Company for the three months ended March 31, 2003 compared to the three months ended March 31, 2002, and (iii) financial liquidity and capital resources. This discussion and analysis should be read in conjunction with the Company s consolidated financial statements and notes thereto included herein. Certain amounts presented in this Item 2 have been rounded to the nearest thousand or hundred thousand, as applicable, but the percentages calculated are based on actual amounts without rounding.

The Company operates primarily in the beverage alcohol industry in the United States. The Company is a leading producer and supplier of brandy, rum, wine and spirits to other beverage alcohol manufacturers; produces, imports and markets premium branded spirits; bottles beverage alcohol and other beverages on a contract basis and under its own labels; and produces vinegar and cooking wine. The Company reports its operating results in four segments: Bulk Alcohol Products (citrus brandy, citrus spirits, rum, cane spirits, fortified citrus wine, purchased distilled products and byproducts); Premium Branded Spirits (primarily Cruzan Estate Rums and Cruzan Flavored Rums); Bottling Operations (contract bottling services and proprietary and private label products); and Vinegar and Cooking Wine (bulk vinegar, bulk cooking wine, vinegar stock and proprietary and private label case goods).

Information regarding the net sales, operating income and total assets of each of the Company s business segments and information regarding geographic areas is set forth in Note 5 to the consolidated financial statements.

The Company s net sales and gross margins (gross profit as a percentage of net sales) vary depending on the mix of business among the Company s products. Historically, gross margins have been highest in bulk alcohol products and premium branded spirits and lower in bottling operations and vinegar and cooking wine operations.

The Company has a limited number of customers, and these customers often purchase bulk alcohol products in significant quantities or place significant orders for contract bottling services, distilled spirits, vinegar and cooking wine. Accordingly, the size and timing of purchase orders and product shipments can cause operating results to fluctuate significantly from quarter to quarter. Additionally, some Company products generate higher profit margins than others, and changes in the Company s product mix can cause gross margins to fluctuate. Certain aspects of the Company s business are seasonal, with increased demand for the Company s contract bottling services from April to October and increased production of the Company s bulk alcohol products from November to June, corresponding to the Florida citrus harvest. As a result of these factors, the Company s operating results may vary significantly from quarter to quarter.

Net sales represent the Company s gross sales less excise taxes. Excise taxes are generally payable on products bottled by the Company. In addition, excise taxes are payable on sales of industrial alcohol to certain customers. Accordingly, excise taxes vary from period to period depending upon the Company s product and customer mix.

Results of Operations

The following table sets forth statement of income items as a percentage of net sales.

	Six Months Ended March 31,		Three Months Ended March 31,	
	2003	**2002**	**2003**	**2002**
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	68.7	68.6	64.2	68.9
Gross margin	31.3	31.4	35.8	31.1
Selling, general and administrative expenses	25.9	21.0	25.6	20.7
Operating income	5.4	10.4	10.2	10.4
Interest expense	(3.7)	(3.0)	(4.0)	(2.7)
Other income (expense), net	(2.1)	1.7	1.4	1.9
Income (loss) before income taxes	(0.4)	9.1	7.6	9.6
Income tax (expense) benefit	0.2	(2.2)	(1.1)	(2.1)
Net income (loss)	(0.2)%	6.9%	6.5%	7.5%

The following table provides information on net sales of certain Company products.

	Six Months Ended March 31,			Three Months Ended March 31,		
	2003	**2002**	**% Change**	**2003**	**2002**	**% Change**
	(in thousands)			**(in thousands)**		
Bulk Alcohol Products	$ 17,527	$ 17,692	(0.9)	$ 8,832	$ 8,856	(0.3)
Premium Branded Spirits	8,725	8,432	3.5	4,521	3,659	23.6
Bottling Operations	6,411	10,205	(37.2)	3,582	5,423	(33.9)
Vinegar and Cooking Wine	10,126	10,483	(3.4)	4,890	5,020	(2.6)
	$ 42,789	$ 46,812	(8.6)	$ 21,825	$ 22,958	(4.9)

The following table provides unit sales volume data for certain Company products.

	Six Months Ended March 31,			Three Months Ended March 31,		
	2003	2002	% Change	2003	2002	% Change
	(in thousands)			(in thousands)		
Bulk alcohol products:						
Distilled products, in proof gallons						
Citrus Brandy	871	660	31.9	414	297	39.5
Citrus Spirits	183	274	(33.3)	67	118	(43.6)
Rum	2,147	1,973	8.8	1,199	1,126	6.5
Cane Spirits	245	339	(27.9)	120	139	(14.3)
Fortified citrus wine, in gallons	5,028	5,107	(1.5)	2,485	2,403	3.4
Premium branded spirits, in cases	227	181	25.1	118	92	27.7
Bottling operations, in cases	1,441	3,180	(54.7)	898	1,748	(48.6)
Vinegar						
Bulk, in 100 grain gallons	2,702	2,818	(4.1)	1,463	1,466	(0.2)
Cases	271	358	(24.4)	117	189	(38.3)
Drums, in 100 grain gallons	773	775	(0.2)	388	397	(2.1)
Cooking Wine						
Bulk, in gallons	2,178	2,077	4.9	1,025	1,010	1.5
Cases	350	378	(7.2)	166	170	(1.9)

Six months ended March 31, 2003 compared to six months ended March 31, 2002. Unless otherwise noted, references to 2003 represent the six-month period ended March 31, 2003 and references to 2002 represent the six-month period ended March 31, 2002. In 2002, net sales and cost of goods sold of premium branded spirits included excise taxes of approximately $1.2 million, representing excise taxes included in cases sold from warehouses located outside of the Company s Florida bonded warehouse facilities. Beginning October 1, 2002, the Company no longer includes excise taxes in net sales and cost of goods sold of premium branded spirits case sales from locations outside of the Company s Florida bonded warehouse facilities. Net sales and cost of sales in 2002 have been reclassified to conform with the 2003 presentation.

Net Sales. Net sales were $42.8 million in 2003, a decrease of 8.6% from net sales of $46.8 million in 2002.

Net sales of bulk alcohol products were $17.5 million in 2003, a decrease of 0.9% from net sales of $17.7 million in 2002. The decrease resulted primarily from decreased shipments of citrus spirits, cane spirits and fortified citrus wine. Except for fortified citrus wine, management believes that the decrease in bulk alcohol product sales is due to the timing of customer orders. Due to the loss of certain customers, management believes that its fortified wine volume in fiscal 2003 may decline by approximately 2% from fiscal 2002.

Net sales of premium branded spirits were $8.7 million in 2003, an increase of 3.5% from net sales of $8.4 million in 2002. In 2002, net sales of premium branded spirits included $1.9 million of bulk tequila sales, representing the liquidation of inventory that was held to produce Porfidio tequila. Excluding bulk tequila sales, net sales of premium branded spirits increased 34.4% from net sales of $6.5 million in 2002. Sales of the Company s Cruzan Estate Rums and Cruzan Flavored Rums, collectively, increased 26.0% and Cruzan Flavored Rums alone increased 32.7% in 2003 compared to 2002.

Net sales of the Company s bottling operations were $6.4 million in 2003, a decrease of 37.2% from net sales of $10.2 million in 2002. The unit volume of the Company s bottling operations decreased 54.7% in 2003 as a result of the decision of a large bottling customer to shift production from the Company to its own bottling facilities. During fiscal 2002, this customer represented approximately 48% of the Company s unit volume in bottling operations. Management believes that this loss in volume will be partially offset by increased business with new and existing customers and that total bottling operations may decline by approximately 7% to 10% in fiscal 2003.

Net sales of vinegar and cooking wine were $10.1 million in 2003, a decrease of 3.4% from net sales of $10.5 million in 2002. Management believes that the decrease in net sales is due to increased competition and the timing of customer orders.

Gross Profit. Gross profit was $13.4 million in 2003, a decrease of 8.9% from gross profit of $14.7 million in 2002. Gross margin decreased to 31.3% in 2003 from 31.4% in 2002.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $11.1 million in 2003, an increase of 13.0% from $9.8 million in 2002. The increase was primarily attributable to increased administrative, marketing and advertising expenses related to the Company s premium branded spirits business. The Company has increased its administrative, marketing and advertising expenses in its premium branded spirits business as it continues to place emphasis on this growing business segment.

Operating Income. The following table sets forth the operating income (loss) by reportable segment of the Company for 2003 and 2002.

	Six months ended March 31, 2003	Six months ended March 31, 2002	% Change
	(In thousands)		
Bulk Alcohol Products	$ 5,773	$ 5,400	6.9
Premium Branded Spirits	(746)	(542)	
Bottling Operations	(1,737)	1,008	
Vinegar and Cooking Wine	2,052	2,103	(2.4)
Corporate Operations and Other	(3,041)	(3,085)	
	$ 2,301	$ 4,884	(52.9)

As a result of the above factors, operating income was $2.3 million in 2003, a decrease of 52.9% from operating income of $4.9 million in 2002.

The Company s premium branded spirits segment experienced operating losses of $0.7 million in 2003 and $0.5 million in 2002. The operating loss reflected the Company s continuing efforts to increase market share by reinvesting segment gross profits in selling and marketing expenses. Included in operating loss of premium branded spirits in 2002 was profit of $0.5 million related to bulk tequila sales. Excluding bulk tequila sales, operating loss of premium branded spirits would have been $1.1 million in 2002.

The Company s bottling operations segment reported an operating loss of $1.7 million in 2003 compared to operating income of $1.0 million in 2002. The operating loss reflected the decision of a large bottling customer to shift production from the Company to its own bottling facilities. This customer represented approximately 48% of the Company s annual bottling operations unit volume for fiscal year 2002. Management believes that this loss in volume will be partially offset by increased business with new and existing customers and that total bottling operations volume may decline by approximately 7% to 10% in fiscal 2003.

Interest Expense. Interest expense was $1.6 million in 2003 and $1.4 million in 2002. The increase in interest expense was due to higher interest rates during 2003 as compared to 2002 and the payment of a $136,250 waiver fee during 2003 as described in Note 3 to the consolidated financial statements. The Company s interest rate under the term-loan and revolving credit agreement was increased 50 basis points effective January 1, 2003.

Other Expense. On November 26, 2002, the Company announced the retirement and resignation of A. Kenneth Pincourt, Jr., its Founder, Chairman and Chief Executive Officer. The Company has entered into a retirement agreement with Mr. Pincourt, setting forth the terms of his retirement and resignation. The retirement agreement replaces Mr. Pincourt s previous employment agreement. Under the retirement agreement, the Company elected to accelerate retirement benefits under its deferred compensation program and to continue to pay compensation and provide related benefits through July 15, 2004, the remaining term of Mr. Pincourt s previous employment contract.

Accelerated benefits under the deferred program amounted to $1,040,987, of which $549,220 had been accrued as of September 30, 2002. Mr. Pincourt s deferred compensation was paid to him on December 13, 2002. Also under the retirement agreement, Mr. Pincourt will continue to receive monthly payments of $41,004 through July 15, 2004, one bonus payment of $150,491 payable on or before October 31, 2003, and a second bonus payment of $119,138 payable on or before August 31, 2004. Among other benefits, Mr. Pincourt is also able to participate in any health insurance plan, employee benefit plan or other arrangement made available by the Company or its subsidiaries to its executives and key management employees, through July 15, 2004. The Company recorded a charge for the retirement of Mr. Pincourt during the first quarter of fiscal 2003. The effect of this charge was included in other expense in the Company s consolidated statement of income and amounted to $1,503,925 before income taxes.

The following table summarizes the charge made during the first quarter for Mr. Pincourt s retirement:

Deferred compensation	$	1,040,987
Compensation and related benefits		1,012,158
Total		2,053,145
Less deferred compensation accrued as of September 30, 2002		(549,220)
Charged to expense	$	1,503,925

Income Tax Expense. The Company s effective income tax rate was 20.0% in 2003 and 24.1% in 2002. The low tax rate was attributable to a 90% exemption of the Company s Virgin Islands subsidiary from U.S. Virgin Islands income taxes. The exemption is effective through September 2020. In addition, the Company benefited from the extraterritorial income exclusion in 2003 and 2002. During 2003, the Company incurred operating losses from its U.S. operations and recorded an income tax benefit of $0.1 million.

Three months ended March 31, 2003 compared to three months ended March 31, 2002. Unless otherwise noted, references to 2003 represent the three-month period ended March 31, 2003 and references to 2002 represent the three-month period ended March 31, 2002. In 2002, net sales and cost of goods sold of premium branded spirits included excise taxes of approximately $0.6 million, representing excise taxes included in cases sold from warehouses located outside of the Company s Florida bonded warehouse facilities. Beginning October 1, 2002, the Company no longer includes excise taxes in net sales and cost of goods sold of premium branded spirits case sales from locations outside of the Company s Florida bonded warehouse facilities. Net sales and cost of sales in 2002 have been reclassified to conform with the 2003 presentation.

Net Sales. Net sales were $21.8 million in 2003, a decrease of 4.9% from net sales of $23.0 million in 2002.

Net sales of bulk alcohol products were $8.8 million in 2003, a decrease of 0.3% from net sales of $8.9 million in 2002. Management believes that the decrease in bulk alcohol shipments is due to the timing of customer orders.

Net sales of premium branded spirits were $4.5 million in 2003, an increase of 23.6% from net sales of $3.7 million in 2002. In 2002, net sales of premium branded spirits included $0.3 million of bulk tequila sales, representing the liquidation of inventory that was held to produce Porfidio tequila. Excluding bulk tequila sales, net sales of premium branded spirits were $4.5 million in 2003, an increase of 37.1% from net sales of $3.3 million in 2002. Sales of the Company s Cruzan Estate Rums and Cruzan Flavored Rums, collectively, increased 19.1% and Cruzan Flavored Rums alone increased 20.1% in 2003 compared to 2002.

Net sales of the Company s bottling operations were $3.6 million in 2003, a decrease of 33.9% from net sales of $5.4 million in 2002. The unit volume of the Company s bottling operations decreased 48.6% in 2003 as a result of the decision of a large bottling customer to shift production from the Company to its own bottling facilities. During fiscal 2002, this customer represented approximately 48% of the Company s fiscal 2002 unit volume in bottling operations. Management believes that this loss in volume will be partially offset by increased business with new and existing customers and that total bottling operations may decline by approximately 7% to 10% in fiscal 2003.

Net sales of vinegar and cooking wine were $4.9 million in 2003, a decrease of 2.6% from net sales of $5.0 million in 2002. Management believes that the decrease in net sales is due to increased competition and the timing of customer orders.

Gross Profit. Gross profit was $7.8 million in 2003, an increase of 9.3% from gross profit of $7.1 million in 2002. Gross margin increased to 35.8% in 2003 from 31.1% in 2002. The increase in gross margin was primarily attributable to the decreased volume in bottling operations and an increase in shipments of bulk alcohol.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $5.6 million in 2003, an increase of 17.6% from $4.7 million in 2002. The increase was primarily attributable to increased administrative, marketing and advertising expenses related to the Company s premium branded spirits business. The Company has increased its administrative, marketing and advertising expenses in its premium branded spirits business as it continues to place emphasis on this growing business segment.

Operating Income. The following table sets forth the operating income (loss) by reportable segment of the Company for 2003 and 2002.

	Three months ended March 31,		
	2003	**2002**	**% Change**
	(In thousands)		
Bulk Alcohol Products	$ 3,676	$ 2,511	46.5
Premium Branded Spirits	(333)	(371)	
Bottling Operations	(455)	826	
Vinegar and Cooking Wine	880	956	(8.0)
Corporate Operations and Other	(1,542)	(1,524)	
	$ 2,226	$ 2,398	(7.2)

As a result of the above factors, operating income was $2.2 million in 2003, a decrease of 7.2% from operating income of $2.4 million in 2002.

The Company s premium branded spirits segment experienced operating losses of $0.3 million in 2003 and $0.4 million in 2002. The operating loss reflected the Company s continuing efforts to increase market share by reinvesting segment gross profits in selling and marketing expenses.

The Company s bottling operations segment reported an operating loss of $0.5 million in 2003 compared to operating income of $0.8 million in 2002. The operating loss reflected the decision of a large bottling customer to shift production from the Company to its own bottling facilities. This customer represented approximately 48% of the Company s annual bottling operations unit volume for fiscal year 2002. Management believes that this loss in volume will be partially offset by increased business with new and existing customers and that total bottling operations volume may decline by approximately 8% in fiscal 2003.

Interest Expense. Interest expense was $0.9 million in 2003 and $0.6 million in 2002. The increase in interest expense was due to higher interest rates during 2003 as compared to 2002 and the payment of a $136,250 waiver fee during 2003 as described in Note 3 to the consolidated financial statements. The Company s interest rate under the term-loan and revolving credit agreement was increased 50 basis points effective January 1, 2003.

Income Tax Expense. The Company s effective income tax rate was 13.8% in 2003 and 21.9% in 2002. The low tax rate was attributable to a 90% exemption of the Company s Virgin Islands subsidiary from U.S. Virgin Islands income taxes. The exemption is effective through September 2020. In addition, the Company benefited from the extraterritorial income exclusion in 2003 and 2002.

Financial Liquidity and Capital Resources

General

The Company s principal use of cash in its operating activities is for purchasing raw materials to be used in its manufacturing operations, purchasing imported products for its premium branded spirits business and carrying inventories and receivables. The Company s source of liquidity has historically been cash flow from operations and its line of credit. Some of the Company s manufacturing operations are seasonal and the Company s borrowings on its line of credit vary during the year. For example, the Company uses citrus molasses as its primary raw material in the production of citrus brandy and spirits at its two Florida distilleries. The Company buys citrus molasses, a by-product of citrus juice production, from local manufacturers of citrus juice and concentrate during the citrus harvest, which generally runs from November to June. The Company generally begins purchasing citrus molasses in November and manufactures and builds inventory of citrus brandy and spirits. The Company manufactures and builds inventory while raw materials are available due to the short life of the citrus molasses it purchases. Another seasonal business of the Company is its contract bottling services. Demand for contract bottling services is highest during the months from April through October. Management believes that cash provided by its operating and financing activities will provide adequate resources to satisfy its working capital, liquidity and anticipated capital expenditure requirements for both its short-term and long-term capital needs.

Operating Activities

Net cash provided by operating activities in 2003 was $1.5 million, which resulted from $2.5 million in net income adjusted for noncash items, and $1.0 million representing the net increase in operating assets and liabilities.

The Company currently has approximately $2.1 million of ready-to-drink finished goods inventory and related raw materials and supplies, the sales of which have not yet met expectations. The Company continues to sell this inventory in the ordinary course and is currently exploring alternatives with respect to the disposition of any excess inventory. The Company believes that it will be able to recover at least the book value thereof in the current fiscal year.

Investing and Financing Activities

Net cash used in investing activities in 2003 was $2.4 million, which resulted primarily from $2.1 million of capital expenditures.

Net cash used in financing activities in 2003 was $0.1 million, which resulted from borrowings of $2.0 million under the revolving credit facility and payments of $2.1 million of long-term debt.

The Company s revolving credit facility provides for maximum borrowings of $30 million. Borrowings under this facility were $22.5 million at March 31, 2003 (see Note 3 to the consolidated financial statements).

The Company s bank debt was $56.5 million as of March 31, 2003, and its ratio of total debt to equity was 1.1 to 1.

As of December 31, 2002 and March 31, 2003, the Company was not in compliance with the Funded Debt to EBITDA (earnings before interest, taxes, depreciation and amortization) financial covenant under its credit agreement. In addition, as of March 31, 2003 the Company was not in compliance with its Interest Coverage and Fixed Charge Coverage financial covenants. On February 18, 2003, the Company received a waiver for the December 31, 2002 covenant violation. On May 14, 2003, the Company received a waiver of the March 31, 2003 covenant violations and amended prospectively the credit agreement to reset the levels of certain financial covenants to reflect the Company s current business plan and forecasts. The Company paid a fee of $136,250 for the December waiver and $160,000 for the March waiver and amendment. The Company s interest rate under the term-loan and revolving credit agreement was increased 50 basis points effective January 1, 2003 and an additional 50 basis points effective May 14, 2003.

The Company s share of the undistributed earnings of the Bahamian and Virgin Islands subsidiaries was approximately $7.5 million and $27.9 million, respectively, as of September 30, 2002. See Note 10 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended September 30, 2002 for additional information on income taxes related to these subsidiaries.

Based on current plans and business conditions, management expects that its cash, cash equivalents, and short-term investments, together with any amounts generated from operations and available borrowings, will be sufficient to meet the Company s cash requirements for at least the next 12 months.

Effects of Inflation and Changing Prices

The Company s results of operations and financial condition have not been significantly affected by inflation and changing prices. The Company has been able, subject to normal competitive conditions, to pass along rising costs through increased selling prices.

Critical Accounting Policies

The Company s significant accounting policies are more fully described in Note 1 to the Company s consolidated financial statements located in Item 8 of its Annual Report on Form 10-K. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the related disclosures of contingent assets and liabilities. Actual results could differ from those estimates under different assumptions or conditions. The Company believes that the following critical accounting policy is subject to estimates and judgments used in the preparation of its consolidated financial statements:

The Company has goodwill and intangible assets associated with business acquisitions. The Company reviews these assets for impairment annually and whenever an event occurs or circumstances change that would more likely than not reduce the fair value of these assets below their carrying value. If the fair value of these assets is less than their carrying value, then an impairment loss would be recognized equal to the excess of the carrying value over the fair value of the asset.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The information required under this Item 3 is incorporated herein by reference to the Company s Annual Report on Form 10 - K for the year ended September 30, 2002.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Within 90 days prior to the date of this report, management, including the Company s Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures. Based on this evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in timely alerting them to material information required to be included in the Company s periodic SEC reports. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Controls

In addition, management, including the Company s Chief Executive Officer and Chief Financial Officer, reviewed the Company s internal controls, and there have been no significant changes in the internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of the Company was held on March 18, 2003, in West Palm Beach, Florida, for the purpose of electing two Class II directors to hold office for a term of three years.

Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended, and there was no solicitation in opposition to management s solicitations.

Election of Directors

All of management s nominees for election as directors as listed in the proxy statement were elected. The results of the election were as follows:

Name	For	Withheld	Abstentions and Broker Non-Votes
Joseph R. Cook	4,632,667	139,510	0
Leonard G. Rogers	4,632,667	139,510	0

Following the annual meeting, Godfrey D. Bain, Donald L. Kasun and Thomas A. Valdes continue to serve as Class I directors with terms expiring at the 2005 annual meeting and Jay S. Maltby, Edward F. McDonnell and D. Chris Mitchell continue to serve as Class III directors with terms expiring at the 2004 annual meeting.

Item 6. Exhibits and Reports on Form 8-K

3.1	Amended and Restated Certificate of Incorporation of Todhunter International, Inc. (1)
3.2	Amended and Restated By-Laws of Todhunter International, Inc. (5)
4.1	Form of Todhunter International, Inc. Common Stock Certificate (1)
10.6	Todhunter International, Inc. 1992 Stock Option Plan, as amended (3)
10.8	Lease, dated March 24, 1988, as amended, between Todhunter International, Inc. and Esperanté Limited Partnership (1)
10.8(a)	Amendment to Lease, dated January 1, 1997, between Todhunter International, Inc. and Florida Acquisition Fund Esperanté, Ltd. (4)
10.18	Executive Employment Agreement dated as of July 15, 1999, between Thomas A. Valdes and Todhunter International, Inc. (5)
10.19	Executive Employment Agreement dated as of July 15, 1999, between Jay S. Maltby and Todhunter International, Inc. (5)
10.21	Executive Employment Agreement dated as of July 15, 1999, between D. Chris Mitchell and Todhunter International, Inc. (5)
10.22	Amended and Restated Credit Agreement dated as of October 19, 2001, by and among Todhunter International, Inc., and each of the Financial Institutions Initially a Signatory thereto, and SouthTrust Bank (6)
10.22(a)	Waiver of Defaults Under Credit Agreement, dated February 18, 2003, by and among Todhunter International, Inc., SouthTrust Bank, acting as lender and Agent, Wachovia Bank, N.A., National City Bank and Suntrust Bank (9)
10.23	Agreement and General Release of All Claims between Todhunter International, Inc. and A. Kenneth Pincourt, Jr., dated as of November 26, 2002 (7)

11.1	Statement of Computation of Per Share Earnings (8)
21.1	Subsidiaries of Todhunter International, Inc. (2)
99.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (9)
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (9)

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(1) Incorporated herein by reference to the Company s Registration Statement on Form S-1 (File No. 33-50848).

(2) Incorporated herein by reference to the Company s Annual Report on Form 10-K for the year ended September 30, 1995.

(3) Incorporated herein by reference to the Company s Annual Report on Form 10-K for the year ended September 30, 1997.

(4) Incorporated herein by reference to the Company s Annual Report on Form 10-K for the year ended September 30, 1998.

(5) Incorporated herein by reference to the Company s Annual Report on Form 10-K for the year ended September 30, 1999.

(6) Incorporated herein by reference to the Company s Annual Report on Form 10-K for the year ended September 30, 2001.

(7) Incorporated herein by reference to the Company s Report on Form 8-K for November 26, 2002.

(8) Filed herewith and incorporated herein by reference to Note 4 of notes to consolidated financial statements, included in Item 1 of the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

(9) Filed herewith.

(b) Reports on Form 8-K

During the second quarter of fiscal 2003, the Company filed the following current report on Form 8-K:

(1) Form 8-K dated March 19, 2003. This Form 8-K reported information under Item 5 (Other Events and required FD Disclosure).

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.

Date: May 15, 2003	/s/ Jay S. Maltby Jay S. Maltby Chairman, Chief Executive Officer and President
Date: May 15, 2003	/s/ Troy Edwards Troy Edwards Chief Financial Officer, Treasurer and Controller

CERTIFICATION REQUIRED BY THE

CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay S. Maltby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Todhunter International, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Jay S. Maltby
Jay S. Maltby
Chairman, Chief Executive Officer and President

CERTIFICATION REQUIRED BY THE

CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Troy Edwards, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Todhunter International, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

6. The registrant s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Troy Edwards
Troy Edwards
Chief Financial Officer, Treasurer and Controller

EXHIBIT 99.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Todhunter International, Inc. (the Company) on Form 10-Q for the period ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (this Report), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company as of March 31, 2003 and its results of operations for the period ended March 31, 2003.

/s/ Jay S. Maltby
Jay S. Maltby
Chairman, Chief Executive Officer and President

Date: May 15, 2003

EXHIBIT 99.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that (1) this Quarterly Report of Todhunter International, Inc. (the Company) on Form 10-Q for the period ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (this Report), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Report fairly presents, in all material respects, the financial condition of the Company as of March 31, 2003 and its results of operations for the period ended March 31, 2003.

/s/ Troy Edwards
Troy Edwards
Chief Financial Officer, Treasurer and Controller

Date: May 15, 2003