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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 (State or other jurisdiction of Incorporation or organization) 39-0667110 (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)

the Securities Exchange Act of 1934 du	gistrant (1) has filed all reports required to be uring the preceding 12 months (or for such slas been subject to such filing requirements for	horter period that the registrant wa
•	gistrant is a large accelerated filer, an acceler er and large accelerated filer" in Rule 12b-2 Accelerated Filer √	•
Indicate by check mark whether the reg	gistrant is a shell company (as defined in Rul	le 12b-2 of the Exchange Act).
At November 4, 2008, the registrant ha	ad 11,023,936 shares of its common stock ou	itstanding.

#### Part I. FINANCIAL INFORMATION

#### Item 1. Financial Statements

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

Assets		Se	September			
Assets   Current assets:   Current assets:			_		June 30,	
Current assets:         \$ 14,888         \$ 1,4467           Cash         \$ 14,888         \$ 1,476           Trade accounts receivable, net         60,381         6,7611           Inventories, net         99,024         97,691           Deferred income taxes         6,235         6,297           Other         9,537         9,649           Total current assets         190,065         195,695           Property, plant and equipment, net         65,698         67,855           Goodwill, net         17,734         18,479           Deferred income taxes         4,626         5,733           Intangible assets, net         8,842         9,589           Other assets         7,510         7,277           Labilities and Shareholders' Equity         2         \$ 304,628           Liabilities and Shareholders' Equity         \$ 796         \$ 1,730           Current liabilities         \$ 796         \$ 1,730           Accounts payable         33,451         37,919           Accuned liabilities         80,222         89,588           Long-term debt         \$ 33,751         48,225           Accrued liabilities         33,735         34,225           Other long-term         169,4			2008		2008	
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           Total current assets         190,065         195,695           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           Current liabilities         \$ 294,495         \$ 304,628           Eliabilities and Shareholders' Equity         \$ 294,495         \$ 304,628           Current liabilities         \$ 796         \$ 1,730           Accounts payable         33,451         37,919           Accrued liabilities         45,975         49,939           Total current liabilities         80,222         89,588           Long-term debt         \$ 43,51         48,227           Accrued retirement benefits         33,735         34,325           Other long-term	Assets					
Trade accounts receivable, net Inventories, net 10 yes         60,381 yes         67,619 yes         70,691 yes         70,692 yes	Current assets:					
Inventories, net         99,024         97,691           Deferred income taxes         6,235         6,297           Other         9,537         9,649           Total current assets         190,065         195,695           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           Liabilities and Shareholders' Equity         3         4,628           Current liabilities         5         9,494         \$ 304,628           Khort-term borrowings and current maturities of long-term debt         7,96         1,730           Accounts payable         33,451         37,919           Accrued liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         11,188         2,163           Minority interest         486         679           Shareholders' equity:         5         4,827           Shareho		\$		\$		
Deferred income taxes         6,235         6,297           Other         9,537         9,649           Total current assets         190,065         195,695           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           Liabilities and Shareholders' Equity         2         294,495         \$ 304,628           Liabilities and Shareholders' Equity         33,451         37,919         Accounts payable         33,451         37,919           Accounts payable         33,3451         37,919         Accrued liabilities         45,975         49,939           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         486         679           Shareholders' equity:         2						
Other         9,537         9,649           Total current assets         190,065         195,695           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           Liabilities and Shareholders' Equity         3         4,626           Current liabilities         5         304,628           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           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         5         48,693           Common shares authorized: 30,000,000;         13,655         14,693           Reta	·					
Total current assets         190,065         195,695           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           Liabilities and Shareholders' Equity         8         294,495         304,628           Liabilities and Shareholders' Equity         8         796         1,730           Accounts payable         33,451         37,919           Accornet provings and current maturities of long-term debt         796         1,730           Accornet liabilities         45,975         49,939           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         679           Common shares authorized: 30,000,000;         13,655         14,693           Retained earnings         142,361 <td>Deferred income taxes</td> <td></td> <td>6,235</td> <td></td> <td>6,297</td>	Deferred income taxes		6,235		6,297	
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           Liabilities and Shareholders' Equity         2         294,495         \$ 304,628           Liabilities and Shareholders' Equity         2         200,495         \$ 1,730           Accounts payable         33,451         37,919         37,919           Accrued liabilities         45,975         49,939           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         Common shares authorized: 30,000,000;         13,655         14,693           Retained earnings         144,037         142,361	Other		9,537		9,649	
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           Liabilities and Shareholders' Equity         2         294,495         \$ 304,628           Liabilities and Shareholders' Equity         2         200,495         \$ 1,730           Accounts payable         33,451         37,919         37,919           Accrued liabilities         45,975         49,939           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         Common shares authorized: 30,000,000;         13,655         14,693           Retained earnings         144,037         142,361						
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           **Page 14,495         \$ 304,628           **Liabilities and Shareholders' Equity           **Current liabilities:           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           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:	Total current assets		190,065		195,695	
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           \$ 294,495         \$ 304,628           Liabilities and Shareholders' Equity           Current liabilities:           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           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         2           Common shares authorized: 30,000,000;         13,655         14,693           Retained earnings         144,037         142,361						
Deferred income taxes         4,626         5,733           Intangible assets, net         8,842         9,589           Other assets         7,510         7,277           \$ 294,495         \$ 304,628           Liabilities and Shareholders' Equity           Current liabilities:           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           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         5         5           Common shares authorized: 30,000,000;         13,655         14,693           issued: 13,099,468; no par value         13,655         14,693           Retained earnings         144,037         142,361	Property, plant and equipment, net		65,698		67,855	
Intangible assets, net         8,842         9,589           Other assets         7,510         7,277           Liabilities and Shareholders' Equity         Urrent liabilities:           Short-term borrowings and current maturities of long-term debt         8 796         \$ 1,730           Accounts payable         33,451         37,919           Accrued liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         Common shares authorized: 30,000,000;         14,693           issued: 13,099,468; no par value         13,655         14,693           Retained earnings         144,037         142,361	Goodwill, net		17,754		18,479	
Other assets         7,510         7,277           Liabilities and Shareholders' Equity         Current liabilities:           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           Total current liabilities         80,222         89,588           Long-term debt         54,351         48,227           Accrued retirement benefits         33,735         34,325           Other long-term         1,188         2,163           Minority interest         486         679           Shareholders' equity:         Common shares authorized: 30,000,000;         14,037           issued: 13,099,468; no par value         13,655         14,693           Retained earnings         144,037         142,361	Deferred income taxes		4,626			
Liabilities and Shareholders' Equity         Current liabilities:       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         Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       Common shares authorized: 30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Intangible assets, net		8,842		9,589	
Liabilities and Shareholders' Equity         Current liabilities:       \$796 \$ 1,730         Accounts payable       33,451 37,919         Accrued liabilities       45,975 49,939         Total current liabilities       80,222 89,588         Long-term debt       54,351 48,227         Accrued retirement benefits       33,735 34,325         Other long-term       1,188 2,163         Minority interest       486 679         Shareholders' equity:       30,000,000;         issued: 13,099,468; no par value       13,655 14,693         Retained earnings       144,037 142,361	Other assets		7,510		7,277	
Liabilities and Shareholders' Equity         Current liabilities:       796       1,730         Accounts payable       33,451       37,919         Accrued liabilities       45,975       49,939         Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2       5         Common shares authorized: 30,000,000;       30,000,000;       30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361						
Current liabilities:       \$796 \$ 1,730         Accounts payable       33,451 37,919         Accrued liabilities       45,975 49,939         Total current liabilities       80,222 89,588         Long-term debt       54,351 48,227         Accrued retirement benefits       33,735 34,325         Other long-term       1,188 2,163         Minority interest       486 679         Shareholders' equity:       Common shares authorized: 30,000,000;         issued: 13,099,468; no par value       13,655 14,693         Retained earnings       144,037 142,361		\$	294,495	\$	304,628	
Current liabilities:       \$796 \$ 1,730         Accounts payable       33,451 37,919         Accrued liabilities       45,975 49,939         Total current liabilities       80,222 89,588         Long-term debt       54,351 48,227         Accrued retirement benefits       33,735 34,325         Other long-term       1,188 2,163         Minority interest       486 679         Shareholders' equity:       Common shares authorized: 30,000,000;         issued: 13,099,468; no par value       13,655 14,693         Retained earnings       144,037 142,361						
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         Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2       54,351       48,037         Common shares authorized: 30,000,000; issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Liabilities and Shareholders' Equity					
Accounts payable       33,451       37,919         Accrued liabilities       45,975       49,939         Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       Common shares authorized: 30,000,000; issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Current liabilities:					
Accrued liabilities       45,975       49,939         Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       Common shares authorized: 30,000,000;       13,655       14,693         Retained earnings       144,037       142,361	Short-term borrowings and current maturities of long-term debt	\$	796	\$	1,730	
Total current liabilities       80,222       89,588         Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       Common shares authorized: 30,000,000;       30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Accounts payable		33,451		37,919	
Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2       679         Common shares authorized: 30,000,000;       30,000,000;       13,655       14,693         Retained earnings       144,037       142,361	Accrued liabilities		45,975		49,939	
Long-term debt       54,351       48,227         Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2       679         Common shares authorized: 30,000,000;       30,000,000;       13,655       14,693         Retained earnings       144,037       142,361						
Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2         Common shares authorized: 30,000,000;       30,000,000;       30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Total current liabilities		80,222		89,588	
Accrued retirement benefits       33,735       34,325         Other long-term       1,188       2,163         Minority interest       486       679         Shareholders' equity:       2         Common shares authorized: 30,000,000;       30,000,000;       30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361						
Other long-term       1,188       2,163         Minority interest       169,496       174,303         Minority interest       486       679         Shareholders' equity:       2000,000,000;       100,000,000;         Common shares authorized: 30,000,000;       13,655       14,693         Retained earnings       144,037       142,361	Long-term debt		54,351		48,227	
Minority interest       486       679         Shareholders' equity:	Accrued retirement benefits		33,735		34,325	
Minority interest       486       679         Shareholders' equity:	Other long-term		1,188		2,163	
Minority interest       486       679         Shareholders' equity:						
Shareholders' equity:  Common shares authorized: 30,000,000;  issued: 13,099,468; no par value  Retained earnings  13,655 14,693 142,361			169,496		174,303	
Shareholders' equity:  Common shares authorized: 30,000,000;  issued: 13,099,468; no par value  Retained earnings  13,655 14,693 142,361						
Common shares authorized: 30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361	Minority interest		486		679	
Common shares authorized: 30,000,000;         issued: 13,099,468; no par value       13,655       14,693         Retained earnings       144,037       142,361						
issued: 13,099,468; no par value 13,655 14,693 Retained earnings 144,037 142,361	Shareholders' equity:					
Retained earnings 144,037 142,361	Common shares authorized: 30,000,000;					
	issued: 13,099,468; no par value		13,655		14,693	
Accumulated other comprehensive (loss) income (4,532) 2,446	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,		September 28,	
		2008		2007
Net sales	\$	70 671	ф	72 612
	Ф	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
Zarmingo irom operations		3,73		,,10,
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				