

Edgar Filing: TWIN DISC INC - Form 10-Q

TWIN DISC INC  
Form 10-Q  
November 03, 2010

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 quarter ended September 24, 2010

Commission File Number 1-7635

TWIN DISC, INCORPORATED  
(Exact name of registrant as specified in its charter)

Wisconsin 39-0667110  
(State or other jurisdiction of  
Incorporation or organization) (I.R.S. Employer  
Identification No.)

1328 Racine Street, Racine, Wisconsin 53403  
(Address of principal executive offices)

(262) 638-4000  
(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 website, 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 definition 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   
Non-accelerated Filer  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

At October 29, 2010, the registrant had 11,338,694 shares of its common stock outstanding.

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## Part FINANCIAL INFORMATION

I.

Item 1.

Financial Statements  
**TWIN DISC, INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Thousands, Unaudited)

	September 24, 2010	June 30, 2010
<b>Assets</b>		
Current assets:		
Cash	\$23,114	\$19,022
Trade accounts receivable, net	46,918	43,014
Inventories, net	77,458	72,799
Deferred income taxes	5,597	5,224
Other	8,087	7,391
Total current assets	161,174	147,450
Property, plant and equipment, net	59,361	58,243
Goodwill, net	16,813	16,440
Deferred income taxes	22,633	24,029
Intangible assets, net	6,342	6,268
Other assets	6,845	6,626
<b>Total assets</b>	<b>\$273,168</b>	<b>\$259,056</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$3,987	\$3,920
Accounts payable	26,894	23,842
Accrued liabilities	33,932	35,545
Total current liabilities	64,813	63,307
Long-term debt	28,852	27,211
Accrued retirement benefits	72,394	72,833
Deferred income taxes	3,914	3,914
Other long-term	3,500	2,472
<b>Total liabilities</b>	<b>173,473</b>	<b>169,737</b>
<b>Equity</b>		
Twin Disc shareholders' equity:		
Common shares authorized: 30,000,000;		
issued: 13,099,468; no par value	9,664	10,667
Retained earnings	149,302	147,438
Accumulated other comprehensive loss	(34,140 )	(42,048 )
	124,826	116,057

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Less treasury stock, at cost (1,786,462 and 1,901,242 shares, respectively)	25,933	27,597
Total Twin Disc shareholders' equity	98,893	88,460
Noncontrolling interest	802	859
Total equity	99,695	89,319
Total liabilities and equity	\$273,168	\$259,056

The notes to condensed consolidated financial statements are an integral part of these statements.

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**TWIN DISC, INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(In Thousands Except Per Share Data, Unaudited)

	Three Months Ended September 24, 2010	September 25, 2009
Net sales	\$61,395	\$47,057
Cost of goods sold	41,372	37,310
Gross Profit	20,023	9,747
Marketing, engineering and administrative expenses	14,777	12,778
Earnings (loss) from operations	5,246	(3,031 )
Interest expense	439	619
Other expense, net	554	60
	993	679
Earnings (loss) before income taxes and noncontrolling interest	4,253	(3,710 )
Income taxes	1,556	(1,398 )
Net earnings (loss)	2,697	(2,312 )
Less: Net earnings attributable to noncontrolling interest, net of tax	(41 )	(92 )
Net earnings (loss) attributable to Twin Disc	\$2,656	\$(2,404 )
Dividends per share	\$0.0700	\$0.0700
Earnings per share data:		
Basic earnings (loss) per share attributable to Twin Disc common shareholders	\$0.24	\$(0.22 )
Diluted earnings (loss) per share attributable to Twin Disc common shareholders	\$0.24	\$(0.22 )
Weighted average shares outstanding data:		