

TWIN DISC INC
Form 10-Q
November 05, 2014

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, 2014

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 October 23, 2014, the registrant had 11,264,734 shares of its common stock outstanding.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

TWIN DISC, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)
(UNAUDITED)

	September 26, 2014	June 30, 2014
Assets		
Current assets:		
Cash	\$25,700	\$24,757
Trade accounts receivable, net	39,120	40,219
Inventories, net	97,452	97,579
Deferred income taxes	4,677	4,779
Other	11,988	12,763
Total current assets	178,937	180,097
Property, plant and equipment, net	58,980	60,267
Goodwill, net	13,314	13,463
Deferred income taxes	1,434	2,556
Intangible assets, net	2,659	2,797
Other assets	8,227	7,805
Total assets	\$263,551	\$266,985
Liabilities and Equity		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$3,575	\$3,604
Accounts payable	20,781	22,111
Accrued liabilities	29,730	31,265
Total current liabilities	54,086	56,980
Long-term debt	19,998	14,800
Accrued retirement benefits	32,734	37,006
Deferred income taxes	1,408	1,778
Other long-term liabilities	4,247	4,110
Total liabilities	112,473	114,674
Commitments and contingencies (Note D)		
Equity		
Twin Disc shareholders' equity:		
Preferred shares authorized: 200,000; issued: none; no par value	-	-
Common shares authorized: 30,000,000; issued: 13,099,468; no par value	11,708	11,973
Retained earnings	186,723	183,695
Accumulated other comprehensive loss	(19,792)	(15,943)

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	178,639	179,725
Less treasury stock, at cost (1,834,734 and 1,837,595 shares, respectively)	28,097	28,141
Total Twin Disc shareholders' equity	150,542	151,584
Noncontrolling interest	536	727
Total equity	151,078	152,311
Total liabilities and equity	\$263,551	\$266,985

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

TWIN DISC, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended	
	September 26, 2014	September 27, 2013
Net sales	\$64,824	\$66,426
Cost of goods sold	42,435	45,759
Gross profit	22,389	20,667
Marketing, engineering and administrative expenses	15,910	15,517
Restructuring of operations	-	1,094
Earnings from operations	6,479	4,056
Interest expense	164	254
Other (income) expense, net	(340)	(34)
	(176)	220
Earnings before income taxes and noncontrolling interest	6,655	3,836
Income taxes	2,593	2,472
Net earnings	4,062	1,364
Less: Net earnings attributable to noncontrolling interest, net of tax	(19)	(87)
Net earnings attributable to Twin Disc	\$4,043	\$1,277
Dividends per share	\$0.09	\$0.09
Earnings per share data:		
Basic earnings per share attributable to Twin Disc common shareholders	\$0.36	