

TWIN DISC INC  
Form 10-Q  
May 05, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 26, 2010

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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large Accelerated Filer  Accelerated Filer   
Non-accelerated filer  Smaller reporting company

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

Yes  No

At April 30, 2010, the registrant had 11,191,826 shares of its common stock outstanding.



## Part I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

	March 26, 2010	June 30, 2009
Assets		
Current assets:		
Cash	\$14,533	\$13,266
Trade accounts receivable, net	42,211	53,367
Inventories, net	79,083	92,331
Deferred income taxes	5,413	6,280
Other	7,298	8,677
Total current assets	148,538	173,921
Property, plant and equipment, net	61,059	65,799
Goodwill, net	17,228	17,509
Deferred income taxes	14,053	14,386
Intangible assets, net	7,039	7,855
Other assets	6,309	6,095
Total assets	\$254,226	\$285,565
Liabilities and Equity		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$3,978	\$4,421
Accounts payable	22,949	24,864
Accrued liabilities	28,784	40,967
Total current liabilities	55,711	70,252
Long-term debt	31,122	46,348
Accrued retirement benefits	60,754	60,241
Other long-term	2,498	899
Total liabilities	150,085	177,740
Equity		
Twin Disc shareholders' equity:		
Common shares authorized: 30,000,000; issued: 13,099,468; no par value	10,592	13,205
Retained earnings	146,462	150,257
Accumulated other comprehensive loss	(26,082 )	(26,218 )
Less treasure stock, at cost (1,907,642 and 2,070,124 shares, respectively)	130,972	137,244
	27,690	30,256
Total Twin Disc shareholders' equity	103,282	106,988
Noncontrolling interest	859	837

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Total equity	104,141	107,825
Total liabilities and equity	\$254,226	\$285,565

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

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

	Three Months Ended		Nine Months Ended	
	Mar. 26, 2010	Mar. 27, 2009	Mar. 26, 2010	Mar. 27, 2009
Net sales	\$60,977	\$69,292	\$163,220	\$223,562
Cost of goods sold	44,472	50,141	122,182	161,386
Gross profit	16,505	19,151	41,038	62,176
Marketing, engineering and administrative expenses	14,555	14,517	42,228	47,843
Earnings (loss) from operations	1,950	4,634	(1,190 )	14,333
Interest expense	639	526	1,821	1,837
Other (income) expense, net	(433 )	1,049	(236 )	37
	206	1,575	1,585	1,874
Earnings (loss) before income taxes and noncontrolling interest	1,744	3,059		