

TWIN DISC INC  
Form 10-Q  
November 05, 2008

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 26, 2008

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 (I.R.S. Employer  
Incorporation or organization) 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 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  Accelerated Filer  Non-accelerated  
filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

At November 4, 2008, the registrant had 11,023,936 shares of its common stock outstanding.

## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	September 26, 2008	June 30, 2008
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 14,888	\$ 14,447
Trade accounts receivable, net	60,381	67,611
Inventories, net	99,024	97,691
Deferred income taxes	6,235	6,297
Other	9,537	9,649
<b>Total current assets</b>	<b>190,065</b>	<b>195,695</b>
Property, plant and equipment, net	65,698	67,855
Goodwill, net	17,754	18,479
Deferred income taxes	4,626	5,733
Intangible assets, net	8,842	9,589
Other assets	7,510	7,277
	<b>\$ 294,495</b>	<b>\$ 304,628</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Short-term borrowings and current maturities of long-term debt	\$ 796	\$ 1,730
Accounts payable	33,451	37,919
Accrued liabilities	45,975	49,939
<b>Total current liabilities</b>	<b>80,222</b>	<b>89,588</b>
Long-term debt	54,351	48,227
Accrued retirement benefits	33,735	34,325
Other long-term	1,188	2,163
	<b>169,496</b>	<b>174,303</b>
Minority interest	486	679
<b>Shareholders' equity:</b>		
Common shares authorized: 30,000,000; issued: 13,099,468; no par value	13,655	14,693
Retained earnings	144,037	142,361
Accumulated other comprehensive (loss) income	(4,532)	2,446

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	153,160	159,500
Less treasury stock, at cost (1,832,732 and 1,823,574 shares, respectively)	28,647	29,854
Total shareholders' equity	124,513	129,646
	\$ 294,495	\$ 304,628

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  
(In Thousands Except Per Share Data, Unaudited)

	Three Months Ended	
	September 26, 2008	September 28, 2007
Net sales	\$ 72,671	\$ 73,613
Cost of goods sold	52,599	49,762
Gross Profit	20,072	23,851
Marketing, engineering and administrative expenses	16,318	14,694
Earnings from operations	3,754	9,157
Interest expense	597	744
Other income, net	(820)	(5)
	(223)	739
Earnings before income taxes and minority interest	3,977	8,418
Income taxes	1,353	3,237
Earnings before minority interest	2,624	5,181
Minority interest	(159)	(75)
Net earnings	\$ 2,465	\$ 5,106
Dividends per share	\$ 0.0700	\$ 0.0550
Earnings per share data:		
Basic earnings per share		