THOR INDUSTRIES INC
Form 10-Q/A
June 12, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A
(Amendment No. 1)
QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED October 31, 2006 **COMMISSION FILE NUMBER 1-9235**

THOR INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	93-0768752
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
419 West Pike Street, Jackson Center, OH	45334-0629
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: (937) 596-6849

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 o No þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at 10/31/2006
Common stock, par value $.10 per share	55,708,686 shares

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Explanatory Note

(All amounts presented in thousands)

This amendment on Form 10-Q/A amends our Quarterly Report on Form 10-Q for the three months ended October 31, 2006, originally filed with the Securities and Exchange Commission (the SEC) on November 27, 2006. We have restated our previously issued financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, and have filed an amendment to our Annual Report on Form 10-K/A with the SEC on June 11, 2007. We have also restated our unaudited interim consolidated financial statements as of October 31, 2006 and for the three months ended October 31, 2006 and 2005 and are filing this amendment to reflect the restated amounts. The effects of this restatement are reflected in the comparative amounts included in this Form 10-Q/A.

On January 29, 2007, we announced that the Audit Committee of our Board of Directors (the Audit Committee) initiated an independent investigation regarding certain accounting issues at our Dutchmen Manufacturing, Inc. operating subsidiary (Dutchmen), primarily involving inventory, accounts receivable, accounts payable, and cost of products sold. We promptly and voluntarily informed the SEC of the Audit Committee s investigation, and have been responding to SEC staff requests for additional information in connection with the staff s investigation. The Audit Committee, assisted by independent outside legal counsel and accounting experts, thoroughly investigated the accounting issues raised at Dutchmen. The Audit Committee and its advisors also reviewed the internal controls at Dutchmen and other subsidiaries.

On April 9, 2007, we announced that on April 4, 2007 our Board of Directors, acting upon the recommendation of the Audit Committee and management, concluded that our previously issued consolidated financial statements relating to the fiscal years 2004, 2005 and 2006 and the three months ended October 31, 2006 contained in our filings with the SEC, including related reports of our independent registered public accounting firm, Deloitte & Touche LLP, and press releases, should no longer be relied upon.

The consolidated financial statements and related financial information for the three months ended October 31, 2006 included in this Form 10-Q/A should be read only in conjunction with the information contained in our Annual Report on Form 10-K/A for the year ended July 31, 2006. See Note 2 to our unaudited interim consolidated financial statements included in this Form 10-Q/A for further discussion.

The Audit Committee s investigation confirmed the Company s determination that income before income taxes recorded by Dutchmen was overstated in the amount of approximately $26,000 in the aggregate from fiscal year 2004 to the second quarter of fiscal year 2007, as a result of misconduct by Dutchmen s former Vice President of Finance, the senior financial officer of Dutchmen in which he intentionally understated the cost of products sold. Dutchmen s Vice President of Finance manipulated accounts reflecting inventory, accounts receivable, accounts payable, and cost of products sold, by entering and approving his own inaccurate journal entries as well as reconciling the related accounts, and prepared fraudulent supporting documentation, with the net effect of overstating Dutchmen s income before income taxes by approximately $26,000 during the relevant period. The Audit Committee s investigation found no evidence to conclude that anyone else, at Dutchmen or elsewhere in the Company, knew of or participated in this misconduct or that there was theft or misappropriation of company assets. The Audit Committee s investigation also identified issues with respect to internal controls at Dutchmen, certain of the Company s other operating subsidiaries, and the Company s corporate finance and accounting office. The Company s conclusions regarding internal controls issues are more fully detailed in Item 9A of our Annual Report on Form 10-K/A for the year ended July 31, 2006.

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The Company s decision to restate its previously issued financial statements follows the Company s evaluation, considering the results from the Audit Committee s investigation, of accounting practices employed at Dutchmen during the periods restated. The effect of the restatement reported in this Quarterly Report on Form 10-Q/A is a reduction to income before income taxes of $3,202, or $2,001 in net income, for the three months ended October 31, 2006 and a reduction to income before income taxes of $3,147, or $1,992 in net income, for the three months ended October 31, 2005. The restated financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, are reported in our Annual Report on Form 10-K/A for the year ended July 31, 2006.

The effects of these restatements are reflected in the financial statements and other supplemental data, including the unaudited quarterly data for fiscal years 2004, 2005 and 2006 and selected financial data, included in our Annual Report on Form 10-K/A for the year ended July 31, 2006 and this Form 10-Q/A. We have not amended and do not intend to amend any of our previously filed annual reports on Form 10-K for the periods affected by the restatement or adjustments other than our Annual Report on Form 10-K/A for the year ended July 31, 2006 or any of our previously filed Quarterly Reports on Form 10-Q other than this report.

We did not timely file our Quarterly Report on Form 10-Q for the quarter ended January 31, 2007 by the prescribed due date of March 12, 2007. At that time, the Audit Committee s investigation was ongoing. We expect to file our Quarterly Report on Form 10-Q for the quarter ended January 31, 2007 as soon as practicable after the filing of this report.

As a result of our failure to file quarterly reports on a timely basis, we are no longer eligible to use Form S-3 to register our securities with the SEC until all required reports under the Securities Exchange Act of 1934 have been timely filed for the 12 months prior to the filing of the registration statement for those securities.

The restatement, and the reasons for and events leading to the restatement, are also described in Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 2 to our unaudited interim consolidated financial statements contained elsewhere in this report. This restatement affects the following areas of the report:

Part I, Item 1 Financial Statements.

Part I, Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations.

Part I, Item 4 Controls and Procedures.

Part II, Item 1 Legal Proceedings.

Except for the foregoing amended disclosures, the information in this Form 10-Q/A generally has not been updated to reflect events that occurred after November 27, 2006, the original filing date of our Quarterly Report on Form 10-Q for the three months ended October 31, 2006.

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PART I Financial Information

Unless otherwise indicated, all amounts presented in thousands of dollars except unit, share and per share data.

ITEM 1. Financial Statements

THOR INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 2006 (As restated, see Note 2)	July 31, 2006 (As restated, see Note 2)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 95,963	$ 196,136
Investments short term	110,815	68,237
Accounts receivable:		
Trade	153,203	188,104
Other	6,060	5,639
Inventories	207,168	183,169
Prepaid expenses	17,259	6,533
Deferred income taxes	12,311	4,898
Total current assets	602,779	652,716
Property:		
Land	21,309	21,323
Buildings and improvements	132,346	131,649
Machinery and equipment	58,470	55,656
Total cost	212,125	208,628
Accumulated depreciation	53,947	51,163
Property, net	158,178	157,465
Investment in Joint ventures	2,917	2,737
Other assets:		
Goodwill	165,663	165,663
Non-compete agreements	2,604	2,841
Trademarks	13,900	13,900
Other	10,310	9,403
Total other assets	192,477	191,807
TOTAL ASSETS	**$ 956,351**	**$ 1,004,725**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 104,986	$ 145,609
Accrued liabilities:		

Taxes		44,297		18,709
Compensation and related items		31,290		37,161
Product warranties		60,923		59,795
Promotions and rebates		12,612		12,953
Product/property liability and related		10,948		10,423
Other		7,126		7,315
Total current liabilities		272,182		291,965
Deferred income taxes and other liabilities		13,862		12,911
Stockholders equity:				
Common stock authorized 250,000,000 shares; issued 57,150,286 shares @ 10/31/06 and 57,100,286 shares @ 7/31/06; par value of $.10 per share		5,715		5,710
Additional paid-in capital		87,538		86,538
Accumulated other comprehensive income		1,874		1,772
Retained earnings		635,303		664,322
Less Treasury shares of 1,441,600 @ 10/31/06 & 1,401,200 @ 7/31/06		(60,123)		(58,493)
Total stockholders equity		670,307		699,849
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$**	**956,351**	**$**	**1,004,725**

See notes to condensed consolidated financial statements

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THOR INDUSTRIES, INC. AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED INCOME
FOR THE THREE MONTHS ENDED OCTOBER 31, 2006 AND 2005

	Three Months Ended October 31	
	2006 (As restated, see Note 2)	2005 (As restated, see Note 2)
Net sales	$ 727,716	$ 761,323
Cost of products sold	638,548	652,828
Gross profit	89,168	108,495
Selling, general and administrative expenses	43,445	44,336
Interest income	2,910	1,680
Interest expense	187	347
Other income	550	799
Income before income taxes	48,996	66,291
Provision for income taxes	18,399	24,918
Net income	$ 30,597	$ 41,373
Average common shares outstanding:		
Basic	55,613,302	56,568,392
Diluted	55,904,797	56,916,818
Earnings per common share:		
Basic	$ .55	$ .73
Diluted	$ .55	$ .73
Regular dividends declared per common share:	$ .07	$ .00
Special dividends declared per common share:	$ 1.00	$ .00
Regular dividends paid per common share:	$ .07	$ .05
Special dividends paid per common share:	$ 1.00	$ .25

See notes to condensed consolidated financial statements

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THOR INDUSTRIES, INC. AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2006 AND 2005

	2006 (As restated, see Note 2)	2005 (As restated, see Note 2)
Cash flows from operating activities:		
Net income	$ 30,597	$ 41,373
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	3,226	2,781
Amortization	237	237
Deferred income taxes	(7,700)	
Loss on disposition of assets	103	2
Loss on disposition of trading investments	104	100
Unrealized loss on trading investments		116
Stock based compensation	160	259
Changes in non cash assets and liabilities, net of effect from acquisitions:		
Purchases of trading investments		(64,387)
Proceeds from disposition of trading investments	68,133	33,361
Accounts receivable	34,480	(41,587)
Inventories	(23,999)	(22,681)
Prepaids and other	(11,783)	(9,911)
Accounts payable	(40,752)	3,581
Accrued liabilities	20,840	34,275
Other liabilities	943	(18)
Net cash provided by (used in) operating activities	74,589	(22,499)
Cash flows from investing activities:		
Purchase of property, plant & equipment	(4,076)	(6,979)
Proceeds from disposition of assets	171	20
Purchases of available for sale investments	(186,125)	
Proceeds from sale of available for sale investments	75,567	
Net cash used in investing activities	(114,463)	(6,959)
Cash flows from financing activities:		
Cash dividends	(59,616)	(17,000)
Purchase of common stock held as treasury shares	(1,630)	
Proceeds from issuance of common stock	845	43
Net cash used in financing activities	(60,401)	(16,957)

Effect of exchange rate changes on cash		102		411
Net decrease in cash and equivalents		(100,173)		(46,004)
Cash and equivalents, beginning of period		196,136		163,596
Cash and equivalents, end of period	$	95,963	$	117,592
Supplemental cash flow information:				
Income taxes paid	$	106	$	12
Interest paid		187		347
Non cash transactions:				
Capital expenditures in accounts payable	$	129	$	776

See notes to consolidated financial statements

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The July 31, 2006 amounts are derived from the annual audited financial statements. The interim financial statements are unaudited. In the opinion of management, all adjustments (which consist of normal recurring adjustments) necessary to present fairly the financial position, results of operations and change in cash flows for the interim periods presented have been made. These financial statements should be read in conjunction with the Company s Annual Report on Form 10-K/A for the year ended July 31, 2006. The results of operations for the three months ended October 31, 2006 are not necessarily indicative of the results for the full year.
2. Restatement of Financial Statements

   On January 29, 2007, we announced that the Audit Committee of our Board of Directors (the Audit Committee) initiated an independent investigation regarding certain accounting issues at our Dutchmen Manufacturing, Inc. operating subsidiary (Dutchmen). The Vice President of Finance at Dutchmen was intentionally understating the cost of products sold during the periods restated, primarily by overstating inventory and accounts receivable and understating accounts payable. We promptly and voluntarily informed the SEC of the Audit Committee s investigation, and have been responding to SEC staff requests for additional information in connection with the staff s investigation. The Audit Committee, assisted by independent outside legal counsel and accounting experts, thoroughly investigated the accounting issues raised at Dutchmen. The Audit Committee and its advisors also reviewed the internal controls at Dutchmen and other subsidiaries.

   The Audit Committee s investigation confirmed the Company s determination that the income before income taxes recorded by Dutchmen was overstated during the periods restated, as a result of misconduct by Dutchmen s former Vice President of Finance, the senior financial officer of Dutchmen.

   The Company has restated its previously issued financial statements as of July 31, 2006 and October 31, 2006 and for the three months ended October 31, 2006 and 2005. The restatement followed the Company s evaluation, considering the results from the Audit Committee s investigation, of accounting practices employed at Dutchmen during these periods.

   The following tables show the previously reported, restatement adjustment and restated amounts for those accounts in the Consolidated Balance Sheets at October 31, 2006 and July 31, 2006, and the Statements of Consolidated Income and Cash Flows for the three month period ended October 31, 2006 and 2005, affected by the restatement.

	Previously Reported	**Restatement adjustment**	**Restated**
Consolidated Balance Sheet October 31, 2006			
Accounts receivable trade	$159,951	$ (6,748)	$153,203
Inventories	215,155	(7,987)	207,168
Total current assets	617,514	(14,735)	602,779
Total assets	971,086	(14,735)	956,351
Accounts payable	95,399	9,587	104,986
Taxes	53,363	(9,066)	44,297
Total current liabilities	271,661	521	272,182
Retained earnings	650,559	(15,256)	635,303
Total stockholders equity	685,563	(15,256)	670,307
Total liabilities and stockholders equity	971,086	(14,735)	956,351

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Previously reported	Restatement adjustment	Restated
Consolidated Balance Sheet			
July 31, 2006			
Accounts receivable trade	$ 191,299	$ (3,195)	$ 188,104
Inventories	187,091	(3,922)	183,169
Total current assets	659,833	(7,117)	652,716
Total assets	1,011,842	(7,117)	1,004,725
Accounts payable	131,606	14,003	145,609
Taxes	26,574	(7,865)	18,709
Total current liabilities	285,827	6,138	291,965
Retained earnings	677,577	(13,255)	664,322
Total stockholders equity	713,104	(13,255)	699,849
Total liabilities and stockholders equity	1,011,842	(7,117)	1,004,725

	Previously reported	Restatement adjustment	Restated
Statement of Consolidated Income			
Three months ended October 31, 2006			
Cost of products sold	$635,346	$ 3,202	$638,548
Gross profit	92,370	(3,202)	89,168
Income before income taxes	52,198	(3,202)	48,996
Provision for income taxes	19,600	(1,201)	18,399
Net income	32,598	(2,001)	30,597
Statement of Consolidated Cash Flow			
Three months ended October 31, 2006			
Cash flows from operating activities			
Net income	$ 32,598	$(2,001)	$ 30,597
Accounts receivable	30,927	3,553	34,480
Inventories	(28,064)	4,065	(23,999)
Accounts payable	(36,336)	(4,416)	(40,752)
Accrued liabilities	22,041	(1,201)	20,840
Earnings per common share			
Three months ended October 31, 2006			
Basic	$ .59	$ (.04)	$ .55
Diluted	$ .58	$ (.03)	$ .55

	Previously reported	Restatement adjustment	Restated
Statement of Consolidated Income			
Three months ended October 31, 2005			

Cost of products sold	$649,681	$ 3,147	$652,828
Gross profit	111,642	(3,147)	108,495
Income before income taxes	69,438	(3,147)	66,291
Provision for income taxes	26,073	(1,155)	24,918
Net income	43,365	(1,992)	41,373

Statement of Consolidated Cash Flow
Three months ended October 31, 2005

Cash flows from operating activities Net income	$ 43,365	$(1,992)	$ 41,373
Accounts receivable	(38,998)	(2,589)	(41,587)
Inventories	(25,278)	2,597	(22,681)
Accounts payable	442	3,139	3,581
Accrued liabilities	35,430	(1,155)	34,275

Earnings per common share
Three months ended October 31, 2005

Basic	$ .77	$ (.04)	$ .73
Diluted	$ .76	$ (.03)	$ .73

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Major classifications of inventories are:

	October 31, 2006	July 31, 2006
Raw materials	$ 96,992	$ 99,807
Chassis	52,621	39,772
Work in process	52,496	51,208
Finished goods	27,803	13,416
Total	229,912	204,203
Less excess of FIFO costs over LIFO costs	22,744	21,034
Total inventories	$ 207,168	$ 183,169

4. Earnings Per Share

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005
Weighted average shares outstanding for basic earnings per share	55,613,302	56,568,392
Stock options and restricted stock	291,495	348,426
Total For diluted shares	55,904,797	56,916,818

5. Comprehensive Income

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005
Net income	$ 30,597	$ 41,373
Foreign currency translation adj.	102	411
Comprehensive income	$ 30,699	$ 41,784

6. Segment Information

The Company has three reportable segments: 1.) towable recreation vehicles, 2.) motorized recreation vehicles, and 3.) buses. The towable recreation vehicle segment consists of product lines from the following operating companies that have been aggregated: Airstream, Breckenridge, CrossRoads, Dutchmen, General Coach Hensall and Oliver, Keystone, Komfort and Thor California. The motorized recreation vehicle segment consists of product lines from the following operating companies that have been aggregated: Airstream, Damon, Four Winds and Oliver. The bus segment consists of the following operating companies that have been aggregated: Champion Bus, ElDorado California, ElDorado Kansas and Goshen Coach.

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005

Net Sales:		
Recreation vehicles:		
Towables	$ 499,955	$ 533,236
Motorized	135,923	149,094
Total recreation vehicles	635,878	682,330
Buses	91,838	78,993
Total	$ 727,716	$ 761,323

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005
Income Before Income Taxes:		
Recreation vehicles:		
Towables	$ 40,400	$ 58,277
Motorized	6,068	8,366
Total recreation vehicles	46,468	66,643
Buses	3,020	1,994
Corporate	(492)	(2,346)
Total	$ 48,996	$ 66,291

	October 31, 2006	July 31, 2006
Identifiable Assets:		
Recreation vehicles:		
Towables	$ 458,833	$ 483,324
Motorized	150,782	150,058
Total recreation vehicles	609,615	633,382
Buses	113,919	103,861
Corporate	232,817	267,482
Total	$ 956,351	$ 1,004,725

7. Treasury Shares

In the first quarter of fiscal 2007, the Company purchased 40,400 shares and held them as treasury stock at a cost of $1,630, an average cost of $40.33 per share.

8. Investments

Effective August 1, 2006, the Company began classifying all short-term investment purchases as available-for-sale. This change was based on the Company s decision to change its investment strategy from one of generating profits on short term differences in price to one of preserving capital.

At October 31, 2006 all Investments short term are comprised of auction rate securities that are classified as available-for-sale and are reported at fair value in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. The Company purchases its auction rate securities at par, which either mature or reset at par, and generally there are no unrealized or realized gains or losses to report. Cost is determined on the specific identification basis. Interest income is accrued as earned. All of the available-for-sale securities held at October 31, 2006 mature within one year.

As of July 31, 2006 the Company held short-term debt and equity investments classified as trading securities. Sales and maturities of these investments during the three months ended October 31, 2006 were recorded as trading securities activity. Realized and unrealized gains and losses on trading securities are included in earnings. Dividend and interest income are recognized when earned.

9. Goodwill and Other Intangible Assets

The components of other intangible assets are as follows:

	October 31, 2006		July 31, 2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Amortized Intangible Assets:				
Non-compete agreements	$15,889	$13,285	$15,889	$13,048

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005
Non-compete Agreements:		
Amortization Expense	$ 237	$ 237

Non-compete agreements are amortized on a straight-line basis.

Estimated Amortization Expense:

For the year ending July 2007	$887
For the year ending July 2008	$828
For the year ending July 2009	$492
For the year ending July 2010	$337
For the year ending July 2011	$239

There was no change in the carrying amount of goodwill and trademarks for the three month period ended October 31, 2006.

As of October 31, 2006, Goodwill and Trademarks by segments totaled as follows:

	Goodwill	Trademarks
Recreation Vehicles:		
Towables	$ 143,795	$ 10,237
Motorized	17,252	2,600
Total Recreation Vehicles	161,047	12,837
Bus	4,616	1,063
Total	$ 165,663	$ 13,900

10. Warranty

Thor provides customers of our products with a warranty covering defects in material or workmanship for periods generally ranging from one to two years, with longer warranties on certain structural components. We record a liability based on our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors we use in estimating the warranty liability include a history of units sold, existing dealer inventory, average cost incurred and a profile of the distribution of warranty expenditures over the warranty period. A significant increase in dealer shop rates, the cost of parts or the frequency of claims could have a material adverse impact on our operating results for the period or periods in which such claims or additional costs materialize. Management believes that the warranty reserve is adequate; however, actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on a quarterly basis.

	Three Months Ended	Three Months Ended

	October 31, 2006	October 31, 2005
Beginning Balance	$ 59,795	$ 55,118
Provision	17,951	15,967
Payments	(16,823)	(14,973)
Ending Balance	$ 60,923	$ 56,112

11. Commercial Commitments

Our principal commercial commitments at October 31, 2006 are summarized in the following chart:

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Commitment	Total Amount Committed	Term of Guarantee
Guarantee on dealer financing	$ 2,521	less than 1 year
Standby repurchase obligation on dealer financing	$ 846,754	less than 1 year

The Company records repurchase and guarantee reserves based on prior experience and known current events. The combined repurchase and recourse reserve balances are approximately $1,772 and $1,563 as of October 31, 2006 and July 31, 2006, respectively.

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005
Cost of units repurchased	$ 1,961	$ 1,350
Realization on units resold	1,543	1,272
Losses due to repurchase	$ 418	$ 78

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, all amounts presented in thousands of dollars except unit, share and per share data.

Executive Overview

We were founded in 1980 and have grown to be the largest manufacturer of Recreation Vehicles (RV s) and a major manufacturer of commercial buses in North America. Our position in the travel trailer and fifth wheel segment of the industry (towables), gives us an approximate 32% market share. In the motorized segment of the industry, we have an approximate 14% market share. Our market share in small and mid-size buses is approximately 38%. We entered the 40-foot bus market with a new facility in Southern California designed for that product as well as our existing 30-foot and 35-foot buses.

Our growth has been internal and by acquisition. Our strategy has been to increase our profitability in North America in the recreation vehicle industry and in the bus business through product innovation, service to our customers, manufacturing quality products, improving our facilities and acquisitions. We have not entered unrelated businesses and have no plans to do so in the future.

We rely on internally generated cash flows from operations to finance our growth although we may borrow to make an acquisition if we believe the incremental cash flows will provide for rapid payback. We invested significant capital to modernize and expand our plant facilities and have expended approximately $31,008 for that purpose in fiscal 2006.

Our business model includes decentralized operating units and we compensate operating management primarily with cash based upon profitability of the unit which they manage. Our corporate staff provides financial management, centralized purchasing services, insurance, legal and human resources, risk management, and internal audit functions. Senior corporate management interacts regularly with operating management to assure that corporate objectives are understood clearly and are monitored appropriately.

Our RV products are sold to dealers who, in turn, retail those products. Our buses are sold through dealers to municipalities and private purchasers such as rental car companies and hotels. We do not finance dealers. In support of our RV dealer financing needs, however, we enter into agreements with providers of inventory financing whereby we repurchase new inventory (on agreed terms) located at dealer facilities should the lender foreclose. In another dealer support activity, we have a 50-50 joint venture with GE Consumer Finance, Thor Credit Corporation, that offers retail financing to customers of the dealer in their purchase of Thor and other manufacturer s products.

Restatement

As further described in the Explanatory Note on page 1 of this report, Note 2 to our unaudited interim consolidated financial statements contained elsewhere in this report and our Annual Report on Form 10-K/A for the year ended July 31, 2006, we have restated our financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, and the financial statements as of October 31, 2006 and for the three months ended October 31, 2006 and 2005. The restatement follows the Company s evaluation, considering the results from the independent investigation of the Audit Committee of our Board of Directors, of accounting practices employed at our Dutchmen Manufacturing, Inc. operating subsidiary (Dutchmen) during these periods. The effect of the restatement reported in this Quarterly Report on Form 10-Q/A is a reduction to income before income taxes of $3,202, or $2,001 in net income, for the three months ended October 31, 2006 and a reduction to income before income taxes of $3,147, or $1,992 in net income, for the three months ended October 31, 2005. The restated financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, are reported in our Annual Report on Form 10-K/A for the year ended July 31, 2006. The accompanying management s discussion and analysis of financial condition and results of operations gives effect to the restatement described in Note 2 to our unaudited interim consolidated financial statements contained elsewhere in this report.

We have incurred material expenses in 2007 as a direct result of the Audit Committee s investigation and the Company s review of the accounting practices at Dutchmen and certain of our other operating subsidiaries. These costs primarily relate to professional services for legal, accounting and tax guidance. In addition, we have incurred costs related to the preparation, review and audit of our restated consolidated financial statements. We expect that we will continue to incur costs associated with these matters.

Information on our accounting controls and procedures, including our internal controls, is described in Item 4 Controls and Procedures.

Trends and Business Outlook

The most important determinant of demand for Recreation Vehicles is demographics. The baby boomer population is now reaching retirement age and retirees are a large market for our products. The baby boomer population in the United States is expected to grow five times as fast as the expected growth in the total United States population. We believe a primary indicator of the strength of the recreation vehicle industry is retail RV sales, which we closely monitor to determine industry trends. According to Statistical Surveys, Inc., our travel trailer and fifth wheel market share for the nine months ended September 30, 2006 was 32.1% up from 30.9% last year. In motorhomes, our market share increased to 14.2% for the nine months ended September 30, 2006 up from 12.7% last year. For the nine months ended September 30, 2006 Statistical Surveys, Inc. reported that travel trailers and fifth wheel unit sales were down 1.1% and that motorhome sales were down 12.2%. Higher interest rates and fuel prices appear to affect the motorized segment more severely.

Government entities are primary users of our buses. Demand in this segment is subject to fluctuations in government spending on transit. In addition, hotel and rental car companies are also major users of our small and mid-size buses and therefore airline travel is an important indicator for this market. The majority of our buses have a 5-year useful life, so many of the buses are being replaced. According to Mid Size Bus Manufacturers Association unit sales of small and mid-sized buses are up 9.3% in the nine months ended September 30, 2006.

Economic or industry-wide factors affecting our recreation vehicle business include raw material costs of commodities used in the manufacture of our product. Material cost is the primary factor determining our cost of products sold. Additional increases in raw material costs would impact our profit margins negatively if we were unable to raise prices for our products by corresponding amounts.

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THREE MONTHS ENDED OCTOBER 31, 2006 VS. THREE MONTHS ENDED OCTOBER 31, 2005

	Three Months Ended October 31, 2006	Three Months Ended October 31, 2005	Change Amount	%
NET SALES:				
Recreation Vehicles				
Towables	$ 499,955	$ 533,236	$ (33,281)	(6.2)
Motorized	135,923	149,094	(13,171)	(8.8)
Total Recreation Vehicles	635,878	682,330	(46,452)	(6.8)
Buses	91,838	78,993	12,845	16.3
Total	$ 727,716	$ 761,323	$ (33,607)	(4.4)
# OF UNITS:				
Recreation Vehicles				
Towables	23,490	27,518	(4,028)	(14.6)
Motorized	1,855	2,019	(164)	(8.1)
Total Recreation Vehicles	25,345	29,537	(4,192)	(14.2)
Buses	1,557	1,468	89	6.1
Total	26,902	31,005	(4,103)	(13.2)

		% of Segment Net Sales		% of Segment Net Sales		
GROSS PROFIT:						
Recreation Vehicles						
Towables	$ 69,822	14.0	$ 87,617	16.4	$ (17,795)	(20.3)
Motorized	12,639	9.3	15,301	10.3	(2,662)	(17.4)
Total Recreation Vehicles	82,461	13.0	102,918	15.1	(20,457)	(19.9)
Buses	6,707	7.3	5,577	7.1	1,130	20.3
Total	$ 89,168	12.3	$ 108,495	14.3	$ (19,327)	(17.8)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:						
Recreation Vehicles						
Towables	$ 29,429	5.9	$ 29,372	5.5	$ 57	0.2
Motorized	6,556	4.8	6,933	4.7	(377)	(5.4)
Total Recreation Vehicles	35,985	5.7	36,305	5.3	(320)	(0.9)
Buses	3,493	3.8	3,463	4.4	30	0.9
Corporate	3,967		4,568		(601)	(13.2)

Total	$ 43,445	6.0	$ 44,336	5.8	$ (891)	(2.0)
INCOME BEFORE INCOME TAXES:						
Recreation Vehicles						
Towables	$ 40,400	8.1	$ 58,277	10.9	$ (17,877)	(30.7)
Motorized	6,068	4.5	8,366	5.6	(2,298)	(27.5)
Total Recreation Vehicles	46,468	7.3	66,643	9.8	(20,175)	(30.3)
Buses	3,020	3.3	1,994	2.5	1,026	51.5
Corporate	(492)		(2,346)		1,854	79.0
Total	$ 48,996	6.7	$ 66,291	8.7	$ (17,295)	(26.1)

	As of October 31, 2006	As of October 31, 2005	Change Amount	%
ORDER BACKLOG				
Recreation Vehicles				
Towables	$ 120,627	$ 252,301	$ (131,674)	(52.2)
Motorized	67,799	80,627	(12,828)	(15.9)
Total Recreation Vehicles	188,426	332,928	(144,502)	(43.4)
Buses	217,864	140,421	77,443	55.2
Total	$ 406,290	$ 473,349	$ (67,059)	(14.2)

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CONSOLIDATED
Net sales and gross profit for the first quarter of fiscal 2007 were down 4.4% and 17.8% respectively compared to the first quarter of fiscal 2006. We estimate that in fiscal 2006 approximately $75,000 or 14.1% of towable net sales, were related to Hurricane relief units sold through our dealer network. There have been no sales of Hurricane relief units in fiscal 2007. Selling, general and administrative expenses for the first quarter of fiscal 2007 decreased 2.0% compared to the first quarter of fiscal 2006. Income before income taxes for the first quarter of fiscal 2007 was down 26.1% compared to the first quarter of fiscal 2006. The specifics on changes in net sales, gross profit, general and administrative expense and income before income taxes are addressed in the segment reporting below.
Corporate costs in selling, general and administrative were $3,967 for fiscal 2007 compared to $4,568 in fiscal 2006. This $601 decrease is primarily the result of reduced insurance costs. Corporate interest income and other income was $3,456 for fiscal 2007 compared to $2,230 for fiscal 2006.
The overall effective tax rate for the first quarter of fiscal 2007 and 2006 was 37.6%.

Segment Reporting
RECREATION VEHICLES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Recreation Vehicles			
Towables	8.4%	(14.6)%	(6.2)%
Motorized	(.7)%	(8.1)%	(8.8)%

Towable Recreation Vehicles

The decrease in towables net sales of 6.2% resulted primarily from reduced unit sales, primarily Hurricane relief units. We estimate that in fiscal 2006 approximately $75,000 or 14.1% of towable net sales, (approximately 5,400 units), were related to Hurricane relief units sold through our dealer network. There have been no sales of Hurricane relief units in fiscal 2007. The overall industry decrease in towables for August and September of 2006 was 10.1% according to statistics published by the Recreation Vehicle Industry Association. Increases in the average price per unit resulted from product mix and no Hurricane unit sales in fiscal 2007. Hurricane unit pricing in fiscal 2006 was substantially lower than the average price per unit of other towables.
Towables gross profit percentage decreased to 14.0% of net sales for the first quarter of fiscal 2007 from 16.4% of net sales for fiscal 2006. The primary factor for the decrease in gross profit was the 6.2% decrease in net sales and increased discount and allowances due to a soft market. Selling, general and administrative expenses were 5.9% of net sales for fiscal 2007 and 5.5% of net sales for fiscal 2006.
Towables income before income taxes decreased to 8.1% of net sales for fiscal 2007 from 10.9% of net sales for fiscal 2006. The primary factors for this were the reduction in unit sales and corresponding margins.

Motorized Recreation Vehicles

The decrease in motorized net sales of 8.8% resulted from an 8.1% decrease in unit shipments. The decrease in units sold of approximately 8.1% outperformed the overall market unit decrease in motorhomes of 10.2% for the two month period August and September 2006 according to statistics published by the Recreation Vehicle Industry Association. Decreases in the average price per unit resulted from the product mix.

Motorized gross profit percentage decreased to 9.3% of net sales in 2007 from 10.3% of net sales for fiscal 2006. The primary factor for the decrease in gross profit in 2007 was decreased unit sales.

Selling, general and administrative expenses were 4.8% of net sales for fiscal 2007 and 4.7% of net sales for fiscal 2006.

Motorized income before income taxes was 4.5% of net sales for fiscal 2007 and 5.6% of net sales for fiscal 2006.

BUSES

Analysis of Percentage Change in Net Sales Versus Prior Year

	Average Price Per Unit	Units	Net Change
Buses	10.2%	6.1%	16.3%

The increase in buses net sales of 16.3% resulted from a combination of an increase in both average price per unit and unit shipments.

Buses gross profit percentage increased to 7.3% of net sales for fiscal 2007 from 7.1% of net sales for fiscal 2006.

Selling, general and administrative expenses were 3.8% of net sales for fiscal 2007 and 4.4% for fiscal 2006.

Buses income before income taxes increased to 3.3% of net sales for fiscal 2007 from 2.5% for fiscal 2006 due to increased sales volume.

Financial Condition and Liquidity

As of October 31, 2006, we had $206,778 in cash, cash equivalents and short-term investments, compared to $264,373 on July 31, 2006. Effective August 1, 2006, the Company began classifying all short-term investment purchases as available-for-sale. This change was based on the Company s decision to change its investment strategy from one of generating profits on short-term differences in price to one of preserving capital. This change should create less volatility and a more predictable return on our short-term investments as income will be generated from interest income instead of appreciation or depreciation on our investments. This change will also have the effect of moving the purchases and proceeds from the sale of our investments out of the operating activities category and into the investing activities category on our cash flow statement, more clearly reflecting our true operating cash flow. It should have an insignificant effect on overall cash flow.

Working capital at October 31, 2006 was $330,597 compared to $360,751 on July 31, 2006. We have no long-term debt. We currently have a $30,000 revolving line of credit which bears interest at negotiated rates below prime and expires on November 30, 2006. We anticipate renewing the line of credit. There were no borrowings on this line of credit during the period ended October 31, 2006. The loan agreement executed in connection with the line of credit contains certain covenants, including restrictions on additional indebtedness, and requires us to maintain certain financial ratios. We believe that internally generated funds and the line of credit will be sufficient to meet our current needs and any additional capital requirements for the foreseeable future. Capital expenditures of approximately $4,076 for the three months ended October 31, 2006 were primarily for planned expansions and improvements of our recreation vehicle segments.

The Company anticipates additional capital expenditures in fiscal 2007 of approximately $16,000. These expenditures will be made primarily to expand our RV companies and for replacement of machinery and equipment to be used in the ordinary course of business.

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Critical Accounting Principles

The consolidated financial statements of Thor are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We believe that of our accounting policies, the following may involve a higher degree of judgments, estimates, and complexity:

Impairment of Goodwill, Trademarks and Long-Lived Assets

We at least annually review the carrying value of goodwill and trademarks with indefinite useful lives. Long-lived assets, identifiable intangibles that are amortized, goodwill and trademarks with indefinite useful lives are also reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. This review is performed using estimates of future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Management believes that the estimates of future cash flows and fair values are reasonable; however changes in estimates of such cash flows and fair values could affect the evaluations.

Insurance Reserves

Generally, we are self-insured for workers compensation and group medical insurance. Under these plans, liabilities are recognized for claims incurred, including those incurred but not reported, and changes in the reserves. The liability for workers compensation claims is determined by a third party administrator using various state statutes and reserve requirements. Group medical reserves are funded through a trust and are estimated using historical claims experience. We have a self-insured retention for products liability and personal injury matters of $5,000 per occurrence. We have established a reserve on our balance sheet for such occurrences based on historical data and actuarial information. We maintain excess liability insurance aggregating $25,000 with outside insurance carriers to minimize our risks related to catastrophic claims in excess of all our self-insured positions. Any material change in the aforementioned factors could have an adverse impact on our operating results.

Warranty

We provide customers of our products with a warranty covering defects in material or workmanship for periods generally ranging from one to two years, with longer warranties on certain structural components. We record a liability based on our best estimate of the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. Factors we use in estimating the warranty liability include a history of units sold, existing dealer inventory, average cost incurred and a profile of the distribution of warranty expenditures over the warranty period. A significant increase in dealer shop rates, the cost of parts or the frequency of claims could have a material adverse impact on our operating results for the period or periods in which such claims or additional costs materialize. Management believes that the warranty reserve is adequate; however actual claims incurred could differ from estimates, requiring adjustments to the reserves. Warranty reserves are reviewed and adjusted as necessary on a quarterly basis.

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company s financial statements or tax returns. Judgment is required in assessing the future tax consequences of events that have been recognized in the

Company s financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could materially impact the Company s financial position or its results of operations.

Revenue Recognition

Revenue from the sale of recreation vehicles and buses are recorded when all of the following conditions have been met:

1) An order for a product has been received from a dealer;
2) Written or oral approval for payment has been received from the dealer s flooring institution;
3) A common carrier signs the delivery ticket accepting responsibility for the product as agent for the dealer; and
4) The product is removed from the Company s property for delivery to the dealer who placed the order.

Certain shipments are sold to customers under cash on delivery (COD) terms. The Company recognizes revenue on COD sales upon payment and delivery. Most sales are made by dealers financing their purchases under flooring arrangements with banks or finance companies. Products are not sold on consignment, dealers do not have the right to return products, and dealers are typically responsible for interest costs to floorplan lenders. On average, the Company receives payments from floorplan lenders on products sold to dealers within 15 days of the invoice date.

Repurchase Commitments

It is customary practice for companies in the recreational vehicle industry to enter into repurchase agreements with financing institutions to provide financing to their dealers. Generally, these agreements provide for the repurchase of products from the financing institution in the event of a dealer s default. The risk of loss under these agreements is spread over numerous dealers and further reduced by the resale value of the units which the Company would be required to repurchase. Losses under these agreements have not been significant in the periods presented in the consolidated financial statements, and management believes that any future losses under these agreements will not have a significant effect on the Company s consolidated financial position or results of operations. The Company records repurchase and guarantee reserves based on prior experience and known current events.

Forward Looking Statements

This report includes certain statements that are forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 as amended. These forward looking statements involve uncertainties and risks. There can be no assurance that actual results will not differ from the Company s expectations. Factors which could cause materially different results include, among others, the Company s ability to become current in its filings with the SEC, additional issues that may arise in connection with the findings of the Audit Committee s investigation and the SEC s requests for additional information, fuel prices, fuel availability, interest rate increases, increased material costs, the success of new product introductions, the pace of acquisitions, cost structure improvements, competition and general economic conditions and the other risks and uncertainties discussed more fully in Item 1A of our Annual Report on Form 10-K/A for the year ended July 31, 2006. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any change in expectation of the Company after the date hereof or any change in events, conditions or circumstances on which any statement is based except as required by law.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in foreign currency related to its operations in Canada. However, because of the size of Canadian operations, a hypothetical 10% change in the Canadian dollar as compared to the U.S. dollar would not have a significant impact on the Company s

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financial position or results of operations. The Company is also exposed to market risks related to interest rates because of its investments in corporate debt securities. A hypothetical 10% change in interest rates would not have a significant impact on the Company s financial position or results of operations.

ITEM 4. Controls and Procedures

As further described in the Explanatory Note on page 1 of this report, Note 2 to our unaudited interim consolidated financial statements contained elsewhere in this report and our Annual Report on Form 10-K/A for the year ended July 31, 2006, we have restated our financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, and the financial statements as of October 31, 2006 and for the three months ended October 31, 2006 and 2005. The restatement follows the Company s evaluation, considering the results from the independent investigation of the Audit Committee of our Board of Directors, of accounting practices employed at our Dutchmen Manufacturing, Inc. operating subsidiary (Dutchmen) during these periods.

As more fully described in our Annual Report on Form 10-K/A for the year ended July 31, 2006, as of July 31, 2006, as a result of the findings of the independent investigation and the restatement of the Company s financial statements, management re-evaluated our internal control over financial reporting and identified a material weakness in our internal controls related to segregation of duties and found that our disclosure controls and procedures, as such term is defined under Securities Exchange Act Rule 13a-15(e), were not effective due to the material weakness.

As disclosed in our Annual Report on Form 10K-A, management identified the following material weakness in the Company s internal control over financial reporting as of July 31, 2006:

Segregation of Duties. In January 2007, management was informed by the President of Dutchmen of facts that led it to discover that there was a lack of segregation of duties at Dutchmen. It is Company policy to segregate duties among different people to reduce the risk of error or inappropriate action. Despite certain efforts by the Company to improve internal controls at Dutchmen, Dutchmen s Vice President of Finance was able to perform functions that were or should have been specifically assigned to other employees of Dutchmen, including Dutchmen s controller and internal auditor/accountant. Specifically, Dutchmen s Vice President of Finance, through various means, was entering, approving and reconciling entries into various accounts, such as inventory, accounts receivable, accounts payable and cost of products sold, which duties should have been segregated, and continued to do so after the Company caused additional finance staff to be hired at Dutchmen. Dutchmen s Vice President of Finance also entered inaccurate accounting entries and prepared fraudulent supporting documentation and had excessive access rights to various aspects of Dutchmen s accounting and information systems. Dutchmen s internal policies did not sufficiently segregate duties for making or approving entries in key accounts and account reconciliations, and the Company lacked sufficient compensating internal controls to prevent or detect the acts described above. This material weakness caused the financial results reported by Dutchmen to the Company s corporate finance and accounting group to be materially inaccurate and to be incorporated into the Company s consolidated financial statements and the Company s required SEC filings. In addition, certain of the Company s other operating subsidiaries also had functions that should have been but were not segregated, there were employees who had inappropriate levels of access to various aspects of the accounting and information systems at certain operating subsidiaries, and the Company s corporate level monitoring of certain operating subsidiaries reconciliations was insufficient.

In connection with the preparation of the Company s amended Quarterly Report on Form 10-Q/A for the three months ended October 31, 2006, management, with the participation of the Company s Chief Executive Officer and Chief Financial Officer, re-evaluated its prior conclusion regarding the effectiveness of the Company s disclosure controls and procedures as of the end of the period covered by the amended Quarterly Report. As described above, a material weakness was identified in our

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internal control over financial reporting regarding segregation of duties as of July 31, 2006. The Public Company Accounting Oversight Board s Auditing Standard No. 2 defines a material weakness as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Based upon management s re-evaluation, conducted under Exchange Act Rule 13a-15, our Chief Executive Officer and Chief Financial Officer, concluded that the Company s disclosure controls and procedures were not effective as of October 31, 2006 because the material weakness described above continued to persist as of such date.

The Company s management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that the Company s disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also 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; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management evaluated whether there was a change in the Company s internal control over financial reporting during the three months ended October 31, 2006 and through the date of this report that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting. Based on management s evaluation, management believes that there was no such change during the three months ended October 31, 2006 and through the date of this report. However, since October 31, 2006, the Company has taken or intends to take the following actions to remediate the material weakness described above:

- The Company has terminated the employment of the Dutchmen Vice President of Finance and has hired a new Vice President of Finance at Dutchmen;
- The Company has eliminated the excessive accounting and information system access rights found to be available to the Dutchmen Vice President of Finance;
- Since discovery of the activities of the former Dutchmen Vice President of Finance, the Company has assigned a member of its internal audit department to Dutchmen to assist in implementing full segregation of duties in Dutchmen s accounting function;
- The Company is modifying the duties of accounting personnel to improve segregation of duties and modifying certain information access rights at certain of its other operating subsidiaries;
- The Company is providing additional training on fraud risk and awareness and assisting management and other key personnel to understand the lessons learned through the Dutchmen review;

To improve the Company s oversight of internal controls at its subsidiaries, the Company s Board of Directors has hired a professional services firm to lead and coordinate ongoing compliance efforts under Sarbanes-Oxley section 404 and partner with the internal audit function of the Company;

More frequent and in-depth periodic, unannounced internal audits of controls will be conducted at the subsidiary level;

The Company has enhanced its corporate level monitoring of the operating subsidiaries accounts receivable, accounts payable and cash reconciliations, including verification that financial information submitted by the operating subsidiaries agrees with the financial information recorded in the operating subsidiaries information systems; and

The Company has modified its reporting relationships so that heads of subsidiary accounting departments report directly to the Chief Financial Officer of the Company as opposed to subsidiary level presidents.

PART II Other Information

ITEM 1. LEGAL PROCEEDINGS

The SEC is reviewing the facts and circumstances giving rise to the restatement of our previously issued financial statements as of July 31, 2006 and 2005, and for each of the years in the three-year period ended July 31, 2006, and the financial results in each of the quarterly periods in 2006 and 2005, and our financial statements as of and for the three months ended October 31, 2006. We intend to cooperate fully with the SEC. The investigation by the SEC staff could result in the SEC seeking various penalties and relief, including, without limitation, civil injunctive relief and/or civil monetary penalties or administrative relief. The nature of the relief or remedies the SEC may seek, if any, cannot be predicted at this time.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) *ISSUER PURCHASES OF EQUITY SECURITIES*

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
August 2006				1,987,600
September 2006	20,100	$39.94	20,100	1,967,500
October 2006	20,300	$40.72	20,300	1,947,200

(1) On March 11, 2003, we announced that our Board of Directors had approved a share repurchase program, pursuant to which up to 1,000,000

shares of our common stock may be repurchased. In the second quarter of fiscal 2004, we affected a two-for-one stock split, resulting in 2,000,000 shares authorized for repurchase under the program. On June 26, 2006 our Board of Directors authorized the repurchase of an additional 2,000,000 shares extending over a 24-month period before expiring. At October 31, 2006, 1,947,200 shares of common stock remained authorized for repurchase under the repurchase program.

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ITEM 6. Exhibits

a.) Exhibits

31.1 Chief Executive Officer s Certification, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 Chief Financial Officer s Certification, filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 Chief Executive Officer s Certification, furnished pursuant to Section 906 of the Sarbanes-Oxley Act 2002.
32.2 Chief Financial Officer s Certification, furnished pursuant to Section 906 of the Sarbanes-Oxley Act 2002.

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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.

	THOR INDUSTRIES, INC. (Registrant)
DATE: June 12, 2007	/s/ Wade F. B. Thompson Wade F. B. Thompson Chairman of the Board, President and Chief Executive Officer
DATE: June 12, 2007	/s/ Walter L. Bennett Walter L. Bennett Executive Vice President, Secretary and Chief Financial Officer